

Mr. Cook. No.

Senator NELSON. Are there other examples of the kind I am thinking of? We have seen many times on some DOD purchasing that the specs were drafted in such a way that one of the analogs of one of the classes of drugs ends up being purchased on a negotiated sole source basis simply because that was the specification that was drafted to fit that particular brand of that particular class of drug.

Do you have any notion whether that occurs in any percentage amount of this \$34 million that you buy?

Mr. Cook. I can try to provide that for the record later. I will state from general information I am sure there are some of this \$34 million that are similar analogs of each other. None of them, I hope, are there because of the specification that made them sole source.

[The information referred to follows:]

ITEMS OF SIMILAR ANALOGS CARRIED IN VA DEPOT STOCKS

Of the 369 items in VA Depot stocks as sole source, 6 items representing a total of 17 different analogs are stocked. The remaining 352 are unique products not duplicated in the system. Three analogs of cephalosporin account for 8% or \$3.8 million of the total Depot sales volume. The remaining 14 analogs account for 2% or \$99,000 of the total Depot sales.

Mr. GORDON. Actually you are buying in dollar terms only 17 percent of your drugs on a competitive basis; is that correct?

Mr. Cook. On the basis of dollars, yes.

Mr. GORDON. That is a pretty small percentage, wouldn't you say?

Mr. Cook. On the basis of dollars it is. If generic drugs are cheaper your dollar value has to be less.

Senator NELSON. On that point, if you are taking bids on a drug, the brand name that is selling at a very high price at the retail market may out-compete a generic drug in a bid.

Mr. Cook. Many times they do.

Senator NELSON. We have seen drugs which are as much as 20, 30, or even 40 times as much in the retail marketplace as the same manufacturer's bids to DOD or the city of New York. If you take a bid it isn't just for a generic drug, it is a bid by the generic name, asking for the drug from any reliable source?

Mr. Cook. That is correct.

Senator NELSON. And a brand name may out compete?

Mr. Cook. In many instances they do.

Mr. GORDON. I brought to your attention the fact that in Canada you can get the same drugs, not necessarily by the same company, the same drugs that are sold here. In Canada they are much less. Why can't the VA buy in Canada?

Mr. Cook. Mr. Gordon, we approached 11 Canadian firms concerning specific products, and inquired of them if they were interested in selling to the Veterans Administration in the United States. The responses that we got initially were no, for two reasons. One reason was in some cases they were operating under a license that did not permit sale or export from Canada to any place, not just the United States.