

I. Background

1. On June 14, 1971, the Office of Management and Budget requested that all agencies involved in procuring, supplying and using drugs, medical items, and nonperishable subsistence (NPS) items participate under OMB's leadership in an interagency study.

The purpose of the study was to provide an economic analysis of the management of these items and on the basis of this analysis to make appropriate recommendations for achieving effective and economical Government-wide support for drugs, medical items and NPS items.

The first meeting was attended by OMB, DoD, DHEW, DOT (Coast Guard), Interior (Bureau of Indian Affairs), Justice (Bureau of Prisons), Veterans Administration and Agency for International Development.

Agreement was reached that an interagency study should be conducted to determine the optimum system, or systems, for providing medical and NPS support to all Federal activities. It was also agreed that OMB would chair the study with participation by DoD, VA, DHEW and GSA.

A study charter (Attachment 3) was developed. This received final acceptance on December 27, 1971.

2. Over the past years, there have been a number of studies by interagency groups and by commercial research firms with the same objective in mind.