

Pharmaceutical Pricing Negotiation for Federal Supply Schedule (FSS), the VA, and Other Government Agencies



Introducing Federal Supply Schedule (FSS) & VA's Pharmacy Benefits Management (PBM) Current and Future State of Pharmaceutical Partnership

“VA's stellar team, carrying out the delegated authority by GSA to SecVA to deliver medical goods & services throughout Federal, State, and Local Govt”

Presented for Participating Members of NCMA Nexus

**Presented by Director of Federal Supply Schedule (FSS) Services, U.S. Department of Veterans Affairs, Ms. Sharon Chang
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Objectives

The Horizontal: General Overview of Multiple Award Schedule



1. What is FSS and how does it deliver healthcare?

The Vertical: The Deep Dive into Pharmaceuticals

2. Introduction of other stakeholders who work in tandem with FSS
 1. VA Pharmaceutical Benefits Management (PBM)
 2. VA Pharmaceutical Prime Vendor (PPV) Program
 3. DLA Pharmaceutical Prime Vendor (PPV) Program
 4. General Services Administration (GSA)
 5. Office of Inspector General (OIG)
 6. Office of General Counsel (OGC)
3. Initiatives underway, Seeking Negotiations in Pharm Space = Delivering Value for the Public
 1. Real-time Engagement w/ Partners, Seeking Real-Discounts: Cost Savings
 2. Call out to manufacturers to partner with us
 3. Welcoming note to Small Businesses
 4. Ways to steady-the-ship for us all

Mapping Acquisition to the Veteran's Journey

OALC is committed to providing support and services for Veterans, reducing costs, optimizing processes, and enhancing ROI for every step along the Veteran journey.



SEPARATION & RETIREMENT

VETERAN INFRASTRUCTURE

BENEFITS & SERVICES

MANAGING HEALTHCARE

PREPARING FOR AGING

SEPARATION & RETIREMENT



VETERAN INFRASTRUCTURE



ELECTRONIC HEALTH RECORDS

Total Contract Value: \$9.9B



TRANSFORMATION TWENTY-ONE TOTAL TECHNOLOGY-NEXT GENERATION

Total Contract Value: \$22.3B

BENEFITS & SERVICES



VETERAN SUICIDE PREVENTION CAMPAIGNS

Total Contract Value: \$299M

VHA 3D PRINTING PROGRAM

Total Contract Value: \$24M

REAL ESTATE OWNED AND PORTFOLIO SERVICING (RPSC)

Total Contract Value: \$2.3B

VA MILLION VETERAN PROGRAM

Total Contract Value: \$5.1M

MANAGING HEALTHCARE

COMMUNITY CARE NETWORK (CCN)

Total Contract Value: \$86B

FEDERAL SUPPLY SCHEDULES (FSS)

Total Portfolio Value: \$178B

HEARING PRODUCTS & SERVICES

Total Contract Value: \$20B

HIGH-TECH MEDICAL EQUIPMENT (HTME)

Total Contract Value: \$5.4B

INTEGRATED CRITICAL SUPPORT PROGRAM

Total Contract Value \$23B



MEDICAL SURGICAL PRIME VENDOR (MSPV)

Total Contract Values: \$1B Annually

NON-EXPENDABLE MEDICAL EQUIPMENT (NX)

Total Contract Value: \$1B

PREPARING FOR AGING

COMMUNITY LIVING CENTER (CLC)/STATE VETERAN HOME ACCREDITATION

Total Contract Value: \$61M

NATIONAL VETERANS GOLDEN AGE GAMES

Total Contract Value: \$3.6M



INTERMENT FLAGS

Total Contract Value: \$80M



THE BOARD OF VETERANS' APPEALS (BVA)

Total Contract Value: \$11M



TRANSITION ASSISTANCE PROGRAM (TAP)

Total Contract Value: \$300M



MEDICAL DISABILITY EXAMINATIONS (MDE)

Total Contract Value: \$10B

FINANCIAL MANAGEMENT AND BUSINESS TRANSFORMATION

Total Contract Value: \$1.3B

MAJOR CONSTRUCTION LEASES FY24 TOTAL AWARDED

Total Contract Value: \$4.5B

TOTAL CONSTRUCTION LEASES FY24

Total Contract Value: \$8.7B

MAJOR CONSTRUCTION FY24

Total Contract Value: \$4.5B

SUPER CONSTRUCTION (PROJECTS OVER \$100 MILLION) FY24

Total Contract Value: \$10.6B



VA TELEHEALTH SERVICES

Total Contract Value: \$4B

VA INTEGRATED HEALTHCARE TRANSFORMATION (IHT 2.0)

Total Contract Value: \$14B

HOMELESS VETERAN SUPPORT

Total Contract Value: \$3M

SERVICE DOG VETERINARY HEALTH INSURANCE BENEFIT (VHIB)

Total Contract Value: \$52M



PHARMACEUTICAL PRIME VENDOR PROGRAM

Total Contract Value: \$62B

PHARMACEUTICAL STANDARDIZATION PROGRAM

Total Contract Value: \$5.8B

PROSTHETICS/BIOLOGICS

Total Contract Value: \$8B

SUBSISTENCE PRIME VENDOR PROGRAM

Total Contract Value: \$1.3B

VHA HEALTHCARE FURNITURE

Total Contract Value: \$22.4B

VA



U.S. Department of Veterans Affairs
Office of Acquisition, Logistics, and Construction



#1 What is FSS and how does it deliver healthcare?

FSS acts as the 'GSA' of Medical Support for the Whole of Government, servicing agencies in need of Medical Support



Background:

General Services Administration (GSA) assigned the SEC VA to manage the Medical and Healthcare Multiple Award Schedule Program for the federal government

Federal agencies and to State & Local Gov't under Stafford Act for disaster preparedness, national emergency, and disaster response

Trade Agreements Act (TAA) – Limits FSS to contracting only for U.S.-made or TAA designated country end products



Customers:

**Not Just VA but FSS supported in FY25
63 Other Government Agencies (OGA)**

**Supports 370 contracting offices and
approximately 8,000+ acquisition
personnel**



Mission Contribution:

