

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 11883

competitive awards for our wholesale system in the amount of \$10,000,000, or nearly twice that which we awarded in Fiscal Year 1974.

For the potential volume we have for small businesses, our wholesale distribution procurement records show that we have 191 large business firms and 76 small business firms who have indicated an interest in doing business with us relating to our procurement of drugs. The percentage, then, of small business firms available to us is 28%.

Generic Procurement of Drugs

Of interest to this Subcommittee over the years has been the amount of drugs the Veterans Administration purchases on a generic basis as opposed to that which we procure on a brand name basis.

Since our first appearance before this Subcommittee, at which time we had very few items in our central purchasing program procured on a generic basis, we can state to you this morning that we now procure, or are in the process of procuring competitively, all items that are competitively available. This represents 31% of the total items in our central system. Mr. Chairman, we have come a long way in the past four years. We feel that we had set a proper course, but the strong winds kept at our back by this Subcommittee have caused us to progress in this area far more rapidly than we otherwise would.

The question arises as to the effect our increased procurement of generic items has had on quality. We cannot say, Mr. Chairman, that we have had any increase whatever in quality complaints accompanying our increased use of generic drugs.