

## COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 10609

stocked. Of the 13 items, 5 had been centrally purchased; VA forecasted savings of almost \$36,000 for fiscal year 1973 on these items.

FSS contracts for pharmaceuticals are let in two sections and are labeled section A and section B contracts. Section A contracts are generally used for generic items and section B contracts for brand-name items. Section A contracts ordinarily are let for individual drugs, but section B contracts generally are let for the complete product lines that drug manufacturers produce.

The reports to be submitted by FSS contractors on section A contracts are useful to VA in considering items for central management because VA needs information on individual items in determining whether the volume of procurement of single items warrants consideration for central management. The reports on section B contracts are generally not usable because they relate to a complete product line.

Some contractors were not furnishing the reports of orders received, contrary to contract requirements. To the extent the reports are not received, the volume of purchases Federal agencies make is understated; therefore, drugs that qualify may not be identified or considered for central procurement. Also, the lack of usable data submitted in reports on a product-line basis under section B contracts could result in failure to identify items with potential for substantial savings through central management.

### NEED FOR STANDARDIZED CODING SYSTEM

Under current reporting practices of both VA and military medical facilities, reports may include data for drugs under identification methods when an item does not have a Federal stock number. For such items the manufacturer's number, the hospital's number, or other types of identification are used.

In such a situation, purchase data on the same item may possibly be reported in two or more ways and the fact that the same drug is involved may be overlooked. If such purchase data is not consolidated, potential items for central management may be bypassed. A national drug code