

10498 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

--Status of actions taken by Federal agencies to assure that only effective drugs are procured with Federal funds.

It is estimated that direct Federal expenditures and reimbursements for prescription drugs amounted to about \$1.6 billion in fiscal year 1973--an increase of more than \$44 million over the expenditures in fiscal year 1972. This amount includes about \$252 million in direct drug purchases by Federal agencies and reimbursements of over \$1.3 billion under federally-sponsored health programs, such as Medicare and Medicaid.

Direct Procurements

The estimated \$252 million in direct drug procurements represents a slight decrease from those in fiscal year 1972. Most of the direct procurements were made by the Defense Supply Agency (DSA) and the Veterans Administration (VA).

DSA's expenditures for its depot stocks amounted to about \$91.4 million while VA spent about \$38.1 million for its depot stocks. VA also administers Federal Supply Schedule contracts for drugs under which Federal agencies spent over \$84 million. Purchases made by such agencies as the Public Health Service and the Agency for International Development and local purchases made by individual Federal