

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 11881

STATEMENT BY DR. LYNDON E. LEE, JR.,
ASSISTANT CHIEF MEDICAL DIRECTOR FOR PROFESSIONAL SERVICES
DEPARTMENT OF MEDICINE AND SURGERY
VETERANS ADMINISTRATION
BEFORE
THE SUBCOMMITTEE ON MONOPOLY
OF THE
SELECT COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE

APRIL 25, 1975.

Mr. Chairman:

We welcome the opportunity to appear before your Subcommittee to discuss with you the actions taken by the Veterans Administration in response to the recommendations made by the General Accounting Office in its December 6, 1973, report; the recommendations made by the Office of Management and Budget to develop a single system for the procurement and management of pharmaceuticals; progress made to promote competition, reduce the cost of drugs, eliminate any duplication of procurement effort; and other matters of concern to the Subcommittee which involve the Veterans Administration's prescription drug program.

The Veterans Administration expended \$107,338,218 for drugs in Fiscal Year 1974. Of this sum, 44% was purchased for stock in our wholesale distribution system; 51% from Federal Supply Schedule and local purchases and 5% for fee basis. Of the 44% which was expended for our wholesale distribution system, \$45,575,644 was issued, with \$4,375,349 of this sum being purchased by other Government agencies. Issues to these agencies represent an increase of 18% over Fiscal Year 1973. After deduction of other Government agencies' purchases and fee basis reimbursements, the total cost of drugs used in patient care by this agency for Fiscal Year 1974