

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 10613

financial condition, but the disqualification pertains only for the specific procurement for which the manufacturer failed to meet DPSC requirements. A satisfactory plant inspection or demonstrated ability to manufacture a specific item is not a prerequisite for being placed on the the DPSC bidders list.

Unlike DPSC, VAMC requires that a plant survey or inspection be made of each prospective supplier before it can be placed on the list of approved suppliers for VA contracts, including FSS contracts. Reinspections are made approximately every 5 years, unless required sooner because of customer complaints or other problems.

DPSC and VAMC inspection procedures use standards for manufacturing and processing drugs patterned on the Good Manufacturing Practices published by FDA. However, although VA and FDA standards are essentially the same, DPSC standards are more specific. For example, FDA and VA personnel standards require that persons who direct the manufacture and control of a drug be adequate in number, education, training, and experience to insure that the drug has the safety, identity, strength, quality, and purity that it purports to possess. DPSC standards go further and set specific personnel requirements, qualifications, and responsibilities.

The following table summarizes the results, during fiscal years 1969 through 1971, of preaward surveys by DPSC and plant inspections by VAMC to qualify suppliers for their bidders list.

	DPSC		VAMC	
	Number	Percent	Number	Percent
Qualified	238	53	265	76
Disqualified	213	47	84	24
	<u>451</u>	<u>100</u>	<u>349</u>	<u>100</u>

DPSC disqualifies more manufacturers partially because of its policy of surveying individual products, which may result in disqualifying a firm only for one item being purchased.