generic basis. In VA it is 30 percent, more than twice as much in terms of the numbers of generic purchasers. In other words, we in VA purchase over twice the national average on a generic basis.

We monitor weekly the number of firms approved by FDA to manufacture and market products previously available from a single source, and invite firms to bid on our needs for these products.

We have also initiated improvements in contracting for drugs through the Federal Supply Schedule. The contracts which support these schedules are negotiated, where practical, on a competitive, generic basis.

Senator NELSON. Let me ask a question at this point. I had asked General Hayes about an example of a much higher price being paid under the Federal Supply Schedule than the drug was available for and purchased at the local level. I have an example from VA's purchases in 1971. This is chlorpheniramine, a well-known antihistamine. For bottles of 1,000, 4 mg. tablets: through direct purchase the VA paid 76 cents. Through the Federal Supply Schedule VA paid $18.05. That is almost 30 times as much. What baffles me is how could a company charge that much? How could you agree to pay that differential? Then the VA purchased chlorpheniramine at the retail level as low as $7. So you have direct purchase 76 cents, Federal Supply Schedule $18.05, and retail level as low as $7.

I would think you would tell the company that is charging you 76 cents that when you ask $18 that you are through doing business with them. It is an unconscionable gouging of the Government, and why would you stand for that?

Mr. COOK. I imagine the purchase at $18.05 was a brand-name procurement. In any event, he was selling it in a noncompetitive situation. The chlorpheniramine at 86 cents is a purchase on a competitive basis, generic, if you will.

Senator NELSON. The purchase at $7 obviously was not competitive. Neither was the $18 on the Federal Supply Schedule.

Mr. COOK. I cannot account for that difference. The $7 may have very well been a generic drug.

Dr LEE. The other problem is how much was involved in each of these purchases. I rather suspect that $18 purchase was a small immediate necessity.

Mr. COOK. I went through the purchases reported by our stations for the last 6 months and I found only one instance where the hospitals making the purchase bought more than one bottle at a time other than through the central system.

Senator NELSON. Well, I would guess that the local purchase at $7 was not a large one, either, neither competitive nor large.

Mr. COOK. It was not.

Senator NELSON. Well, even if there were a competitive bid at 76 cents, how do you account for charging 30 times as much under the Federal Supply Schedule. Even if it were a different supplier, it seems to me you ought to reject that supplier. They all presumably meet USP standards.

For meprobamate 400 mg, 1,000s: the direct purchase was $2.60. The Federal Supply Schedule was $42. The lowest local purchase