CHAPTER 2

GREATER COOPERATION AND COORDINATION WOULD RESULT IN SIGNIFICANT SAVINGS IN PROCURING DRUGS

Lack of coordination between the central buying agencies and certain restrictions on interagency transactions increase the costs of drugs to the Government. In reviews of a limited number of the procurements during a 3-year period, we identified (1) costs of about $420,000 which could have been avoided through greater coordination between the procuring agencies and (2) price variances of $447,000 on Government purchases of the same items. A substantial portion of the differences could have been avoided and lower prices realized through greater coordination.

Although DOD and VA have established policies of using the most economical supply sources and have prescribed priorities of supply sources to be followed by their medical facilities, they operate their drug procurement and supply systems largely independently of each other. Further, there is little exchange of requirements data or coordination in procurement, even though the agencies centrally buy and stock about 200 of the same drugs and one or the other often obtains a lower price for the same item.

DSA-VA SUPPLY AGREEMENT

DSA and VA have an agreement whereby VAMC can purchase from DPSC medical material which DPSC manages centrally. The agreement establishes the procedures for requirements planning, material requisitioning and release, billing and collection, and other matters.

VAMC does not use the agreement extensively; in fiscal year 1970 it purchased only about $207,000 worth of drugs from DPSC. A drawback to more extensive use of the agreement is DPSC and VAMC surcharges which can total nearly 20 percent of the cost for drugs supplied to VA field stations. Also, the flow of drugs from DPSC depots or manufacturers to VAMC depots and then to VA field stations is cumbersome and results in extra handling and added transportation costs.