VA Medical/Surgical Prime Vendor Program

Industry Questions for Nov 4 Meeting

I. Questions

1. What are the VA's strategic goals and intended contract outcomes of standardization?

2. What is the role of clinicians in the standardization process?

3. If the FSS program faces diminished participations and if there is an increase in direct purchases, what are the VA's thoughts on using this as an opportunity to pivot towards a more market based model?

4. Regarding the recent BPA and certain aspects of the program:
    - What methods are being used to determine the "salient characteristics" for MPSV BPA?
    - Will solicitations over $25,000 be posted to FedBizOps along with the award?
    - Will VA-SAC consider publishing a listing of awarded CLIN(s) from each RFW and Amendment issued so that vendors can see the successful bidders? Will this include a Summary of Award by line item?

5. Can the VA SAC please address how line item bidding and category bidding will be aligned?

6. How do we manage line item bids for a surgical item when a posting for that surgical item category standardization occurred separately?

7. Is the VA SAC aware when this process is done by line item, 48-60 person hours per line item BPA is required by one manufacturer's estimate?

8. When questions or clarifications are needed for a bid response will the CO respond to email and/or phone requests due to the sensitivity for timeline and deadlines for the bid?

9. How is market research being done for line items and/or product categories?

10. VA-SAC is only notifying our company when we have been awarded a BPA for a particular RFQ CLIN. Will VA-SAC publish a listing of awarded CLIN(s) from each RFQ and Amendment issued so that all vendors who responded will know who the successful bidder was? If so, will this listing include a "Summary of Award" by line item as required by the FAR?

11. The "salient characteristics" for many items included in VA-SAC RFQ(s) seem to be very general in nature which allows almost any product to be deemed technically acceptable regardless of quality, or so specific in nature that only one vendor will be able to respond.

12. In some cases the "salient characteristics" in SAC RFQ's don't match the brand name item listed in the RFQ. Therefore a company wanting to propose an "Or Equal" item doesn't know whether to submit an item that meets the salient characteristics or to submit an item that is a cross reference to the brand name item listed.

13. Who within the VA is developing these salient characteristics and what method or methods are they using? Would the VA consider getting input from industry when developing these RFQ salient characteristics?

14. Our company has been deemed technically unacceptable for some of our own brand name items listed in VA-SAC RFQ's. By definition, the actual manufacturer of a brand name product cannot be technically unacceptable under the "Brand Name or Equal" provision of these solicitations? Can someone discuss this with VA personnel who are reviewing responses to VA-SAC RFQ's?

15. A significant amount of "duplication" is occurring in SAC RFQ's, meaning that the same item or same item description has been included in multiple solicitations. SAC has made awards for items that have already been included on a previous BPA award in some cases. It appears that SAC contract specialists do not communicate with each other and that no one is keeping track of the specific types of items that are being solicited and awarded on BPA's.

16. VA-SAC is approaching this initiative on an individual item basis instead of at the product category level. Award decisions are being made on a line item basis instead of for an entire product category. Commercial groups and the DOD approach product standardization at the product category level because this is the best way to receive value from manufacturers/vendors. Will VA-SAC consider changing their approach and issue solicitations for entire product categories instead of for individual product codes?

17. Please address the overall changes within the OAO – direction & any immediate changes that would impact manufacturer vendors.

18. Regarding the open national BPA contracts, when will the process begin and what would be the typical timing from issuance of sources sought notice to contract award. For example, the standard manual wheelchair sources sought notice went out months ago, but the solicitation is still pending. (We are anticipating contracts for items such as electric lifts, standard manual wheelchairs and walkers.)

19. Please address the relationship/impact of the MSPV program on the Federal Supply Schedule program. How does the order process differ between the two programs? What are expectations in terms of pricing? Is it true that in order to qualify to submit products for national contracts, the products must currently be on a FSS?

20. How long will/should it take to process product additions to FSS contracts?

21. Can the VA address lead time and any improvements to responding to mods, etc.?

22. Does the VA currently have the capability/resources to measure best value vs lowest price for complex medical devices for sole source awards?

23. How is market research conducted for the MSPV program given the regions set-aside for small businesses?

24. What is the relationship of PV's to the VA? Are they "agents" or independent contractors? This is important for definitions as it relates to IFF, commercial pricing and FSS.

25. How will VA monitor compliance with PV? Asked this question to VA last week and never received a response.

26. If PV is mandatory is price the only factor consider for award?

27. How will new technologies be introduced into VA with PV?

28. Will BPA's for products to be distributed by PV be single or multiple award? If single how will VA account for surge and out of stock items?

29. Last week VA talked about establishing an "Amazon" like experience. Would the VA consider providing it through GSA Advantage?

