

10622 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

APPENDIX II



HEALTH AND
ENVIRONMENT

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

14 AUG 1973

Mr. Gregory J. Ahart
Director, Manpower and Welfare Division
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. Ahart:

On behalf of the Secretary of Defense we have carefully reviewed the findings, conclusions, and recommendations contained in the GAO Draft Report, dated 1 June 1973, "Opportunities to Improve the Procurement and Supply of Pharmaceutical Drugs" (OSD Case #3636).

The Department of Defense subscribes to the principles set forth in your report that greater cooperation and coordination between the Veterans Administration and the Department of Defense in the development of drug requirements data for procurement purposes, development of common specifications and the possibility of joint procurements for centrally managed common drug items could result in savings to the government. The following discussion provides specific comments on each of the report's recommendation.

DEVELOP POLICIES AND PROCEDURES DESIGNED TO PROVIDE
GREATER COORDINATION AND COOPERATION AMONG FEDERAL
AGENCIES BUYING DRUGS

As stated in your report, interagency agreements between DoD and civil agencies are now in being which provide for supply support to civil agencies to include centrally managed drug items. Specifically, the following documents are currently in existence relative to interagency support of medical materiel: (a) DoD/GSA Agreement, February 1971, subject: Agreement Between the Department of Defense and the General Services Administration Governing Supply Management Relationships Under the National Supply System; (b) Federal Supply Catalog (C2510 to 9999CA), effective 1 October 1972, a catalog provided by DSA for use by Federal civil agencies which