

**VA****U.S. Department  
of Veterans Affairs**

# **News Release**

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The Department of Veterans Affairs (VA) is announcing the implementation of a national drug formulary, a move that will provide systemwide consistency in pharmaceutical dispensing policies and practices, effective June 1.

Said VA Under Secretary for Health Dr. Kenneth W. Kizer, "The advantage of a national formulary is that it facilitates continuity and consistency of care, increases standardization of pharmaceutical products and efficiency, and lowers pharmaceutical prices through enhanced competition. The net effect for the patient is better care at a lower price."

The national formulary contains prescription medications, over-the-counter drugs, and medical and surgical supplies. To provide flexibility and assure that individual patient needs are met, VA medical centers may use products not on the formulary if certain patients need non-formulary items. The formulary is a dynamic document which will undergo continuous review, allowing VA to respond to changes in therapeutics and clinical treatment.

VA has used medical center-based formularies for more than 30 years. While this local process historically benefited the individual facilities, it also led to considerable variation in drugs available at different facilities.

Developing a national formulary was part of Kizer's "Commercial Practices Initiative." Maximizing a developing business strategy in the private sector, in 1995 Kizer established a pharmacy benefits management group to manage the cost, use, outcomes and distribution of VA's pharmacy program. During April 1996, VA moved from 173 individual medical facility drug formularies to 22 network formularies.

VA has also sought additional savings beyond its routine low prices through national volume-based competitive pharmaceutical contracting. The result has been a savings of more than \$100 million in the last year.

VA currently spends \$1.3 billion annually on pharmaceuticals, or between 6 to 7 percent of the total VA health-care dollar.