**\$25.1 billion in recorded sales through
FSS contracts in FY25**

\$16.2B in VA (64.5%) and \$8.9B in OGA

-> 56.5% increase since 2017

-> 34.2% increase since 2022

-> 13% increase from 2023 to 2024

-> 17.4% increase from 2024 to 2025

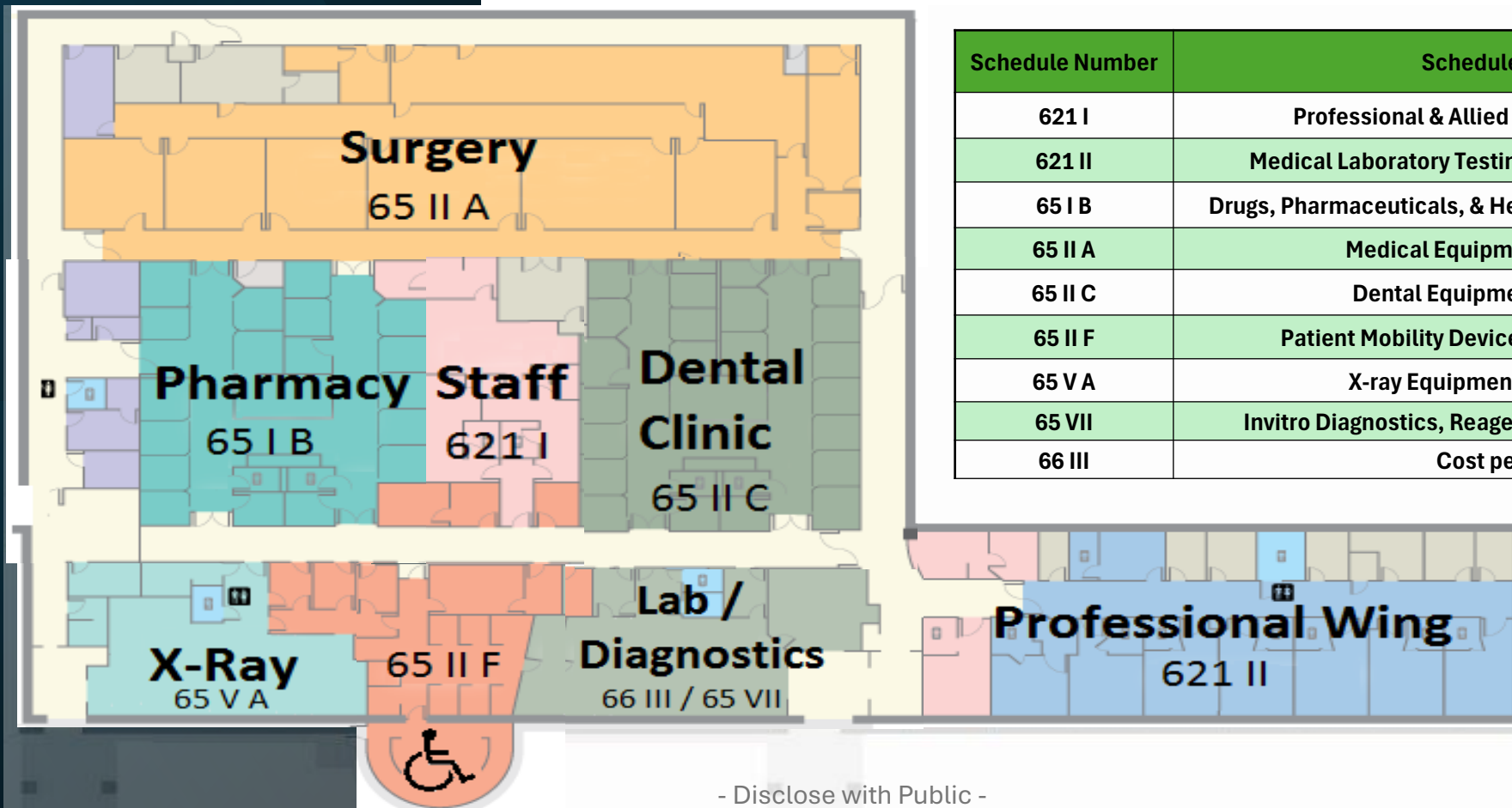
***Pharm 14.8% growth in VA**

***Pharm 33.7% growth in OGA**

How what we procure provides healthcare

FSS sustains its business model by the ongoing solicitation of nine (9) schedules open to all:

- 1,600 contracts with access to 800,000 items and services to VA & 63 OGAs

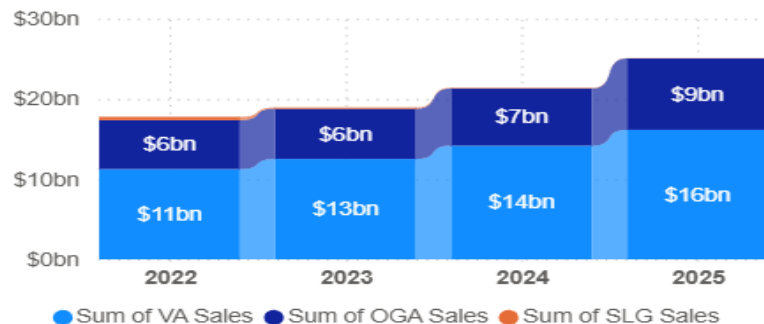


Schedule Number	Schedule Name
621 I	Professional & Allied Healthcare Staffing
621 II	Medical Laboratory Testing and Analysis Services
65 I B	Drugs, Pharmaceuticals, & Hematology Related Products
65 II A	Medical Equipment & Supplies
65 II C	Dental Equipment & Supplies
65 II F	Patient Mobility Devices (Wheelchairs, etc)
65 V A	X-ray Equipment and Supplies
65 VII	Invitro Diagnostics, Reagents, Test Kits & Test Sets
66 III	Cost per Test

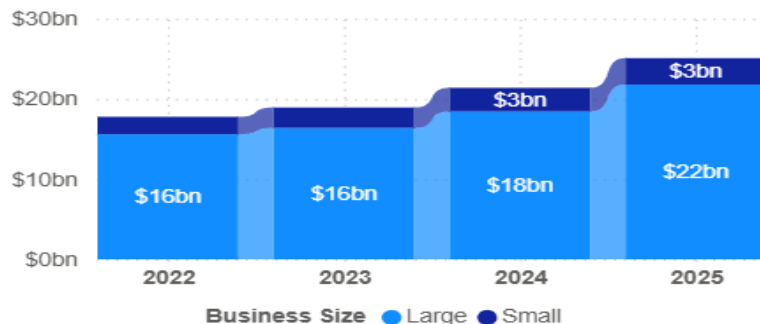
Federal Supply Schedule - Historic Sales Comparison



