

GAO Reports on VA's MSPV Program

The Government Accountability Office (GAO) published a [report](#) on the Department of Veterans Affairs' (VA) Medical-Surgical Prime Vendor-Next Generation (MSPV-NG) program. The report assesses VA medical centers' use of the MSPV-NG program and whether the MSPV 2.0 will mitigate the challenges with the current program. GAO also reviewed whether the VA has developed metrics for measuring the Defense Logistics Agency's (DLA) MSPV pilot success and scalability.

The MSPV program is intended to provide efficient, cost effective way for VA's 170 medical centers to order supplies. However, GAO found that only 11 percent of medical centers met VA's target of using the MSPV formulary for 90 percent of medical supply purchases. After meeting with 12 medical centers, GAO discovered contributing factors that resulted in ordering errors and delivery delays. The planned MSPV 2.0 is designed to fix some, but not all, of these issues. GAO also found that supplies shipped directly from manufacturers instead of local warehouses often resulted in late deliveries.

The following GAO chart provides a summary of the issues identified with the MSPV-NG program and the VA's plans to mitigate them through MSPV 2.0:

Table 1: Examples of Department of Veterans Affairs (VA) Medical-Surgical Prime Vendor-Next Generation (MSPV-NG) Issues and Mitigation Measures Planned in VA's MSPV 2.0 Program

| MSPV-NG issue | Extent to which planned MSPV 2.0 program will mitigate MSPV-NG issue | Overview |
|---|--|---|
| Backorders: Prime vendors do not have supplies available to fill orders | ● | The terms of the September 2019 MSPV 2.0 solicitation would explicitly require prime vendors to keep a 30-day supply of stock for regularly ordered supplies. VA also plans to establish new performance metrics for less-frequently-ordered supplies. These measures are intended to reduce problems with supplies being on backorder. |
| Limited formulary coverage: VA medical centers must purchase many supplies they need outside of MSPV-NG | ● | The Veterans Health Administration (VHA) plans to significantly expand the supplies on the current MSPV-NG formulary to initially include up to 125,000 supplies in MSPV 2.0, with a target of 85 percent coverage, as compared to the target of 40 percent coverage under MSPV-NG. ^a |
| Lack of clinician involvement: Formulary supplies selected through analysis of spend data | ① | VHA developed its initial list of items for MSPV 2.0 based on historical spend data, which mirrored the MSPV-NG formulary development process and lacked clinician involvement. However, integrated project teams, including clinicians, reviewed this list of supplies at several points in the acquisition process. In the future, VA plans to incorporate more extensive clinician involvement in developing requirements for medical supplies through its Clinician-Driven Strategic Sourcing program, but this is still in the pilot phase and will not affect initial MSPV 2.0 offerings. |

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| Drop shipment delays: Supplies shipped directly from manufacturers often take longer to arrive than items warehoused by prime vendors and are difficult to track | ● | The September 2019 MSPV 2.0 solicitation would generally require prime vendors to place an order with the drop shipment supplier within an hour of order acceptance and provide order confirmation to VA medical centers within an hour of when the order is placed; tracking information will be required on drop ship orders. However, VA has not taken steps to reduce the over 30 percent of formulary supplies designated as drop shipments in MSPV 2.0, and does not specify delivery time requirements for drop shipment supplies in terms of the number of days after receipt of an order. |
| Manual formulary management: The MSPV program manually updates a series of spreadsheets to manage the formulary, creating risk of administrative errors and requiring more effort on the part of VA medical centers | ○ | There is no mitigation effort planned in MSPV 2.0. |
| Self-reported performance metrics: The MSPV program office cannot verify prime vendors' self-reported performance | ● | VHA currently plans to require additional transaction reporting from prime vendors that will allow VA to compile its own data on ordering, shipment, and receipt of orders. According to the MSPV program office, these additional system upgrades will allow VHA to independently verify prime vendors' self-reported performance. However, VA has not defined how it will use these data to conduct program oversight. |
| No tracking of historical utilization or coverage: The MSPV program office does not track historical performance metrics and lacks accurate historical data, which limit its ability to provide oversight | ○ | There is no mitigation effort planned in MSPV 2.0. |

Legend: ● Substantially Addressed ● Partially Addressed ○ Not Addressed

Source: GAO analysis of VA MSPV 2.0 solicitation and other documentation, and interviews with MSPV program office officials. | GAO-20-487

