

12200 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

JAN 14 1975

3. One of the major problems has been the definition of a "family" of items. Considerable differences of opinion exist on what constitutes a family. For example, families could be defined as published in National Health Related Item Code Classification, Therapeutic Classification of Drugs, commercial catalog groupings, primary users, Federal Supply Code for Manufacturers, National Drug Code, American Association for the Advancement of Science - Guide to Scientific Instruments and the Freight Classification Guide. None of these groupings was considered to be a satisfactory family for management in accordance with the 4 June 1974 OMB letter.

4. A review was then made of the general characteristics of a medical item. It was generally agreed that medical items (1) are essentially commercial in nature; (2) developed primarily by industry, rather than government funded research; (3) initially used in medical facilities as non-cataloged items; (4) are identified for central review through usage data centrally compiled and (5) are selected for central management through an item entry review process.

5. From this, a recommended family grouping by type of management concept evolved. Basically, non-cataloged local purchased items would be reported through a data collection system, screened and recommended for item entry and those items that meet predetermined criteria would be assigned a National Stock Number and the decision rendered whether the item would be centrally stocked or decentralized. Items selected for central stocking would be referred to one agency for management; those items to be decentralized referred to the other agency. The essential factor of the family grouping would be that one agency would provide procurement support for stocked items, the other providing procurement support for non-stocked items.

6. Exceptions to this recommendation are recognized. Items stocked exclusively by either DOD or VA would continue to be purchased by the holding agency. DOD, VA, and other agency mission oriented items should continue to be purchased by the agency having the mission. DPSC and VA would continue to stock those items in which they have developed particular capability to handle.