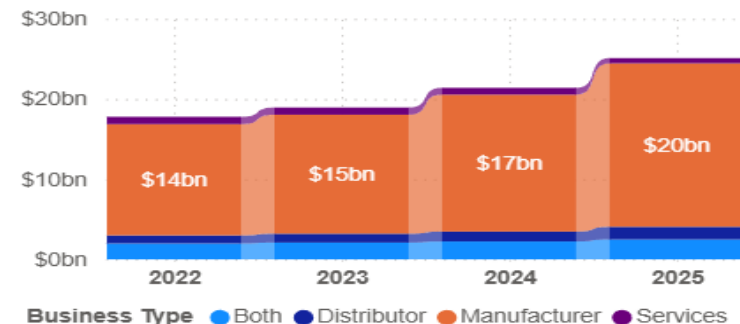
Total Sales by Customer Group



Total Sales by Vendor Business Size



Total Sales by Vendor Business Type



Total Sales by Year, Schedule, and SIN

Year Schedule Name	2022		2023		2024		2025	
	Contracts Reporting	Sum of Total Sales	Contracts Reporting	Sum of Total Sales	Contracts Reporting	Sum of Total Sales	Contracts Reporting	Sum of Total Sales
X-ray Equipment and Supplies	9	\$1,482,837	9	\$1,606,852	7	\$1,092,547	4	\$389,489
Wheelchairs	136	\$239,308,882	131	\$271,293,084	117	\$288,624,492	120	\$276,605,562
Professional Medical Healthcare Services	267	\$623,646,188	264	\$631,173,911	257	\$565,813,250	260	\$377,038,694
Pharmaceuticals	563	\$14,374,055,977	589	\$15,736,942,864	593	\$18,111,788,849	584	\$21,796,010,302
Medical Laboratory Testing and Analysis Services	28	\$168,966,518	29	\$149,401,048	29	\$166,245,902	33	\$178,533,434
Medical Equipment and Supplies	819	\$1,278,728,142	751	\$1,475,449,312	707	\$1,565,404,055	697	\$1,606,527,061
Invitro Diag, Reagents	39	\$718,753,448	43	\$298,445,423	44	\$317,170,847	43	\$507,415,104
Dental Supplies	59	\$76,009,037	55	\$67,030,563	50	\$57,424,918	46	\$49,321,453
Cost per Test	19	\$297,465,444	19	\$304,373,276	21	\$317,688,093	22	\$308,520,252
Total	1939	\$17,778,416,473	1890	\$18,935,716,333	1825	\$21,391,252,953	1809	\$25,100,361,351

YEAR	Total Sales	Small Business Sales	Year over Year	SB sales by total FSS sales
2022	\$17.8B	\$2.2B		12.36%
2023	\$18.93B	\$2.6B	18.18%	13.73%
2024	\$21.4B	\$3B	15.38%	14.02%
2025	\$25.1B	\$3.3B	10.00%	13.15%



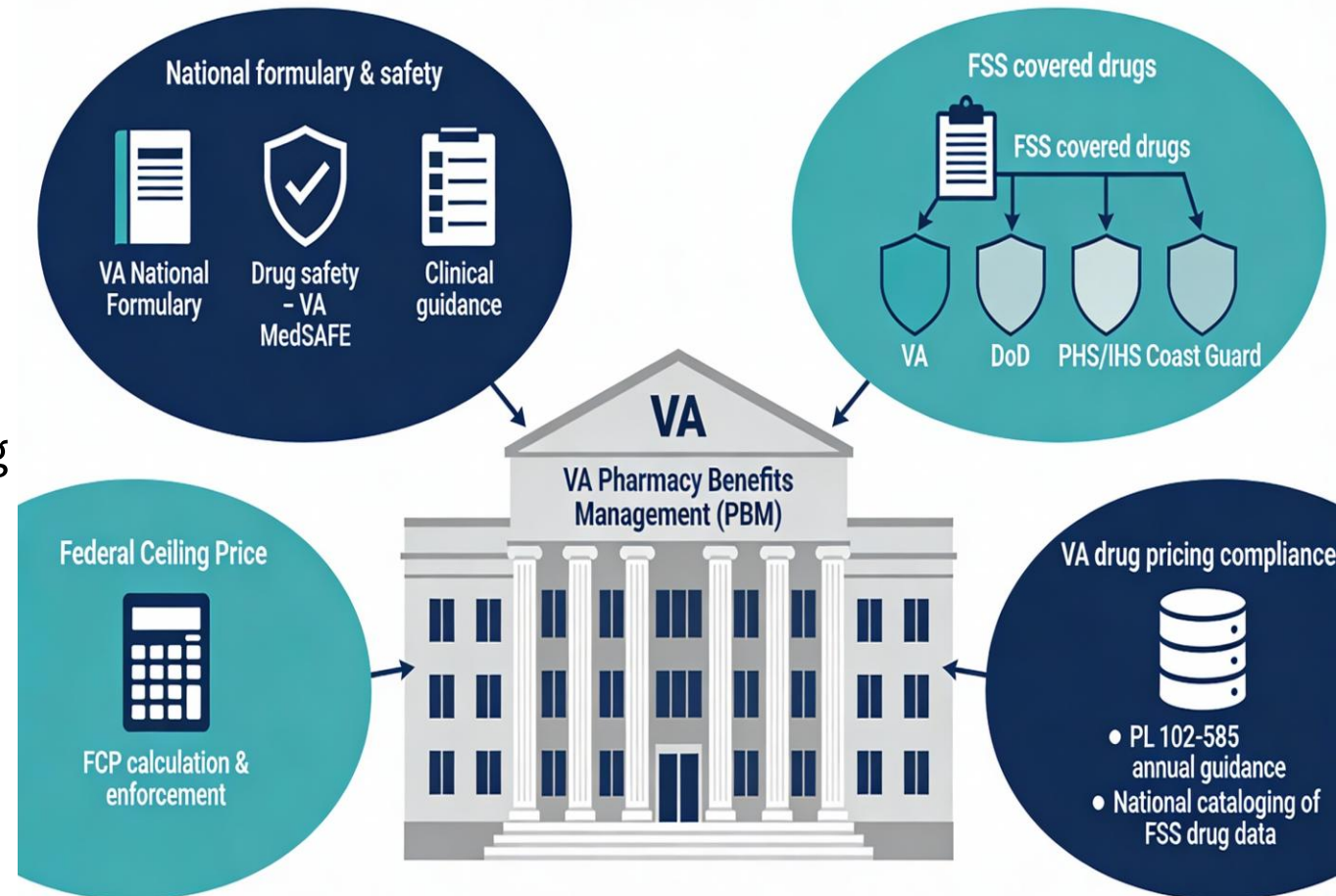
#2 Introduction of other stakeholders who work in tandem with FSS – Deep Dive into Pharmaceuticals