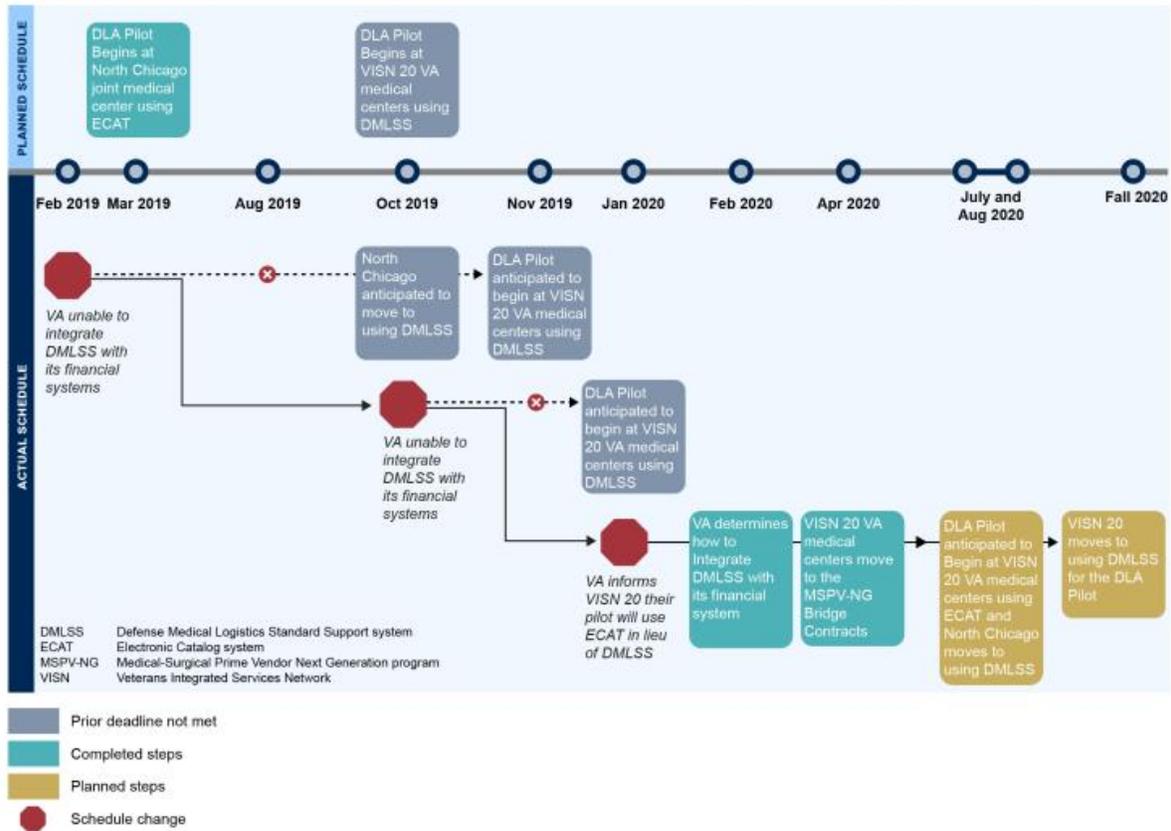
Note: "Substantially Addressed": MSPV 2.0, if implemented as planned, will likely address the issue.
 "Partially Addressed": Some additional actions under MSPV 2.0 are necessary to address the issue.
 "Not Addressed": MSPV 2.0 will not address the issue.

*Coverage involves calculating the percentage of total supply spending across VHA accounted for by supplies available on the MSPV formulary.

The GAO report provided details on their findings in all of these areas, including the VA's approach to involving clinicians in the MSPV formulary. According to GAO, the "VA involved clinicians in vetting supplies for MSPV 2.0 but still relied on historic spending data in selecting initial formulary supplies." In short, VHA developed the MSPV 2.0 formulary by first creating an initial list based on spend data and clinicians (among others) were involved in adding or removing supplies from this list, assessing the product categories for the solicitations, and reviewing vendor responses for technical acceptability. Once the MSPV 2.0 program is launched, the VA plans to increase clinician involvement in the program through the implementation of the Clinically Driven Strategic Sourcing (CDSS) initiative to further refine the formulary. In 2020, the VA has piloted the CDSS process with three product categories and plans to expand the program across all MSPV supply categories in the future.

As for the implementation of the DLA MSPV pilot, GAO provided a timeline of the delays that have occurred thus far with the rollout at the North Chicago joint medical center and the VISN 20 locations at Spokane and Puget Sound (see pg. 31 of the Report).

Figure 7: Department of Veterans Affairs (VA) Defense Logistics Agency (DLA) Pilot Planned and Actual Implementation Timelines



In terms of the implementation of the DLA MSPV pilot, GAO found that VA has not established comprehensive metrics to determine the success of the pilot and whether it is scalable to all VA medical centers. In September, senior VA officials stated that the agency has decided to implement DLA MSPV agency-wide in place of MSPV 2.0. VA will continue to implement MSPV 2.0 in the interim.

GAO made eight recommendations to VA, including that the agency find opportunities to automate aspects of its formulary management process, reduce the number of drop shipments, and develop a plan to measure the success of its DLA MSPV pilot. VA agreed with all of GAO’s recommendations.

Members who are interested in hearing more about the GAO’s findings will have an opportunity to hear from the GAO team that prepared the report at the Coalition’s 2020 Fall Training Conference. For more details and to register, click [here](#).