



October 16, 2025

Brian A. O'Connell  
Senior Contract Specialist  
Federal Supply Schedule Services  
U.S. Department of Veterans Affairs

Dear Mr. O'Connell,

The Coalition for Common Sense in Government Procurement (the Coalition) appreciates the opportunity to provide comments in response to the Department of Veterans Affairs' (VA's) Request for Information (RFI) regarding the proposal to add additional option periods to the VA's Federal Supply Schedule (FSS) contract. The VA requests feedback on lengthening the FSS contract term from a base five-year term with one five-year option to a five-year base contract with three five-year options (20 years total). The following comments are provided for the VA's consideration.

The VA's proposal has the potential to reduce contract administration and management costs for the VA and its industry partners. Historical experience with the General Services Administration's (GSA's) 20-year Schedule contract term (five-year base with three five-year options) has demonstrated real savings in contract administration costs. However, any change in the contract term cannot be made in a vacuum. To achieve savings as part of lengthening the potential contract term, reforms are necessary to the entire option review, evaluation, and exercise process. Option extensions often take six months or more to execute. In some cases, it has taken years to exercise an option to extend the term of a VA FSS contract with the option exercise occurring as the contractor is submitting an offer for a new contract.

Members have noted that due to the length of the option process, the difference in labor between proposing a new contract and "negotiating" an option is negligible. Moreover, the length of the option extension process serves as a deterrent to an FSS customer awarding long-term orders or Blanket Purchase Agreements (BPAs) due to the uncertainty of the underlying contract status.

The central administrative challenge that lengthens the option process is the requirement for Commercial Sales Practices (CSP) to be current within 60 days of any potential option exercise. The length of negotiations is often prolonged by Inspector General (OIG) audits and, as a result, a contractor's CSP ages to more than 60 days. Contractors must then rereview and recertify their CSP submission. This 60-day requirement is time consuming, costly and has a ripple effect on the audit, review and negotiation of option exercises. For example, a minor clarification of an "option proposal" triggers an entire resubmission and recertification of the CSP along with all other documents comprising the contractor's proposal.

Historically, the VA National Acquisition Center (NAC) has asked vendors to provide CSP data for products representing 75% of historical VA annual sales. This policy was in effect for new FSS contract proposals, 5-year FSS contract renewal submissions and regular product addition requests. Members understand that VA NAC's current policy is to require vendors to provide CSP data for every single product and determine price reasonableness on every individual product included in a submission. Requiring this amount of CSP data and negotiating pricing on an

individual line-item basis significantly extends the timeline for completion of new FSS contract awards, renewals, and product addition requests.

VA NAC is also asking vendors to provide competitive cross-reference products and competitors commercial pricing for products included on an FSS contract renewal or product addition request. Vendors typically do not have copies of their competitors' commercial contract pricing. Commercial group contract information is confidential and not disclosed to outside parties.

As such, any consideration of expanding the contract term must include a reform to the underlying contracting processes for the evaluation and exercise of options under the VA FSS program. Streamlining the process will reduce administrative costs for the VA and its contractors, increase access to new technologies via the commercial market, and deliver timely, market-driven pricing. The following recommendations address necessary steps to streamline the process and would align VA FSS policies and procedures more with GSA's Multiple Award Schedules program:

