The history of all this has a bearing on it and the essence of what Mr. Feinberg was saying had a good bit of factual basis many years back, but unfortunately time has overcome that and yet the content and scope of the speeches haven't kept up with events, actually sort of limited to the past if I want to phrase it properly.

In saying that, I would also want to make it clear that I am not detracting from the good work Mr. Feinberg has done in the past.

I think that pretty much summarizes my reaction to your statement. As I again say, I think it clears the atmosphere very neatly and I think we ought to move on.

Senator NELSON. All right. Please proceed.

General HAYES. Well, I have a summary of my formal statement that has been submitted.

The Department of Defense is continuing its effort to reduce costs and to improve the procurement and supply of drugs. One such effort is that during this past year we appointed a full time Director of Materiel in our office. He is Lt. Colonel Theodore D. Wood and is sitting here with me at the table.

During this past year the Defense Personnel Support Center procured drugs valued at $91.4 million. To reduce costs and to broaden the base of competition the Center has expanded its use of requirements type contracts; it has placed increased emphasis on converting purchase descriptions to formal specifications, and it continues reviewing all specifications to eliminate nonessential or other restrictive features.

Directly related to this, the Defense Medical Materiel Board initiated a comprehensive review of all essential characteristics to eliminate those elements which might be unduly restrictive such as packaging, color, and tablet size. To date 400 drug items have been reviewed.

Other planned or ongoing actions are to strengthen the role of the Board, to implement and expand upon the GAO and OMB report recommendations and to evaluate alternate ways of procuring and distributing medical materiel.

Regarding the consolidation of quality assurance activities within the Food and Drug Administration, the Department of Defense is willing and ready to work with the FDA to develop a system which will meet the specific requirements of the Department. Assuming these requirements are met and the associated costs are reasonable, we are committed to the transfer of this function.

The military departments continue to promote the use of generic drug products through the Pharmacy and Therapeutic Boards and published formularies.

With respect to our policy on effective and noneffective drugs, we are following the directives of the Food and Drug Administration. All ineffective drugs proscribed by the FDA have been removed from our system.

This completes my remarks, Mr. Chairman, and I am open for questions.

Senator NELSON. Just one more issue that was raised by Mr. Feinberg. He has stated that the DOD has adopted specifications for