Up to Speed: The Pharmaceutical Space

VA Pharmaceutical Benefits Management (PBM)



- ✓ VA National Formulary Oversight & Drug Safety
- ✓ PBM oversees VA's FSS pricing for generics and "covered drugs" defined by PL 102-585
- ✓ PBM collects non-Federal AMP data from manufacturers and calculates provisional, temporary, and permanent FCPs (WAC-24% or non-FAMP-24%),
- ✓ PBM maintains and publishes the VA Drug Pricing Database, catalogs pharmaceuticals with USG-wide FSS pricing, and issues annual guidance (e.g., "Dear Manufacturer" letters) to enforce Public Law 102-585 compliance.
- ✓ PBM partners internally to ensure FSS items are properly cataloged, accurate Federal Ceiling Prices (FCPs) are implemented, and manufacturers adhere to FSS/PPA/Master Agreement obligations under PL 102-585

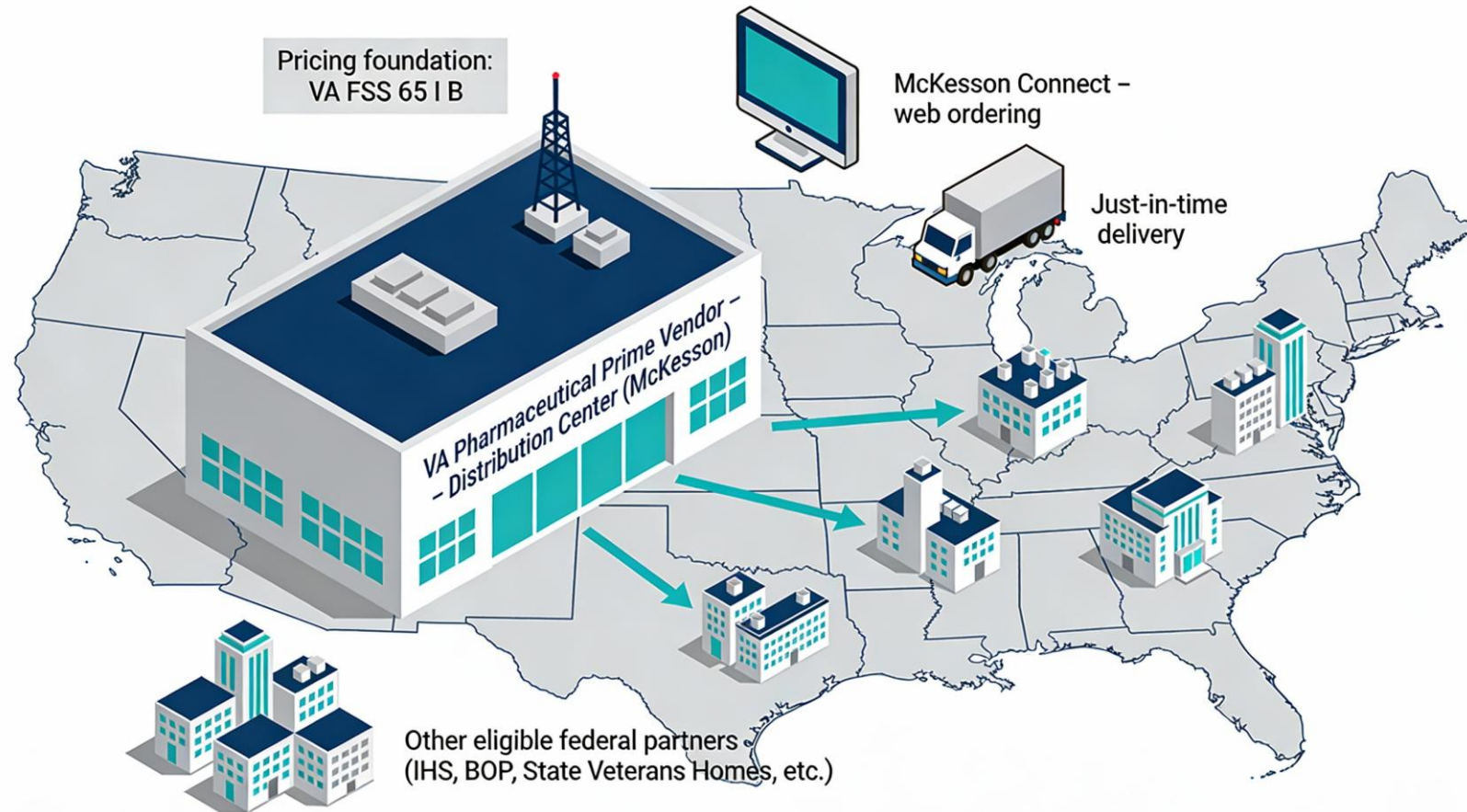




Up to Speed: The Pharmaceutical Space

VA Pharmaceutical Prime Vendor (PPV) Program

- ✓ Primary commercial distributor (currently McKesson) supplies a broad range of pharmaceuticals to VA facilities under a national PPV contract.
- ✓ VA FSS 65 I B prices are loaded into the VA PPV platform and applied at the point of order.
- ✓ Just-in-time inventory with McKesson Connect web-based ordering provides a near single point of ordering and next-day delivery to most sites.
- ✓ Program supports VA medical centers, community-based outpatient clinics, and eligible federal partners such as IHS, Bureau of Prisons, and authorized State Veterans Homes.

