



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

August 7, 2017

The Honorable Jim Banks
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Banks:

Thank you for your June 28, 2017, co-signed letter to the Department of Veterans Affairs (VA) regarding late payments for medical devices procured by VA.

Payment delays are an unforeseen consequence of our initiative to make implant purchasing compliant with the Federal Acquisition Regulation (FAR). We readily acknowledge that there are too many unpaid invoices and are working with the Coalition for Government Procurement and our vendors to reconcile outstanding payments.

In April 2016, the Veterans Health Administration implemented a FAR-compliant procurement process for prosthetic implants with a grace period for medical centers to adjust to new procedures. On November 1, 2016, the grace period ended; any item used after November 1, 2016, without being pre-authorized was considered an unauthorized commitment. Today, a significant number of payments are delayed awaiting ratification of unauthorized commitments in accordance with the FAR and VA internal procedures. VA is committed to ratifying existing unauthorized commitments and making payments by August 31, 2017.

In the short-term, we have deployed additional resources and made FAR-compliant process improvements. The longer term solution will be to implement new business processes that will reduce process redundancy for our clinicians, employees, and vendors under the authority of 38 United States Code 8123, which allows VA to design a more flexible ordering process similar to commercial hospital purchasing practices.

We will continue to meet with the Coalition for Government Procurement regarding prosthetic purchasing, and we value this partnership as we modernize our medical center supply chain.

Should you have any additional questions, please have a member of your staff contact Mr. Saki Ververis, Congressional Relations Officer at (202) 461-7126 or by email at Athanassios.Ververis@va.gov. The cosigners of your letter will receive separate responses.

Thank you for your continued support of our mission.

Sincerely,

A handwritten signature in black ink, appearing to read "Dell", with a long horizontal line extending to the right.

David J. Shulkin, M.D.