

agencies, Defense Supply Agency, and the Veterans' Administration, in which if you draw up the specifications in a particular way, there is only one bidder or only one person to negotiate with.

I think it is an important point to look at because you can sit there and draw your specs, such as in the buying of tetracycline. If you are drawing up specs with some variations for tetracycline, you can end up getting a very expensive brand name of the compound tetracycline that has some modifications in the way it is compounded although it may have the same therapeutic effect. If you put the specs right, there will be only one company that can meet it; and that issue has been raised before. I think it is worth looking at.

Mr. STAATS. Ten to 15 percent discount may or may not represent a very significant discount in relation to what you might be able to get by developing specifications and then going for a broader-based competition in procurement.

Senator NELSON. Now, what, if any, arrangements have been made between the DOD and the VA to coordinate and establish requirements prior to negotiation of drug contracts?

Mr. AHART. This is one of the things we commented on in our report, Mr. Chairman. At the time of our work in this area very little was being done to coordinate requirements into joint purchasing arrangements even though that seemed to be the appropriate way to go.

Now, hopefully, as a result of our report and our recommendations and the general agreement of the agencies with those recommendations, and the corresponding OMB study, and the implementation of what came out of that study, that there will be much better coordination, determination of requirements, and consolidated purchasing for the total Federal needs as opposed to each agency going out on its own and doing its own job.

Senator NELSON. As of now they have not reached such an agreement? Or are they in the midst of negotiating some agreement or coordinating their activities?

Mr. AHART. Well, as the Comptroller General mentioned in his testimony, the OMB study is with the various agencies for comment now; and hopefully within a short period of time they will reach agreement on just what is going to be done in this area.

Senator NELSON. And then, what actions, if any, have been taken to transfer the quality assurance program to the FDA?

Mr. AHART. It is my understanding that all three agencies are in general agreement with the proposition that one agency could do a better coordinating job in this area. The Food and Drug Administration, I believe, has requested certain information from both the Veterans Administration and the Department of Defense, and should be, within a fairly short period of time, able to define conceptually what they are going to do in this area and start implementation.

Senator NELSON. Will that mean that the program for assuring quality will be exclusively within the Food and Drug Administration, or will we continue to have duplication with the Veterans