

00102

This is an unclassified digest furnished in lieu of a report containing classified security information.

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

U.S. ARMY'S MANAGEMENT OF
MEDICAL SUPPLIES IN EUROPE
NEEDS IMPROVEMENT
Department of Defense

D I G E S T

The U.S. Army, Europe, provides medical care to active duty military personnel, their dependents, and others through 13 hospitals and 141 clinics located throughout Europe but predominantly in West Germany. The U.S. Air Force in Europe also provides health care services through 14 hospitals and 16 clinics.

MEDICAL SUPPLY SYSTEM

GAO's examination of the Army's wholesale medical supply system showed that the existing system costs more than available alternative systems and that the current system's higher costs were not offset by improved supply effectiveness or reduced risks, contrary to Army officials' beliefs.

Limited analysis of prepositioned medical war reserve stocks raised several questions about the adequacy of these stocks to meet wartime needs. (See p. 13.)

ARMY NEEDS TO USE DIRECT SUPPLY
FOR MEDICAL ITEMS

The Army in Europe could, as the Air Force is already doing, supply its hospitals in the European Theater directly from the United States. Currently the Army supplies its hospitals from operating stock through a wholesale depot operation in Europe.

The Army could realize one-time savings of at least \$2.7 million if it were to change to the direct support system through eliminations of stock excesses and shortened order-ship times. Portions of another \$4.7 million would be available, depending on the stock

adjustments that would have to be made in war reserve stocks. In addition, other immeasurable savings would accrue, due to changes in personnel requirements and other support costs. Additionally, personnel engaged in the wholesale operation could be used to assemble prepositioned war reserve stock sets and help alleviate the depot's backlog. The Army now operates a direct support system to provide almost all other commodities to Europe. GAO believes that transition to the direct support system should be gradual to insure minimal disruption of the medical environment.

MEDICAL WAR RESERVE STOCKS
NEED IMPROVED MANAGEMENT

GAO's evaluation of prepositioned war reserve stocks held by the Army at the depot disclosed several problems.

- The Army could not adequately identify what reserve stocks were on hand, what was required, and whether these requirements were being met. (See pp. 13 and 14.)
- The Army had shortages in its combat-zone hospitals. (See pp. 15, 16, and 17.)
- The Army's war reserve stock may not be fully deployable in a war. (See pp. 17, 18, and 19.)

In case of war, medical resources, to the extent they are inadequate or lacking, could be made up by diverting similar resources from existing medical facilities in-theater or could be brought in on an emergency basis from the United States.

Diversion from other theater facilities, however, would further detract from and impair the ability of the Army to provide medical support when the demand on the system for medical services would be the greatest.

GAO therefore believes it is critical for the Army to improve its management of war reserves stocks to meet its mission of providing adequate health care to military personnel in wartime.

To correct those problems, the Secretary of Defense should direct the Secretary of the Army to

- use its direct support system for medical supplies, as is used for other commodities in Europe (see p. 11);
- evaluate the present method of matching war reserve assets and requirements to insure that mobilization needs can be met (see p. 20);
- expedite the delivery of components required to complete the inflatable hospitals; and (see p. 20)
- speed up the unit assembly program to insure that established deployment schedules can be met (see p. 20).

AGENCY ACTION AND UNRESOLVED ISSUES

The Assistant Secretary of Defense (Installations and Logistics) agreed, in principle, with the recommendation that the Army use the direct support system to supply its European hospitals. However, before this is done, a detailed study of the Army's total European medical supply system will be made.

GAO believes additional study is unnecessary. Our report shows that the Army can use its direct support system without reduced supply effectiveness or increased risks, and, since the Air Force is effectively using direct support, GAO believes the Army should gradually phase medical supplies into its direct support system.

The Assistant Secretary concurred with GAO's recommendation that Army war reserve stocks be given attention and priority and pointed to certain ongoing actions. (See p. 20.) However, additional steps may be needed immediately to correct the existing problems GAO identified. (See p. 20 and 21.)