

The CHAIRMAN. Our next witness will be Mr. Gregory Ahart, Director of Manpower and Welfare Division of the General Accounting Office.

Mr. Ahart, please identify your associates so that the reporter will have the record straight.

STATEMENT OF GREGORY J. AHART, DIRECTOR, MANPOWER AND WELFARE DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY THOMAS McCORMICK, ASSISTANT DIRECTOR, MANPOWER AND WELFARE DIVISION, GAO; AND DAVID BAINE, SUPERVISORY AUDITOR, MANPOWER AND WELFARE DIVISION, GAO

Mr. AHART. Thank you, Mr. Chairman.

On my immediate left is Mr. Thomas McCormick, an Assistant Director of the Manpower and Welfare Division. On my right is Mr. David Baine, a supervisory auditor of that Division.

Mr. Chairman, I have a fairly lengthy statement, about 14 pages, and I can either summarize it for you or read it in full.

The CHAIRMAN. It will be printed in full in the record and if you wish to summarize the high points, just go ahead and proceed to do so.¹

Mr. AHART. Thank you.

We are pleased to be here today to discuss recent actions taken by several Federal agencies in response to recommendations contained in our December 6, 1973, report to the Congress entitled "How To Improve the Procurement and Supply of Drugs in the Federal Government."

Federal expenditures for the direct procurement of and reimbursement for prescription drugs are substantial and are continuing to increase annually. Information obtained from the numerous agencies that buy and/or reimburse for drugs indicates that in fiscal year 1974, these expenditures amounted to about \$1.9 billion—\$269 million in direct purchases and reimbursements of \$1.6 billion under federally-sponsored health care programs such as medicare, medicaid and the civilian health and medical program of the uniformed services.

Passage by the Congress of any of a number of recent legislative proposals that would expand Federal participation in the health care area would further increase the level of Federal outlays for drugs.

Substantial interest has been expressed in both the legislative and executive branches of the Government regarding the need to improve the administration of existing programs and thereby reduce, where possible, the Government's costs for prescription drugs. The subcommittee has continued to focus attention on this important matter as it relates to both direct drug procurements and Federal reimbursements for drug costs, and has been instrumental in stimulating such interest and keeping it at a high level.

Evidence of increasing executive branch concern is provided by the Department of Health, Education, and Welfare's proposed maximum allowable cost regulations. These regulations are aimed at reducing

¹ See prepared statement, page 11862.