surcharges--amounting to 10-1/2 percent and 8 percent, respectively--about $150,000 would have been saved had the military and VA medical facilities purchased directly through DPSC or VA central supply points. For example, during calendar year 1970, VA field stations paid $46.07 for an 8-ounce jar of Aristocort Cream under the FSS contract. DPSC stocked this item and could have supplied it for $39.85 a jar, including all surcharges (18-1/2 percent), a savings of $6.22 a jar. Total savings on this item alone during calendar year 1970 would have amounted to over $4,600.

The need to promote interagency transactions extends to Government medical organizations other than those of VA and DOD. Our review at the four vendors' plants identified price variances of $110,000 because PHS and the National Institutes of Health, HEW, purchased drugs directly from these vendors at prices higher than those paid by DPSC and VAMC for the same items.

Under the existing GSA and DOD agreement, DOD issued a catalog, effective October 1, 1972, of selected items managed by its Defense Supply Centers for the use of civil agencies. About 600 drugs are listed which any Government agency can order from the cognizant Defense Supply Centers. The catalog states that other DSA-managed items included in supply catalogs may also be requisitioned so long as a Federal stock number is provided and appropriate requisitioning procedures are followed.

This is a step toward fostering interagency transactions. However, use of the catalog is not mandatory; consequently, the agencies will not necessarily use it as an alternative to more expensive local purchases.

CONCLUSIONS

Substantial savings and other advantages could result from an effective joint effort--including planning, consolidating procurement, and centrally procuring and supplying drugs--among DPSC, VAMC, and other agencies that buy drugs. Coordination should also enable these agencies to improve inventory management and better serve medical facilities Further, availability--under an interagency agreement--of the