

CHAPTER 1

INTRODUCTION

Government procurements of pharmaceuticals directly from drug companies are estimated to have exceeded \$275 million in fiscal year 1972. The two largest buyers were the Defense Supply Agency (DSA) and the Veterans Administration (VA), but the Public Health Service (PHS) of the Department of Health, Education, and Welfare (HEW) also made fairly large purchases.

The Defense Personnel Support Center (DPSC), Philadelphia--a DSA activity--buys and stocks drugs for the Department of Defense (DOD) and provides supply support to military medical field facilities, to other DOD components, and to Federal agencies under interagency support agreements. DPSC bought about \$95 million worth of drugs during fiscal year 1972.

The Defense Medical Materiel Board (DMMB), composed of the Surgeons General of the Army, Navy, and Air Force, in coordination with the military medical services and DPSC, adopts drugs for and deletes them from the DOD central supply system.

The General Services Administration (GSA) is responsible, under the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471), for procuring medical supplies for civil agencies. In 1960 GSA delegated to VA the buying and supplying of drugs, biologicals, and official reagents¹ for all civil agencies.

The VA Marketing Center (VAMC), Hines, Illinois--an activity of the VA Central Office Supply Service in Washington, D.C.--is the central VA purchasing organization. During fiscal year 1972 it bought about \$37 million worth of drugs for central stock. VAMC determines which drugs should be adopted for or deleted from the VA supply system subject to approval of VA's Central Office. VA field stations requisition centrally stocked medical items from VA depots.

¹Chemical substances used in testing drugs.