

10588 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

VAMC also awards and administers Federal Supply Schedule (FSS) contracts--those for supplying articles or services at stated prices for a given period--in accordance with regulations prescribed by the GSA Administrator.

PHS operates a central supply organization at Perry Point, Maryland, which purchases, stocks and issues drugs to all PHS hospitals, clinics, and outpatient offices.

The following table summarizes operations of DPSC, VAMC, and PHS within their own agencies.

	Number of drugs centrally <u>managed</u>	Number of depots where drugs <u>are stocked</u>	Number of medical facilities <u>supported</u>	Cost of fiscal year 1972 drug <u>procurement</u>	Drug inventory June 30, <u>1971</u>
	(millions)				
DPSC	1,100	6	1,672	\$95	\$59
VAMC	450	3	^a 182	37	^b 18
PHS	600	1	60	^c 9	.5

^aVA also sells centrally stocked drugs to other Government agencies and administers FSS contracts used by all agencies. In fiscal year 1972 VA sold about \$3.5 million worth of depot drugs to other Government agencies. VA services about 270 additional medical facilities in this way.

^bIncludes about \$9 million worth stored in VA field stations.

^cIncludes undetermined purchases from VA and DPSC.

The medical facilities supported by these agencies also buy drugs directly from manufactures, under FSS contracts, and from local vendors. During fiscal year 1971 total drug purchases under FSS contracts totaled about \$64 million. The cost of local purchases could not be ascertained because of limitations in the reporting by medical facilities. (See ch. 4.) PHS obtains a large part of its drug requirements from, or under contractual arrangements made by, VAMC and DPSC.