Representatives of DOD, HEW, GSA, and VA constitute the task group. VA has taken an active role in this endeavor.

Indeed, since VA is the sole central purchaser of drugs for civilian agencies and DOD the only other central purchaser of drugs, the working relationship between the two is the vital force for progressive action. There seems to be no dissent that the other agencies, such as GSA and HEW, will discontinue any central purchasing of drugs. The task, then remains to decide what DOD will buy and what VA will buy. We think each has special expertise in given areas. Reports have been submitted to the implementation committee, which has approved the following series of actions now being undertaken by the task group:

First is to develop a method of collecting data on noncataloged locally purchased items which would be candidates for item entry into a central system.

The second is developing an item entry and review procedure.

The third is developing a procedure to determine the best method of supply.

The fourth is developing a procedure to determine the best method of procurement.

The fifth is development a method of collecting and maintaining continuously usage data on items in the system that are designated to be other than centrally stored.

The sixth is developing a Federal supply catalog which would contain all the items in the combined system.

As we stated previously, the degree of commonality between drugs stocked by DOD and those stocked by VA is surprisingly low. It is surprising unless one recognizes the difference in missions, the fact that VA has a much older patient population and DOD cares for large numbers of women and children dependents. An indepth study is required to come to the conclusions that must be reached to implement the recommendations made by the Office of Management and Budget to develop a single system for the procurement and management of pharmaceuticals. Agencies involved, however, are moving decisively in this direction and have been doing so since the first implementation meeting was held in July, 1974.

On the Maximum Allowable Cost, Secretary Weinberger's testimony before this subcommittee, Wednesday, March 19, 1975, clearly delineates the Maximum Allowable Cost, or the so-called MAC, proposal. The MAC system would apply in VA to prescriptions written by our fee-base physicians and filled by local or hometown pharmacies. Fee physicians write approxmately 5 million prescriptions annually for VA patients. Approximately 84 percent, or some 4.2 million, of these are filled in VA pharmacies, but the rest, that is 16 percent, in the amount of $5,819,147, in fiscal year 1974, were filled by private drugstores.

It is in this area that MAC, when it is published as a final order, would apply. It is the intent of the Veterans' Administration, when MAC becomes a viable program, to apply it to all areas of our operations where it would be cost effective.

We note Secretary Weinberger's assurance, to assure access by physicians to any needed drug, the MAC limit would be waived when