

12112 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

2. Field Installations Are Making Local Purchases Of Items That Are Available From A Government Depot And Are Paying Substantially Higher Prices

a. Discussions with personnel at field stations indicated that each system develops orders of priority for obtaining needed items. Within the DOD the directed first order of priority is to DPSC for items available from stock or which have been determined to require procurement at the central level. All other items are authorized for local purchase. Although the use of Federal Supply Schedules by military activities is not mandatory, a review of purchase documents indicates they are extensive users of such contracts.

b. The VA order of priority is: first, VA central supply; second, decentralized contracts; third, Federal Supply Schedules; fourth, local purchase. The Public Health Service order of priority is: first, PHS central supply; second, VA Central supply; third, Federal Supply Schedules; fourth, local purchase. Because of each agency's established systems of priority, a medical activity resorts to Federal Supply Schedules or local purchase for items available in another agency's supply system.

c. Inasmuch as supply catalogs are tailored to and distribution is made only in a particular agency, there is no data available at the local level which would indicate those items that are available in each supply system. Also, in most cases, there is no requirement or mechanism for the use of another agency's supply system in lieu of local purchasing or use of Federal Supply Schedules. Many routine and emergency purchases from commercial sources at much higher prices could be precluded if activities had knowledge of and