

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 10501

As you know, several legislative proposals concerning a national health insurance plan are currently under consideration by the Congress. The passage of a national health insurance plan would have a significant impact on Federal outlays for drugs.

WAYS TO IMPROVE THE PROCUREMENT AND SUPPLY
OF DRUGS IN THE FEDERAL GOVERNMENT

In our December 1973 report to the Congress, we discussed the effectiveness of Federal agencies' administration of programs and activities relating to the direct procurement and supply of drugs. This matter has been a subject of interest since at least 1963 when Federal agencies began studying the possibility of a single agency having Government-wide responsibility for managing pharmaceuticals, thereby eliminating unnecessary duplication between military and civil agencies. For example, in February 1971, the General Services Administration (GSA) and Department of Defense (DOD) agreed to assign medical material to DSA for integrated management, but the assignment was deferred pending the outcome of a comprehensive study proposed by the Office of Management and Budget (OMB) in June 1971. This study which was made by representatives of OMB, VA, DSA, GSA, and HEW was started in January 1972.