

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 12093

Service, General Services Administration; and National Institutes of Health, Department of Health, Education and Welfare was formed in order to categorize items into "families of items." This was necessary in order to make purchasing assignments to DOD and VA nonduplicative.

In order to describe a major problem confronting the Medical/NPS Committee and the Task Group, I should like to quote from the OMB Study Report which states that "Whole-sale systems (depots) are not the prime source of supply for field installations in many cases. Further, the GAO stated in its report of December 6, 1973 that local purchases - or purchases from other than depots - comprise such a large dollar percentage of drug procurement that a method of managing the high volume items now being purchased locally has to be developed. The Committee is now addressing itself to the problem of bringing these items under management control.

As of now, each agency confines its intensive management to stock items. The methods of procurement used by individual medical activities to purchase locally are primarily Federal Supply Schedule Contracts and open market purchasing. Neither method provides for accumulating demand data on a line item basis which is a precondition