

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 10591

The agreement does not provide for DPSC to buy drugs from VAMC. We noted no procurements by DPSC from VAMC.

Military medical facilities may not obtain from VAMC stocks those drugs which DPSC does not carry, and VA facilities may not buy from DPSC those drugs that VAMC does not carry. In these cases these medical facilities have to buy such drugs under the FSS contracts or directly from vendors at much higher prices than those available from the central buyers.

DEVELOPMENT OF REQUIREMENTS DATA FOR PROCUREMENT

When either DPSC or VAMC approves a drug for central management, it procures an estimated quantity to cover anticipated needs for a limited period. Thereafter, quantities to be procured are based primarily on the quantity issued by depots since the last inventory replenishment. Computer reports are prepared periodically--monthly by VAMC and quarterly by DPSC (more frequently if predetermined reorder points or critically low inventory positions are reached)--and reviewed to determine items for which procurement or other supply action should be taken. Both agencies try to maintain inventory levels representing a number of months' use--in VAMC 5 to 7 months' supply and in DPSC about 9 months' supply--plus any special requirements.

Quantities of each drug are purchased to replenish stocks and fill requisitions. DPSC includes unfilled orders in calculating its reorder points, but VAMC does not.

Procedures for developing requirements under each system are quite similar, and it appears that, to consolidate procurement, requirements data under the systems could be coordinated without difficulty.

POSSIBLE SAVINGS THROUGH JOINT PROCUREMENT

DPSC and VAMC independently purchased, at different prices, many of the same drugs for central stock--in many cases from the same manufacturer and at about the same time. Several manufacturers have told us that large-volume purchases will generally reduce prices.