

ORAL STATEMENT

Chairman Pappas, Ranking Member Bergman, and Members of the Committee, thank you for the opportunity to appear before you today to address the challenges the Department of Veterans Affairs faces as it builds a resilient supply chain. I am Roger Waldron, President of the Coalition for a Government Procurement. Our association is pleased that the Committee is focusing on the VA's supply chain and its role in delivering best value healthcare to our nation's veterans.

By way of background, the Coalition is a non-profit, non-partisan association of small, medium, and large businesses representing more than \$145 billion in annual government commercial contract purchases. Coalition members provide more than \$12 billion in medical/surgical products and pharmaceuticals, as well as services, to support the healthcare needs of our nation's veterans/warfighter.

Today, my remarks summarize my submitted written testimony, and I ask that it be included in the record.

Coalition members strongly support the VA's implementation of a clinically-led program office to develop sound requirements. These requirements define the scope of the VA's formulary and the commercial medical and surgical products

available through the MSPV program, through national contracts, and through the FSS. A clinically-led program office serves as the bridge between the program offices that generate requirements and the VA procurement professionals and contractors. It identifies, collects, analyzes, and communicates formulary requirements across the department and to industry.

Given this central role, it is vital that the program office be managed and led by clinicians. We believe that this management requires the naming of a Medical Supply Chain Leader responsible for formulary management and engagement with industry. In addition, it should include the investment of implementation resources to support medical requirements development.

Further, this office should serve as the lead industry point of contact to interface with industry. As such, it would provide industry with a clear, direct channel through which it can engage with the department and share the latest developments in the rapidly evolving field of medical and surgical technologies.

Engagement with industry, however, is just one factor in developing a robust formulary. Input from healthcare providers and treatment facilities across the VA is important, as is the availability and analysis of transaction data. Indeed, the lack of meaningful, accurate purchase data undermines the development of a

comprehensive, holistic formulary. The point is evidenced by the current, significant reliance on Government Purchase Cards, the use of which, undermines the VA's formulary because it fails to provide such data. The condition is circular: treatment centers use the purchase card because items are not on formulary, and, as a result of that use, the VA lacks the data necessary to improve the formulary.

The VA should enhance and expand the formulary to reflect clinical needs. The resulting contract purchases would provide the VA with sound spend data that, when combined with clinical input, can be used to improve the formulary incrementally, enabling VA to standardize product categories where appropriate, while providing clinical flexibility and choice in other product categories. A first step in expanding the formulary would be to allow firms to offer their full product lines, rather than picking and choosing subsets of those product lines or individual products.

Coalition members also support the VA's efforts to modernize its financial and logistics systems, including the DMLSS pilot. These systems are critical to creating, managing, and collecting data to support clinically-led sourcing. With regard to DMLSS, transparency regarding the implementation schedule,

milestones, and operations will assist all stakeholders in responding to changes in the federal healthcare market. To this end, we believe VA may wish to consider utilizing an electronic dashboard to assess its progress in modernizing systems. A dashboard would aggregate data in a single tool and facilitate management's ability to make system improvements. A transparent electronic dashboard would assist all stakeholders, including the VA's industry partners, in tracking and responding to the evolution of supply chain management and implementation of new e-systems.

Finally, regarding acquisition generally, streamlining procurement processes and regulations would help VA meet its needs. Efficiencies also could be obtained by centralizing procurement operations. This coordinated management could allow the department to focus on all aspects of its supply chain, including small businesses.

Chairman Pappas, Ranking Member Bergman, and Members of the House Committee on Veterans' Affairs, the job is complicated, but the suggestions made could help the VA improve the supply chain programs that serve our veterans.

Thank you again for the opportunity to address the Committee. I look forward to answering questions.