

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 11875

--VA has made some, and is in the process of making other, changes to its field station local purchase reporting system which specifically address our recommendation. Moreover, for two sections of the VA-administered Federal Supply Schedule, VA has required that contractors report their sales quarterly to Government agencies on a line-item basis. For the remaining section of the Federal Supply Schedule, VA while requiring quarterly reporting, has determined that a requirement for line-item reporting by contractors would be too costly.

--VA has begun to incorporate in its information system for local procurements, the National Drug Code identification numbers for purchases of those drugs having no Federal stock numbers. However, further programming in this regard has been suspended pending advice from FDA on changes in National Drug Code sequencing. DOD also plans to incorporate the use of the Code in the services' local purchase reporting systems.

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The ultimate success of the efforts now underway to establish a centralized system for managing the Government's procurement and supply of drugs and medical items and to establish FDA as the single agency responsible for Federal quality assurance activities depends to a great extent on the effectiveness of the cooperation among the agencies involved. The leaders in both interagency efforts have indicated that this cooperation has been satisfactory to date. It will have to remain so if the difficult implementation phase is to be successfully carried out in the coming months.

Mr. Chairman, this concludes my statement. We shall be happy to answer any questions that you or other members of the Subcommittee may have.