United States General Accounting Office

GAO Testimony

For Release
on Delivery
Expected at
9:00 a.m.
Wednesday,
June 19, 1991

Controls Over Addictive Drugs in VA Pharmacies

Statement of
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Before the
Subcommittee on Oversight and Investigations
Committee on Veterans' Affairs
House of Representatives

GAO/T-HRD-91-36

GAO Form 160 (12/87)

051636/144147

SUMMARY

GAO recently reported on inadequacies in VA's procedures for safeguarding addictive prescription drugs in its pharmacies and detecting losses of these drugs. VA pharmacies routinely handle large quantities of prescription drugs--narcotics, depressants, and stimulants--that the Drug Enforcement Administration has classified as controlled substances, based on their potential for abuse or addiction.

GAO found that VA pharmacies have inadequate controls over many addictive prescription drugs. Too many employees have access to stocks of these drugs, and stocks are rarely inspected. Because of these weaknesses, pharmacy employees have been able to steal large quantities of addictive prescription drugs over periods ranging from several months to several years. VA managers generally became aware of these thefts, which sometimes totaled thousands of doses, only after law enforcement agencies notified them about criminal activities involving the use of VA drugs. In addition, large quantities of addictive drugs may have been stolen without VA managers ever detecting the thefts.

GAO recommended that VA take a number of steps to tighten its controls over addictive drugs. First, the Secretary of Veterans Affairs should direct pharmacy managers to store and dispense these drugs in locked areas that are accessible to only a minimum number of authorized employees. Second, he should direct these managers to inspect supplies of such drugs periodically, using receipt and dispensing records, so that drug losses are detected in a timely manner. Finally, the Secretary should report VA's inadequate controls over these drugs as a material weakness in his annual Federal Managers' Financial Integrity Act report until VA has been able to correct this serious problem.

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss inadequacies in the Department of Veterans Affairs' (VA) security over addictive prescription drugs in its pharmacies and its detection of thefts of such drugs.

As you know, the drug abuse epidemic plaguing the United States today is not limited to illegal drugs--such as "crack" cocaine or heroin; it also includes addictive prescription drugs--such as the depressants diazepam and lorazepam.[1] National drug abuse statistics show that some 8.6 million Americans misused addictive prescription drugs during the past year. Health care workers are more likely than other individuals to abuse them, largely because of their greater access to these drugs.

At your request, we visited nine VA pharmacies to assess procedures for safeguarding addictive prescription drugs and detecting thefts of such drugs for personal use or resale. Using a questionnaire, we also collected information regarding controls over these drugs from the other 216 pharmacies VA operates. Finally, we discussed thefts of these drugs, including markets for stolen drugs, with officials of VA's Security and Law Enforcement office and Office of Inspector General, the Drug Enforcement Administration, and local law enforcement agencies.

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[1]Diazepam and lorazepam were originally available under the trade names of Valium^{R} and Ativan^{R}, respectively, and are now generally available from other manufacturers.

As we recently reported to you, VA has been unacceptably lax in exercising controls over many addictive prescription drugs used in its health care system.[2] This has resulted in thefts of very large quantities of these drugs in recent years. VA's employees apparently represent its most significant security risk, having stolen addictive prescription drugs from pharmacies over periods ranging from several months to several years. VA managers generally became aware of these thefts only after outside sources, such as law enforcement agencies, notified them that their employees or others were allegedly selling VA drugs. In addition, unknown quantities of addictive prescription drugs have likely been stolen without VA managers ever detecting the thefts.

Given the large quantities of addictive drugs that its pharmacies stock, we believe that VA must quickly correct internal control weaknesses that allow thefts of these drugs. To do this, we recommended that the Secretary of Veterans Affairs direct pharmacy managers to (1) store and dispense these drugs in locked areas that are accessible to only a minimum number of authorized employees and (2) reconcile its actual inventory of such drugs periodically, with receipt and dispensing records, so that drug losses are detected in a timely manner. We also recommended that the Secretary report VA's inadequate controls over these drugs as a

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[2]VA Health Care: Inadequate Controls Over Addictive Drugs (GAO/HRD-91-101, June 6, 1991).

material weakness in his annual Federal Managers' Financial Integrity Act report until VA has corrected this serious problem.

I would like now to describe how addictive prescription drugs are classified and highlight the major weaknesses in VA's controls.

PRESCRIPTION DRUGS WITH POTENTIAL FOR ABUSE

VA pharmacies stock a variety of prescription drugs--narcotics, depressants, and stimulants--that are regulated under the Controlled Substances Act (title II of P.L. 91-513). The act authorizes the Drug Enforcement Administration to categorize prescription drugs, as well as other substances, into one of five groups, called schedules, based on their potential for abuse or addiction. Schedule I and II drugs have the highest potential for abuse, and schedule V the lowest. All but schedule I drugs have accepted medical uses in the United States.