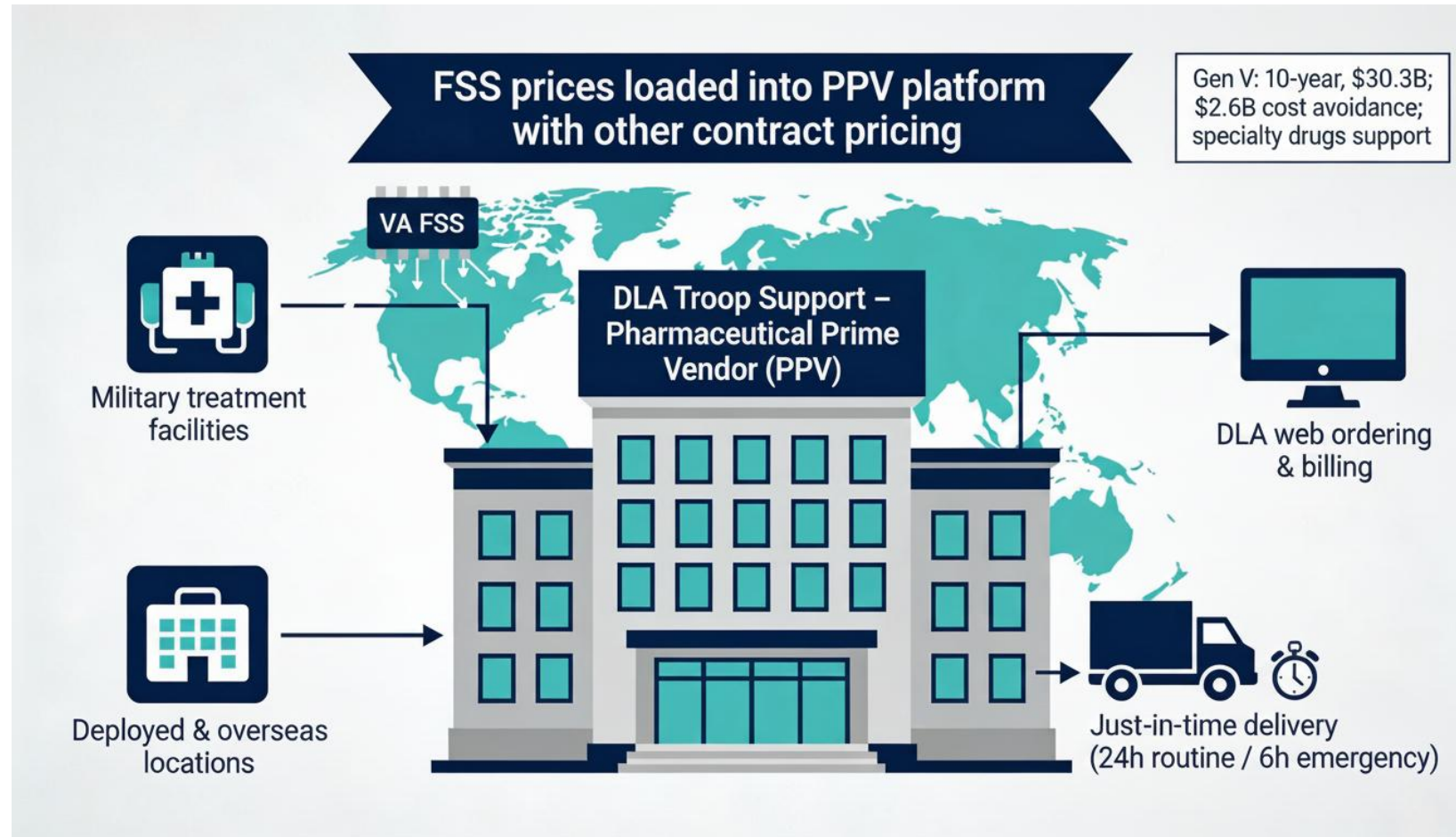




Up to Speed: The Pharmaceutical Space

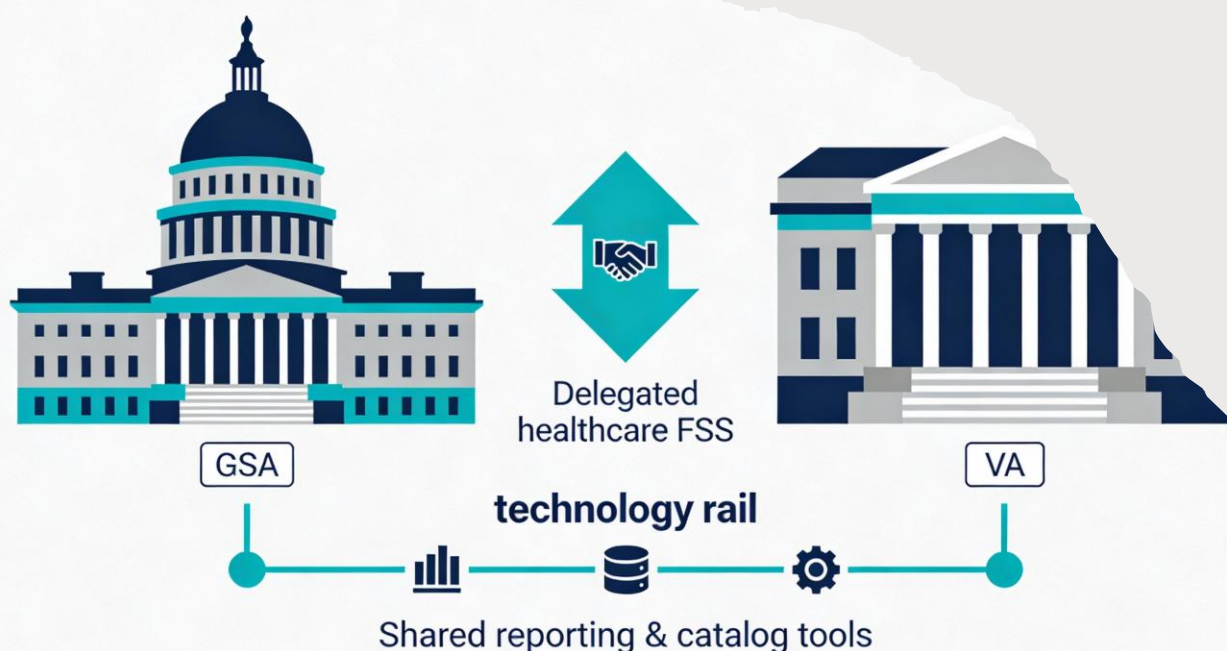
DLA Pharmaceutical Prime Vendor (PPV) Program

- ✓ Primary commercial distributors (multiple prime vendors under Global Gen V) supply a broad range of pharmaceuticals to military treatment facilities and other DoD customers.
- ✓ FSS Items loaded daily into DLA PPV platforms.
- ✓ Just-in-time inventory with web-based ordering provides a near single point of ordering, next-day delivery to most CONUS sites.
- ✓ Program supports Defense Health Agency, DoD services, U.S. Coast Guard, designated providers, and other federal agencies worldwide.





