

Mr. WHITWORTH. Well, on page 2 we are talking about our central drug procurement program. If you go back to page 1, Mr. Gordon, Dr. Lee testified that 51 percent of the \$107 million was procured from Federal supply schedules and local purchases, and 5 percent for fee basis. So, really, on page 2, the reference you are making, we are only talking about \$46 million, our central drug purchases, sir.

Now within the Federal Supply Schedule's purchases, and our local purchases, there is a great—under the definition, the reporting definition that we must apply—there is a considerable percentage bought from small business; but that percentage cannot be broken out for drugs in our reporting system, sir.

Mr. GORDON. As I understand it, then, you buy from small businesses in your local purchases, from drugstores and small wholesalers.

Mr. WHITWORTH. Yes, sir.

May I illustrate by saying we have testified that 5 percent of the \$107 million is for fee basis. It would be my estimate that most of that is reportable as small business purchases because the prescriptions were filled at the corner drugstore, sir. But in attempting to relate the 28 percent, we are trying to show you that in our central system the percentage of the manufacturers that we go to is 28 percent; this was our intent.

Mr. GORDON. I did not get your answer to the chairman's previous question. You say—what is the percentage in dollar terms that you buy from small business, and is centrally supplied drugs?

Mr. WHITWORTH. Twenty-eight percent of \$5,700,000, which is about \$1.6 million.

Mr. GORDON. All right. That is \$1.6 million, and you spend how much in your centrally supplied system, totally?

Mr. WHITWORTH. \$46 million.

Mr. GORDON. And what percent is that?

Mr. WHITWORTH. Pardon me, sir?

Mr. GORDON. What percent is that? That is \$1 million out of \$46 million. That is a little less than 2 percent, right?

Mr. WHITWORTH. Figured that way, yes, sir. But may I respond, sir, that of that \$46 million, most of it cannot be bought from small business.

I think the answer to the question you are getting at is simply that most of the drugs manufactured in the country are manufactured by large business; and a very small part is manufactured by small business. But of that which we can get competition for, for our central depot system, 28 percent comes from small business manufacturers, of that amount that we can get for our central depot system.

The CHAIRMAN. This is on competitive bid, is that right?

Mr. WHITWORTH. Yes, sir. All on competitive bid.

The CHAIRMAN. What percentage of the \$107 million is bought on competitive bids?

Mr. WHITWORTH. There is no possible way to tell that for sure, sir. We know that in our central system we have schedule A, which is about \$8 million. This is all competitive bid. We know that we have 31 percent of our central purchasing of \$46 million, which is com-