

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 12121

STUDY PLAN

A. Study Authority. This study is being conducted in accordance with the provisions of the Study Charter. (See this report, Attachment 3)

B. General.

1. The study will be conducted under the guidance and direction of a Steering Group composed of Mr. James D. Currie, OMB Chairman, and Mr. Harry S. Spaulding, Defense; Mr. John M. Donovan, HEW, Mr. Louis Sorrett, GSA; and Mr. Clyde Cook, VA as members. The Study Group will be composed of Mr. Richard Adams, OMB Chairman; and Mr. John Gee, Defense; Mr. Arnold Weiss, HEW, Mr. I. P. Ginsburg, GSA; and Messrs. William Jones and John Shea, VA, as members.

2. The study will be directed toward a review and analysis of the present central supply systems for drugs, and other medical material, and/or nonperishable subsistence of the Departments of Defense, HEW, and Interior, and the GSA and VA, with additional data to be collected at each agency's retail level. Data will also be obtained from all other Federal agencies having requirements for these materials such as the Departments of Justice, State, and Transportation, and the Agency for International Development. Questionnaires will be developed to obtain inventory, procurement, workload, issue, transportation, and other cost data for inventory control points and the depot activities storing and shipping these commodities. Personal visits will also be made to each inventory control point, three VA depots, three Defense depots, and one PHS depot.

3. A questionnaire will also be developed and directed to the hospitals, schools, and military post, camp, and station activities which receive support from the central systems. These questionnaires will be submitted to twenty percent of Public Health Service, Veterans Administration and Department of Defense hospitals, and a selection of military camps, posts, and stations with little or no hospital activity. These questionnaires will be utilized to obtain data on those items being purchased locally outside the central systems, the procurement and personnel costs involved in subsistence items necessary for their operation and their comments on and recommendations to improve the central system. An additional personal visit will be made to the maximum number of twenty-three user activities in Philadelphia, Chicago, Denver-Albuquerque, Northern-Southern California, and Atlanta. These visits will be to obtain expanded answers to the questions contained in the questionnaire, to get a first-hand look at their operations, to personally speak to such individuals as the dieticians, pharmacists, and supply and procurement personnel.

4. The data base for all information to be obtained shall be for the period of calendar year 1971.