

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 12115

b. Analysis of purchase documents received from the 55 activi-

ties sampled indicate that the largest dollar volume of sales against Federal Supply Schedules is to military activities. An in-depth Government-wide analysis of drug and medical item purchases, on an item by item basis, has never before been undertaken because the large number of items on Federal Supply Schedules was considered unmanageable. Based on purchase data submitted by 22 of the 55 hospitals, the number of items being repetitively purchased is much lower (approximately 5,000 items) than the total number of items available on Federal Supply Schedules. Consequently, the number of items actually used can indeed be managed.

c. Action should be taken to negotiate prices on individual items

of high annual demand in lieu of negotiating an "across-the-board" discount for all items in a manufacturers' or distributors' lines of products.