If VAMC and DPSC cooperated, they could forecast their annual drug requirements; consolidate their procurements, providing for any special needs for such things as packaging, labeling, and inspection; and, under joint procurement arrangements, take advantage of the most economical methods of contracting and supply sources. Apparently, if their requirements had been consolidated and bought under joint procurement arrangements, VA and DPSC could have realized significant savings.

For example, procurement records for 43 drugs showed that, during fiscal years 1970 and 1971, DPSC and VAMC paid different prices for the same drugs purchased within 30 days of each other. These variances totaled about $246,000, and each agency obtained the lower price in about half the cases.

We furnished information on these cases to DPSC and VAMC officials so that they could determine the reasons for the differences. Some vendors made voluntary refunds totaling $15,000 to DPSC because of pricing mistakes they had made during negotiations. Other vendors claimed that the differences were due to the type of contract negotiated, the varying quantities ordered, the frequency of orders, special labeling and packaging requirements, or additional quality control and testing requirements. One vendor suggested to DPSC that it and VAMC combine their buys to obtain lower prices.

Because of the possibility of long-term storage and shipments to countries with extreme climates, DPSC generally requires more protective wrapping for the drugs it buys than other buyers do. Despite this, DPSC has often paid identical or lower prices than VAMC for the same drugs purchased in similar or smaller quantities in the same period.

We also examined the sales records of four manufacturers. DPSC and VAMC paid two of them $91,000 additional because of different prices charged for the same items.

NEED TO PROMOTE INTERAGENCY TRANSACTIONS AT THE USER LEVEL

If drugs stocked by DPSC and VAMC could be made available to medical facilities of the system which does not stock such drugs, substantial savings could be realized. As shown