As the Comptroller General indicated, OMB has stated that the recommendations are parallel to ours and are in line with our objectives.

Mr. STAATS. In the next paragraph, we point out that the Defense Department also, in commenting on our report, indicated general agreement. In the last sentence of that paragraph, they are indicating that a clarifying policy adapting medical items for central procurement is expected to be released in about 60 days.

And, in the Veterans Administration's letter dated January 16, 1974, they also indicated general agreement with the report and indicating that its marketing centers and supply depots would accept orders from DOD field installations.

VA will initiate a control system with DOD to assure that drug specifications are either developed jointly or coordinated; and it is willing to rely on FDA to provide quality assurance for VA drug purchases, provided that FDA makes the necessary data available in a timely manner.

Now we point out here also that HEW likes the idea of a single agency plan for quality control, and it is indicated that the Food and Drug Administration is therefore currently developing an initial concept for that consolidated program, based on its assessment of quality assurance requirements.

Now, turning to page 11, we turn to the second topic of our testimony, dealing with reducing drug costs through the use of formularies, and encouraging the use of lower priced drugs, including generics.

The military medical regulations require that Pharmacy and Therapeutic Committees be appointed by the commanders of U.S. military hospitals.

Among the primary functions of the P. & T. Committees are the development and periodic review and revision of the hospitals' drug formularies. In making decisions concerning the addition or continuation of formulary items, the P. & T. Committees consider the relative costs of therapeutic alternatives.

In addition to the general use of formularies by the services, the Surgeons General and subordinate administrative levels issue monthly newsletters or special letters to health facilities highlighting comparative prices of drugs maintained in central inventories and encouraging the use of less expensive drugs when they are considered to be therapeutically equivalent to the more expensive items.

Prescriptions written by military physicians and filled in military hospitals for brand-name products may be filled with generic equivalent products except when the physicians specifically require that such substitutions not be made.

The DOD has not established regulations requiring the use of formularies in the CHAMPUS program, and has not encouraged the use of generic drug products for either the inpatient or outpatient portions of the CHAMPUS program.

The Veterans Administration requires that each of its medical facilities have a P. & T. Committee which develops and maintains