

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 10607

These reports are sent to field offices which organize the data and consolidate the reports for each service, but the field offices do not review and evaluate the items reported. The offices of the respective Surgeons General that select and recommend items to DMMB for centralized management make such reviews and evaluations. No single authority reviewed all of these reports at the time of our review, but a DOD official advised us that, after we examined this situation, arrangements were made for all the military departments to send their consolidated reports to DMMB for its review and use in evaluating new items for standardization.

The Army and Navy Surgeons General have no written definitive criteria for evaluating and selecting drugs to be recommended for central management. The Army, however, does have a written procedure stating that reports of local purchases will be reviewed to identify items used in sufficient quantity to warrant central management, but what constitutes such a quantity is not defined.

The Air Force has definitive written criteria for identifying drugs as candidates for central management. Generally the Air Force considers recommending items purchased by three or more facilities which have aggregate semiannual expenditures exceeding \$1,000.

The Army's and the Navy's lack of these definitive criteria can result in failure to identify drugs purchased by their medical facilities in sufficient quantities to warrant DMMB evaluation. For example, Army and Navy medical organizations may purchase a drug exceeding \$1,000 in value and the item may not be considered for central management; whereas, in similar circumstances, the Air Force normally considers the item for central management. Also, reports do not include purchases of centrally managed items from sources other than the central manager. The services could use this information to monitor field activities to insure that they were purchasing such drug items from DPSC as prescribed by service regulations.

VA REPORTS

Under authority GSA delegated in 1960, VA awards and administers FSS contracts and obtains semiannual reports