

10604 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

for which DOD and VA prepare specifications are basically the same and since the number of such items should increase, VA and DOD could cooperate in preparing specifications for such drugs. Such cooperation would avoid duplicate effort and best use technical talent in preparing specifications.

RECOMMENDATIONS

We recommend that the VA Administrator arrange, as soon as practicable and beneficial, for specifications to be developed for (1) all new items which VA decides to manage centrally and (2) centrally managed items for which it currently has no specifications.

Also, since cooperation and coordination can be valuable in developing specifications, we further recommend that the Secretary of Defense and the Administrator consider jointly developing specifications which will satisfy all agencies' requirements. The effort should consider the requirements of all Federal agencies which procure drugs so that specifications will be issued, when possible, for those items for which the aggregate quantity required justifies central management.

We recommend that the Secretary of Defense revise DOD policy to insure that drugs will be adopted for central management whenever savings will result. Controls on sole-source drugs will be necessary to (1) insure that the sole-source designation is not misused, (2) insure that specifications are developed as soon as possible, and (3) encourage, when appropriate, the use of lower cost alternative drugs.

AGENCY COMMENTS AND GAO EVALUATION

VA stated that it considered joint development or mutual use of specifications an important element of the increased agency cooperation advocated in our report. It did not, however, comment on the need to develop specifications for some of the items it currently manages centrally and for new items it selects to manage centrally in the future.

DOD stated that DMMB would be specifically asked to coordinate the development of specifications with DSA and VA and to recommend appropriate action providing for the " * * * joint coordination/preparation of medical material having common usage within DOD and VA."