Up to Speed: The Pharmaceutical Space General Services Administration (GSA)



- ✓ Delegation of Authority: GSA manages the Multiple Award Schedule (MAS) program for most government-wide contracts, but has delegated responsibility for the 9 healthcare related schedules to VA.
- ✓ VA-FSS is already integrated into GSA's **Sales Reporting Portal (SRP)** for sales reporting. VA is considering onboarding into **Transactional Data Reporting (TDR)** in the future to enhance data visibility and analytics.
- ✓ VA FSS Industrial Funding Fee (IFF) reporting moved to GSA's Sales Reporting Portal
- ✓ VA is also looking to align with GSA tools like eOffer, eMod, and the GSA Federal Catalog Platform for catalog updates and contract modifications.
- ✓ GSAR/FAR overhaul & VA FSS administrative changes
 - ✓ GSAM Part 538 was updated (Jan 15, 2026) and GSA issued a class deviation to place streamlined FSS ordering procedures in GSAR 538.71 as part of the FAR Overhaul
- ✓ Future Outlook: Expect gradual integration—starting with reporting and catalog tools—over the course of years. Long-term, this could lead to a unified interface for vendors.



Up to Speed: The Pharmaceutical Space

VA Office of the Inspector General (OIG)

- ✓ VA-OIG Conducts independent **pre-award reviews** of high-value FSS pharmaceutical offers to assess price reasonableness for VA.
- ✓ Issues advisory reports that help VA contracting officers negotiate better FSS drug pricing and terms.
- ✓ Performs **post-award audits** to verify manufacturers follow statutory pricing rules for covered drugs.
- ✓ Identifies **noncompliance** (e.g., missing covered drugs on FSS, potential overcharges) and recommends corrective actions and recoveries.
- ✓ Recommends process and control improvements to VA's National Acquisition Center and Pharmacy Benefits Management to strengthen oversight of the FSS Pharmaceuticals program.
- ✓ Provides assurance that VA and other federal agencies using VA FSS pharmaceutical contracts receive appropriate discounts and comply with federal law.





Up to Speed: The Pharmaceutical Space **VA Office of General Counsel (OGC)**

- ✓ VA OGC provides legal advice on statutes and regulations that govern FSS pharmaceutical contracts (e.g., drug pricing and federal ceiling price rules).
- ✓ Reviews proposed FSS pharmaceutical contract terms and modifications to ensure they are legally compliant and protect VA's interests.
- ✓ Advises VA leaders on how to respond to audit and OIG findings related to FSS pharmaceutical pricing and contract practices:
- ✓ Helps develop and review VA policies and guidance that affect how the National Acquisition Center runs the FSS pharmaceutical program.
- ✓ Supports contracting officials in bid protests, disputes, and day-to-day legal questions involving FSS pharmaceutical awards and administration.





How PBM will future shape with industry partners

- **Freedom of Information Act (FIOA)**

Ability to obtain drug utilization data to evaluate VA use and potential market opportunities in the market place.

- **Top Therapeutic Areas**

Oncology
Antipsychotics
Vaccines
Antiretrovirals
Monoclonal Antibodies

- **Product life cycles**

Reviews of new product pipelines, patent expirations, direct competing products, and product extensions – longer acting, evolution of molecule.

- **Drug Shortages**

Risk Reduction and Supply Chain Mindfulness, large system with broad impacts how do we handle shortages, need for backup options

- **Trade Agreements Act (TAA)**



How PBM will future shape with industry partners

- Portfolio Based-Approach
 - Portfolio of products – Veteran Care
 - Be a dollar wise not just nickel smart
 - The ‘Costco’ ‘Walmart’ model:
 - Consistent quality, safe supply
 - High Volume Low Profit
 - Stability of income stream from volume orders
 - Win – Win Scenario
 - Improved access
 - Spectrum of care options



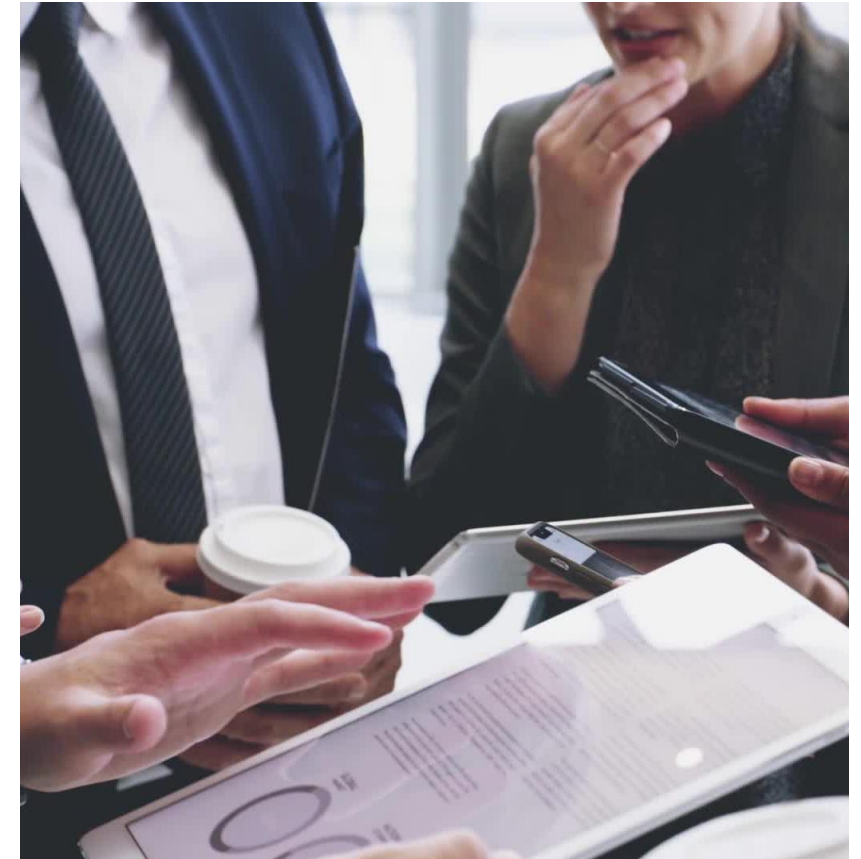
#3 Initiatives underway for Negotiations in Pharm Space & the VA, and the Public

Real-time Engagement with Partners, Seeking Real-Discounts: Cost Savings for the Public



FSS Contract Specialists are:

- ✓ Checking in real time to see if prices in commercial market has changed
- ✓ Pursuing best value for the Public
- ✓ Seeking fair and equitable negotiations
- ✓ Utilization of Technology:
 - ✓ Data Driven Negotiations
 - ✓ Using AI for data review
 - ✓ Contractual Portfolio Tracking:
 - ✓ Past, Present, and Future
- ✓ Partnering with OIG and locking steps
- ✓ Evening the plain field for 'good-faith' industry partners
- ✓ Increasing competition on catalog



