

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 12107

b. With four major agencies operating supply programs autonomously and independently, (in these commodity areas), it is impossible to avoid a duplication of effort and overlap of functions. This has resulted in a fragmented supply system with civil and military agencies competing with one another in the market place.

On the civil agency side, the Veterans Administration was assigned the responsibility of issuing the Federal Supply Schedule for Drugs and X-Ray Film for use of all civil agencies on a mandatory basis, and on an optional use basis for the military services. The VA also issues its own decentralized contracts for other medical items which are used extensively by its own activities. However, some of the military and civil agency users have availed themselves of these contracts on an optional use basis. In addition to the VA contracts, the GSA issues a Federal Supply Schedule for additional medical items. All of the items in the above contracts are classified in FSC Group 65.

Nonperishable subsistence items are similarly distributed with split responsibilities for procurement and distribution assumed by several civil and military agencies.