1. The VA should modify the requirement for CSPs to be current within 60 days of the option extension exercise. The current requirement necessitates recertification every 60 days during the option renewal. This can lead to unnecessary reviews occurring throughout the process, significantly lengthening the renewal.
2. The VA NAC should request CSP information only for like commercial customers (under similar terms & conditions) such as non-committed tiers of Group Purchasing Organization (GPO) or large Integrated Delivery Network (IDN) contracts that vendors have in place for FSS contracted items. FSS contracts are multiple award indefinite delivery, indefinite quantity contracts with no commitment percentages or sales volume level requirements included which is like a commercial GPO or large IDN non-committed/access price tier.
3. The VA NAC can streamline FSS price negotiations by asking vendors to provide examples of commercial non-committed pricing for products representing 75% of historical VA sales within each Special Item Number category. VA NAC could also request that vendors provide copies of commercial invoices for a subset of products showing that commercial customers paid prices equal to or higher than a vendor's proposed FSS pricing.
4. The VA should modify the requirement for Letters of Supplies to be dated within 12 months of vendor submission (instead of the current 90 days). This would remove cascading paperwork requirements that delay the option renewal.
5. VA OIG audits, which can be conducted before the award of FSS offers, are an impediment to efficient and effective delivery of goods and services to veterans. VA should conduct audits prior to option. VA NAC could determine price reasonableness as described above and award a new FSS contract or sign a modification extending the term of an existing FSS contract for another 5 years. Once the contract term begins, VA NAC could then request an OIG audit and negotiate any necessary price changes with vendors after the completion of an OIG audit. This way, FSS contract coverage would be in place without the need for interim extensions while waiting on an audit to be completed. This will reduce delays, promote efficiency and ensure agencies have uninterrupted access to necessary products and services.

6. The VA should raise the mandatory thresholds for VA OIG review (currently \$5M annually for the Pharmaceutical Schedule and \$3M annually for all other Schedules). These thresholds are unnecessarily low.
7. The VA should update its processes and timelines for reviewing tracking customer change requests. These are very onerous, and VA contracting officers often tell contractors not to even submit them. Contractors must know that they have a real option of changing their tracking customer over the course of 20 years.
8. The Services Schedules 621 I and II should evaluate their current processes and procedures to ensure they can support more extensions and tracking customer changes effectively.

### Unique Considerations for Schedule 65 I B

Regarding the Pharmaceutical Schedule, members have expressed concern that allowing the government to extend options for up to 20 years would prevent manufacturers from renegotiating Other Government Agency and Big Four pricing. This could leave manufacturers' prices capped to a level that is lower than current commercial pricing, with product or company acquisitions exacerbating the issue. The Coalition recommends that if these additional options are permitted for the Pharmaceutical Schedule, the VA must ensure that firms have adequate ability to modify prices over the course of the FSS contract. In particular, VA should clarify that the year of the option exercise constitutes a first year not capped by prior year FSS price plus Consumer Price Index for All Urban Consumers (CPIU).

Additionally, the Coalition recommends that the VA clarify what is permitted for dual price elections. Currently, Solicitation M5-Q50A-03-R8 for FSC GROUP 65, PART I, SECTION B COMMODITY: DRUGS, PHARMACEUTICALS & HEMATOLOGY RELATED PRODUCTS states that a manufacturer's dual price election "will be effective immediately upon award of a contract and will remain in effect through the termination of the FSS Contract."

This election is critically important to limit the price cap effects of the Veterans Healthcare Act to those intended by the statute, and covered drug manufacturers who initially elected single pricer status frequently wish to negotiate dual pricer status *after* the initial contract is signed where, for example, one company buys the assets of another or there are significant changes in product offerings or other changes to the business.

The FSS Solicitation should expressly clarify that single pricers are permitted to propose dual prices after award of the contract to change the election and that, at a minimum, if additional 5-year option periods are added to the FSS contract, manufacturers will be permitted to change their dual pricer election at the point each option period is exercised. Twenty-years is too long to be locked into this election, particularly where the VA itself, for other purposes, already treats the basic contract and each option as separate contracts.

The Coalition would like to reiterate that the VA's proposal to change contract terms has the potential to improve program efficiency. Reducing the time that both the VA FSS program and

contractors spend on contract administration will allow resources to be directed towards expanding the latest offerings, ensuring compliance, and better supporting veterans' healthcare needs.

The Coalition supports efforts to streamline the option renewal process and is happy to engage further in a discussion about processes to reduce administrative burden for both government and industry. On behalf of Coalition members, thank you for the opportunity to comment, we are available to further discuss these comments and the proposed changes.

Thank you,

Roger Waldron

A handwritten signature in black ink, appearing to read "R. Waldron". The signature is fluid and cursive, with a large initial "R" and a long, sweeping tail.

President,

Coalition for Common Sense in Government Procurement