Different Roles, “Same Team” in the VA and Outside VA



GSA and FSS:

- **‘Transactional Data Reporting’:** Data driven negotiations
- **‘Evergreen’ 20 year ordering periods:** Stability of partnership
- *“GSA is leveraging technology to drive innovation, create a more efficient government, and improve citizen experiences. Data is central to these efforts to deliver the best outcomes and reduce costs in federal acquisition”*

PBM and FSS:

- **Pharmaceutical ‘Program Office’ and Customer of FSS:**
 - Partners in seeking ‘Temporary Price Reductions’
 - Providing fiscal buying power back in the pockets to the Public
 - Giving more health care support to our Veterans
 - Marking of historic cost savings in FY26

Office of Inspector General and FSS:

- Upholding what is expected in prices and terms/conditions
- Upholding establish fair and reasonable pricing
- Pre audit & Post audit
 - Defective Price
 - Price Reduction Clauses → GSA’s implementation of TDRs
- Encouraging every vendor to self-audit annually

Office of General Counsel and FSS:

- Consideration of Collecting Other Than Certified Pricing Data (as GSA does for its basis of award (BOA*))

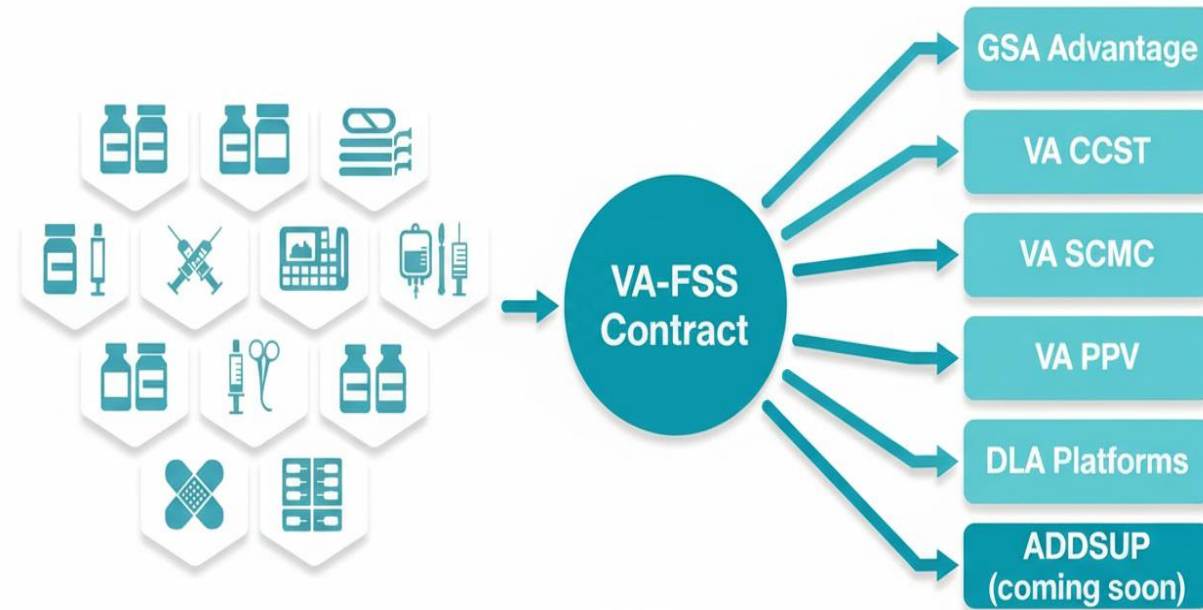


Call to Action: Manufacturers – Let's FSS

A FSS contract gains you access to:

- ✓ Compliance and Reputation Control
- ✓ Increase Long Term Asset Value: enhanced valuation for times of acquisition or future partnerships
- ✓ Improve Brand Visibility
- ✓ Working 1:1 with FSS Allows Shared Interests Model (Act on your best interests)
- ✓ Eliminate distributor markups, retain more of your competitive pricing 'in-house'
- ✓ Increase Broader Contracting Opportunities: BPAs, National Contracts, Prime Vendor Program
- ✓ 5-20 year-ordering periods: steady predictable volume sales

Direct with VA-FSS = Maximum Federal Visibility





Call to Action: VOSB & SDVOSB – Let's FSS!

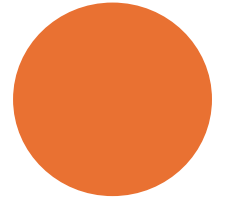
- ✓ Small Businesses make up **13.15% of all FSS contractors** in 2025
 - ✓ Veteran-Owned Small Businesses (VOSBs) or Service-Disabled Veteran-Owned Small Businesses (SDVOSBs) Gain VA Priority Access to Federal Opportunities:
 - ✓ Under the *Rule of Two*, VA must award to veteran-owned small businesses (VOSBs/SDVOSBs) when two or more can perform at a fair price.
 - ✓ Having an FSS contract as a VOSB or SDVOSB makes 'you' eligible for VA purchases under this rule as priority!
 - ✓ Gain Visibility on GSA Advantage
 - ✓ You become 'business-ready' with thousands of federal contracting professionals – gain instant exposure – steady streamline of income
 - ✓ Combine your Vets First priority with the power of GSA Advantage.

Goal Type	Target
Overall SB Subcontracting	17.5%
VOSB Subcontracting	7.0%
SDVOSB Subcontracting	5.0%
SDB Subcontracting	5.0%
WOSB Subcontracting	5.0%
HUBZone Subcontracting	3.0%
VA SDVOSB Prime (internal)	15% (actual 23% FY2024)
Federal SDVOSB Prime	5% minimum

