

11862 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

PREPARED STATEMENTS

UNITED STATES GENERAL ACCOUNTING OFFICE
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STATEMENT OF
GREGORY J. AHART, DIRECTOR
MANPOWER AND WELFARE DIVISION
BEFORE THE
MONOPOLY SUBCOMMITTEE
SELECT COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE

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", (B-164031(2)).

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 (CHAMPUS).

Passage by the Congress of any of a number of recent legislative proposals that would expand Federal participation