

11888 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

Action Taken in Response to GAO Report "How to Improve the Procurement and Supply of Drugs in the Federal Government"

The General Accounting Office report contained six recommendations which apply to the Veterans Administration. The first recommendation stated that "The Director, Office of Management and Budget, should lead in developing--with representatives of the General Services Administration; DoD; VA; and the Department of Health, Education, and Welfare--policies and procedures, including consolidating requirements, to increase agency cooperation in buying drugs and achieving substantial savings through large volume buys. Field installations should be authorized to obtain their drug requirements from any centralized Government supply source."

The Director of the Office of Management and Budget initially took action to comply with this in a June 4, 1974, memorandum to all the departments and agencies concerned. Four far-reaching recommendations with which all concerned agencies agreed would provide for a single system for the procurement and distribution of medical items, including drugs and nonperishable subsistence. In developing the single system, it was stated that the aim of the group effort was that a single system management does not require that all operational responsibilities for a commodity be assigned under the control of one agency as a single manager. Instead, the elimination of duplication in attainment of other objectives of single managership were seen to be available from a cross-servicing system that rests upon established competence and experience. The stated intent, therefore, is to utilize the expertise in VA and DoD and transfer the purchasing responsibilities currently being carried out in the General Services Administration and the Department of Health, Education, and Welfare to DoD and VA. A Subcommittee of the