

10602 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

On June 21, 1972, VA officials testified before the Subcommittee on Monopoly, Senate Select Committee on Small Business, concerning VA efforts to expand competitive procurement of its centrally managed drugs. VA indicated that it had developed specifications for 85 of 133 items it had determined suitable for competitive procurement and that specifications for 34 of the items were being developed. VA officials stated that 14 of the 133 items were being deleted and that, although it was too early to establish the total potential savings, annual savings of almost \$940,000 had resulted from using the 85 specifications that had been issued as of June 1972.

COORDINATION POTENTIAL IN DEVELOPING SPECIFICATIONS

Several Government agencies buy many of the same drugs, and, as new drugs are developed and adopted for use, this number should increase. As previously indicated, specifications are extremely beneficial in obtaining competition and drugs that conform to required quality standards.

VA and DPSC are not required to coordinate in preparing specifications for identical or nearly identical drugs they both manage centrally. This situation leaves potential for duplicate effort in preparing specifications (1) for new items for which neither organization has yet prepared specifications and (2) for those items currently managed centrally by VAMC without specifications if VAMC decides it can, and should, issue specifications for such items and if DOD also decides to use and centrally manage the same items.

When identical and near-identical items are adopted for central management, DPSC and VAMC, and possibly other agencies, should jointly develop specifications for such items to avoid possible duplicate effort and to make the best possible use of the available talent to do this important work.

NEED TO REVISE DOD POLICY FOR ADOPTING ITEMS FOR CENTRAL MANAGEMENT

In considering an item for central management, DMMB requests the manufacturer to furnish information on the item's essential characteristics. DPSC evaluates this