Why Pharmaceutical Direct Business is Better

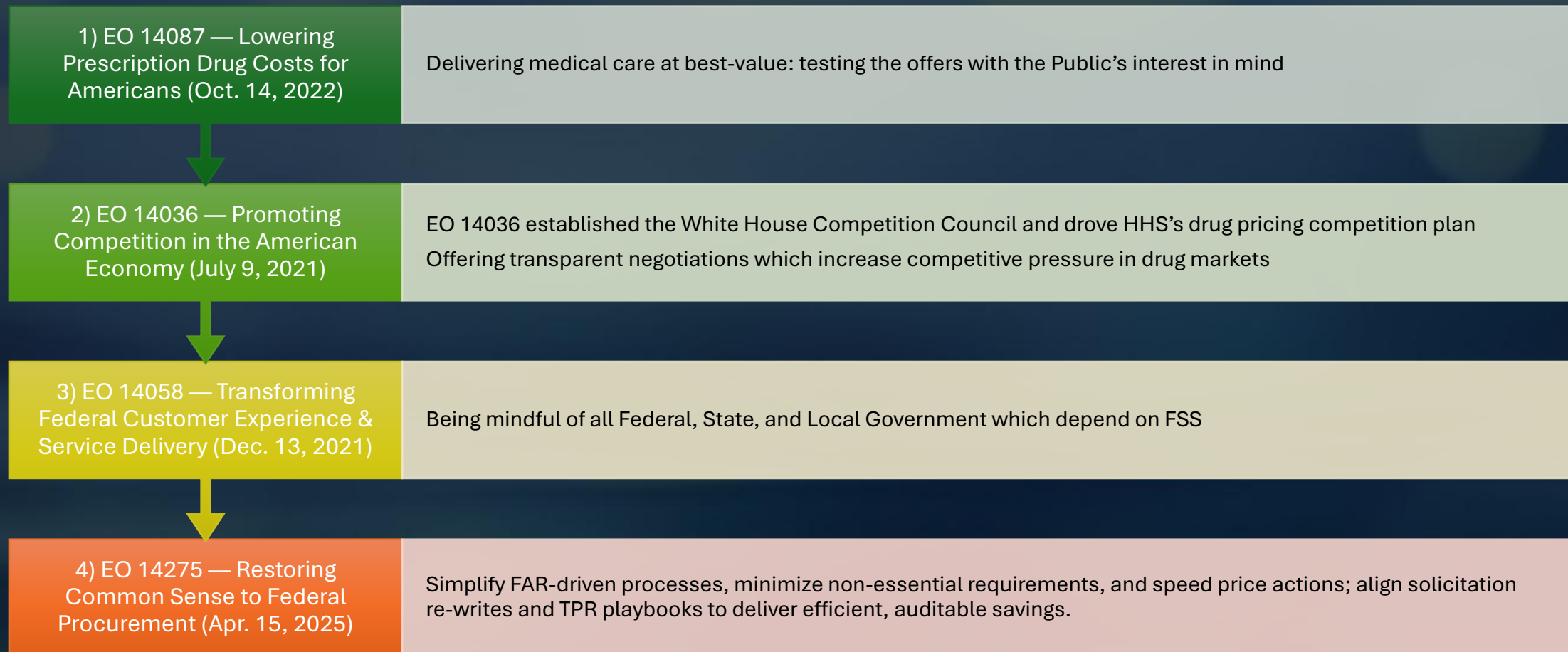
- ✓ **Veteran access and public trust** – Direct arrangements help secure supply and favorable pricing for veterans, boosting reputation. Ensure of quality control.
- ✓ **Privity of contract** – Direct VA contracts provide clear contract terms, pricing, and performance.
- ✓ **Public Law 102-585 compliance** – Supports required VA covered-drug and ceiling-price obligations.
- ✓ **Brand presence** – Strengthens visibility and trust with federal stakeholders.
- ✓ **Executive Order readiness** – Control of pricing and data simplifies compliance with evolving federal mandates.
- ✓ **High VA volume** – The VA is a large, stable buyer, making direct channels commercially attractive.
- ✓ **Aligned with peers** – Most major manufacturers already contract directly with the VA, so this model follows established industry practice.

- Disclose with Public -





How will FSS & PBM Uphold Whole of Government Initiatives and Deliver True Value to the Taxpayers





Negotiated Peace: 20-year model of business partnership



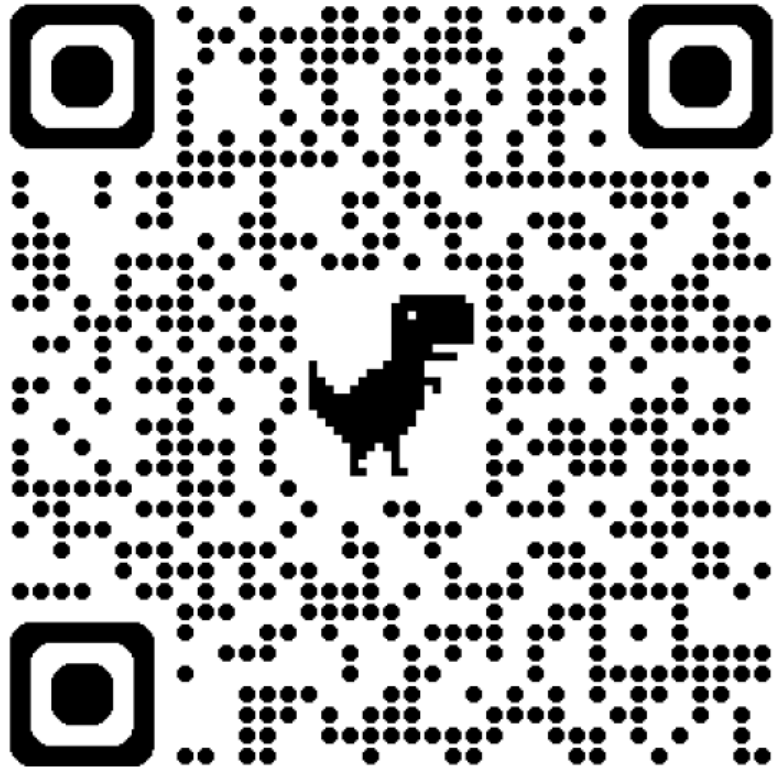
FSS' message to our partners:

- ✓ Offer us the **pricing that is 'fair' and 'reasonable'**
- ✓ Offer a known good-faith business model where through pre to post we are steady
- ✓ Adapt to GSA's TDR
- ✓ Complete a self-audit on your files 'annually'

PBM's message to our partners:

Projections on Pharmaceutical Spending and Usages

- ✓ Increased prescribing of specialty and high-cost medications in on the raise
- ✓ Drug spends year over year growth expenditures 2028-2033 (~5~6% annual growth)



Thank you, Partners! #LetsFSS!

Session Survey

In-person attendees, please provide feedback via the session evaluation survey in the NCMA app.

Session
Feedback
Survey

Nexus 2026: Session Evaluation

Virtual attendees, please provide feedback via the session evaluations survey in virtual platform.