30. What happens to physicians' preference under PV?

31. What will happen in the interim if BPAs are not in place when the PV contract is awarded?

NEXT GENERATION MSPV (NG-MSPV) CATALOG:

32. Standardizing by individual line item product codes, as opposed to product categories, is not a standard practice by health care system material management and will likely lead to significant confusion at the clinical level (examples, multiple suture vendor products, disposable products that connect to specific equipment and is not interchangeable, products that have proven superior clinical outcomes, etc.). What is the rationale for the SAC's decision to standardize by product line item rather than by category?

33. While some products can be considered interchangeable commodities, a large number of medical products currently procured from the MSPV are complex medical devices that have variations in clinical outcomes and FDS approvals. Only standardizing to one product in federal agencies usually values little other than price and rarely understands complex medical devices or impact on patient outcomes. Will there be a robust clinical involvement and thorough analysis to capture these clinical nuances which may not be captured by procurement staff that may not have experience with medical products? Will "best value" be considered versus LPTA? How are "Salient Characteristics" determined? We've seen many BPA's that have incorrect product numbers and descriptions and "salient characteristics" that do not match the product number and/or descriptions which is very confusing and is forcing a "No bid" as cannot get clarification from the SAC when requested via emails.

34. Reducing access from approximately 430,000 MSPV line items to 6,000 will reduce timely access to most products to VAMC's, increasing contracting workloads, increasing inventory levels to protect against product outages, increasing Purchase Card use and could potentially lose the basic business value of the Prime Vendor program. How will the SAC address these potential unanticipated outcomes and, more importantly, how will the remaining 420,000+ product items be procured if they are not available through the MSPV?

35. There are significant costs to VA and industry by sole sourcing to individual product line item as BPA's have compliance monitoring, quarterly reporting, etc. and many of the line item BPA's being posted have very low yearly dollar values, some less than $10,000. Many manufacturers may "opt-out" and strategically elect no to participate due to management costs and inefficiencies. How will the SAC re-evaluate line item BPA sourcing and consider product category sourcing?

NG-MSPV BPA:

36. Can you please clarify if the MSPV BPA pricing will only be available to VA facilities (as is the current practice) or to all federal government facilities? If all federal government facilities, could you please provide a complete listing of who can purchase from this contract?

37. The current VA NG-MSPV solicitation has the BPA reporting forms and Appendix C requiring more details than our company, as a manufacturer, can provide ie purchase order number, work order, etc. and the 30 day timing vs the standard 60 day timing for IFF payment and BPAs today.
    a. Attachment E says "Monthly Reporting Tool" and Section K refers to submitting quarterly report of sales. Please clarify that quarterly reports not monthly reports are requested.
    b. The FSS contract requirement for payment of IFF is 60 days after calendar quarter close. The BPA information would not be available within 30 days given the prime vendor and chargebacks. How can quarterly report of sales not later than thirty (30) calendar days be required when the FSS requirement is 60 days?

38. The form in "Attachment E - BPA Monthly Reporting Tool" looks like it was developed assuming that the BPA awardee sells directly to VA facilities as detail is required for each individual order, such as the fields for PO number, task order/delivery order number. As a manufacturer selling through the VA Prime Vendors, we do not have visibility of this specific order information (i.e. task order/delivery order number and PO number) when Prime Vendors submit rebate claims to our company. However, on the BPA awards that we currently hold with the VA, we do provide quarterly purchase volume information to the NAC on the NAC reporting tool. Would that information be sufficient for these BPA's?

II. General Industry Concerns

39. Need to recognize the value of FSS pricing:

The VA needs to recognize that FSS pricing is excellent considering for most manufacturers they represent around 1% of the US health care sales for a manufacturer.

40. New technology impact:

New products will be delayed in reaching veterans and clinicians as a BPA would need to be established for PV access.

41. **Government purchase card impact:**
    As manufacturers lose access to prime vendor program, purchase card use will likely increase dramatically.

42. **Impact to the FSS Program:**
    A primary reason many med-surg manufacturers maintain an FSS is to secure product access through the PV program. Without that access, may see dramatic reductions in FSS contracts and migration to an open market direct selling model to VA.

43. **Product backorders and recalls:**
    Sole sourcing results in a customer being vulnerable to product backorders and recalls.

44. **Increase in Protests:**
    Award protests likely to increase when national level sole source BPAs are awarded.

45. **Impacts on Competition:**
    Businesses and manufacturers may choose to “No Bid” many new BPA categories as there is an inverse relationship to the amount of time and money to respond to a BPA (monitor compliance, submit quarterly reports, etc.) compared to the small amount of business generated by volumes projected in many categories. Some BPAs currently being posted by the SAC are below $10,000 in value