At the time we visited the pharmacies, VA policy was to control schedule II drugs and schedule III drugs containing narcotics, which I will call higher scheduled drugs, more stringently than lower scheduled drugs. However VA recently changed its policy to relax the requirements for narcotic schedule

III drugs. VA now controls these drugs in the same manner as lower scheduled drugs.

Our review showed that lower scheduled drugs constitute the majority of the addictive drugs VA pharmacies handle. These drugs have considerable potential for abuse, when used alone or in conjunction with other drugs. For example, cocaine users can use diazepam, a widely prescribed lower scheduled depressant, to "come down" from the intense stimulation of a cocaine high. Because of this, the "street" value of a 10 mg diazepam tablet may be as much as $10.

INADEQUATE SECURITY EXPOSES LOWER SCHEDULED DRUGS TO THEFT

VA needs to better secure its lower scheduled drugs to prevent thefts by its own employees. Large quantities of these drugs are often stored in pharmacy dispensing areas, where too many pharmacy employees, nonpharmacy employees, and others have easy access to them.

Although VA requires its pharmacies to store bulk supplies of all scheduled drugs in locked vaults or safes and provide keys or combinations to only those pharmacy employees requiring access to these drugs, it allows pharmacies to maintain "working stocks" of lower scheduled drugs in pharmacy dispensing areas. These working

stocks are at significant risk of theft, given the large numbers of pharmacy employees and others who routinely have access to the drugs.

The nine pharmacies we visited had vaults, but only one chose to lock up all lower scheduled drugs when they were not being dispensed and limited access to these drugs by authorizing only two employees to dispense them. At the other eight pharmacies, working stocks of lower scheduled drugs were stored at dispensing stations within the pharmacies. During visits to these pharmacies, we observed instances in which thousands of doses were left in open cabinets in high traffic areas, easily accessible to employees and others.

Employees have taken advantage of this lack of security to steal significant quantities of lower scheduled drugs. For example, two pharmacy employees of the Portland, Oregon, hospital were separately stealing 500-count bottles of diazepam kept on open shelves in the pharmacy. They simply carried them out in coat pockets or paper bags. This pharmacy lost over 50 bottles--about 25,000 tablets--during a 5-month period.

Some of the 225 pharmacies have recognized the need to improve controls over lower scheduled drugs. Twenty-seven pharmacies responded to our questionnaire that they had increased such controls in recent years. Of these pharmacies, 24 reported

that they now store and dispense all lower scheduled drugs from vaults or locked cabinets. Officials of 20 pharmacies said that they limit the number of employees authorized to handle lower scheduled drugs; six authorize only one pharmacist to receive and dispense scheduled drugs.

INADEQUATE INSPECTIONS OF LOWER SCHEDULED DRUGS

VA needs a more systematic approach for detecting thefts of lower scheduled drugs. First, it should conduct unannounced inspections of drug supplies. Second, it should identify discrepancies between the supplies on hand and the related receipt and dispensing records and investigate the reasons for the discrepancies.

VA requires that each pharmacy conduct monthly unannounced inspections of only higher scheduled drugs to ensure that thefts are quickly detected. Similar inspections of lower scheduled drugs are not required, and few pharmacies are doing them. For example, 120 of the 225 pharmacies reported to us that they do not inspect any lower scheduled drugs. Ninety-three reported that they inspect some, but not all, of these drugs monthly. Only 12 said they inspect all such drugs at least monthly.

Inadequate inspection practices have contributed to some VA hospitals' failure to detect significant drug losses. For example, a 1987 FBI investigation of illegal drug activities in Augusta, Maine, unraveled a 10-year history of thefts of diazepam from the nearby VA hospital pharmacy--three pharmacy employees were ultimately convicted and losses exceeded 3 million tablets. Because pharmacy officials did not periodically inspect supplies of the drug, they were unaware of the thefts until contacted by the FBI.

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In summary, Mr. Chairman, we believe that VA's internal controls over higher scheduled drugs appear adequate to detect and facilitate investigations of drug losses, and make it difficult to divert large quantities without detection. However, VA needs to establish a comparable level of control over lower scheduled drugs. Without such controls, large quantities of addictive drugs can continue to be stolen without detection. Currently, VA managers too often rely on others, generally informants or local law enforcement agencies, to alert them of possible drug thefts in their pharmacies--a situation we find appalling and in need of immediate VA attention.

This concludes my prepared statement. We will be glad to answer any questions you and members of the Subcommittee may have.