THE COALITION
for Government Procurement

May 2, 2019

Karen Brazell
Principal Executive Director and Chief Acquisition Officer
Office of Acquisition, Logistics and Construction
U.S. Department of Veterans Affairs (VA)
810 Vermont Avenue NW
Washington, DC 20420

Subject: MSPV 2.0 Acquisition Strategy

Dear Karen,

The Coalition for Government Procurement ("the Coalition") sincerely appreciates the VA acquisition leadership team's outreach to industry on the acquisition strategy for the Medical/Surgical Prime Vendor (MSPV) 2.0 program.

As you know, the Coalition is a non-profit association of firms selling commercial services and products to the Federal Government. Our members collectively account for more than $10 billion in Federal healthcare spending, including more than 40 percent of the spending on the VA Federal Supply Schedules (FSS), and the manufacture of more than 70 percent of the products on the MSPV formulary. Coalition members include small, medium, and large business concerns. We are proud to have worked with Government officials for 40 years towards the mutual goal of common-sense acquisition.

The Coalition sincerely appreciates the VA for publishing the draft solicitations for industry feedback on the MSPV 2.0 Distribution RFP and the MSPV 2.0 Supply RFQ as a follow-up to our April 11, 2019 meeting, and for scheduling a virtual industry day on May 9, 2019. It is our belief that a strong partnership between the VA and its industry partners is critical to ensuring that our nation's veterans have access to the best medical and surgical supplies and technologies available on the market through MSPV 2.0.

Given that the MSPV 2.0 acquisition strategy shared thus far would establish an entirely new, government-unique medical/logistics model for the VA, questions remain that will impact all stakeholders' ability to supply best-value solutions in support of veterans' healthcare. We request that during the May 9th industry day, the Veterans Health Administration (VHA) and the VA Strategic Acquisition Center (SAC) address the following issues that require clarification for industry stakeholders (prime vendors, original equipment manufacturers (OEMs), and resellers including SDVOSBs and VOSBs) to be able to implement this new medical/logistics model efficiently and effectively.

MSPV 2.0 Key Issues

I. Timing

Awarded supply BPA holders are required to establish commercial agreements within all PV's within 60 days of each prime vendor contract award. Since the VA intends to set-aside a number

of VISNs for small business distributors, it is highly likely that those set-aside distributors may not have a robust number of BPA suppliers they are authorized to sell for and have inventory in place. More time than 60 days would be required to stand up a totally new distributor, as setting up a totally new distributor typically takes between 3 and 6 months.

II. Clarity for Resellers

For resellers, the BPA language clearly states that the reseller needs to have a letter from the OEM indicating that they are an authorized distributor, with which we strongly agree. There is no BPA language, however, that requires the reseller to validate that they have the financial credit lines in place in order to support very large orders that the MSPVs will place with them. This could lead to major supply disruptions in the MSPV 2.0 program. Under these circumstances, the VHA should consider adding language to the supply BPAs to ensure medical product resellers can adequately support the program. Additionally, to protect against "pass-through" relationships that can create an uneven playing field, VHA should define what constitutes ownership in a reseller relationship within the MSPV model and where that takes place (physical ownership, taking title during shipment to MSPVs, etc.).

III. Clarity on Clinical Oversight:

a. Quotes evaluations will be based on clinical utility, price, and past performance. What is clinical utility?
b. VHA clinicians will participate in the evaluation of supplier quotes – VA should be required to identify these clinicians and state how they are qualified to review specific categories of products under the legislation passed by Congress last December.
c. Awards will be made using comparative analysis. What is comparative analysis?
d. The 25 product categories developed by VA are not medical product categories recognized by industry, but typically are hospital departments or locations. It is stated that VHA will make the final determination as to whether supplies offered by vendors fit within the particular product category listed in the RFQ. Who specifically at VHA will be making this determination? Who makes decisions on products that are used across multiple departments in a hospital?

IV. Clarity on Contract terms:

a. A key concern is that there is a lack of guidance for the distributor agreements between prime vendors and product supplier BPA holders. How can a supplier submit pricing bids when the distributor fees with multiple prime vendors—some which will probably be very new given the set-asides—is unclear and unknown? With commercial practice, the IDN defines those requirements for the distributor partnership in advance. What happens if a supplier submits a supply BPA that is accepted by VA and then learns that a totally new distributor is charging excessive fees to suppliers?
b. VA does not explain what information is required to be submitted in each "Volume" of vendor proposals – Technical, Past Performance, etc. Only the four Volumes are listed.
c. Although language at the beginning of the draft RFQ document states that items must be TAA compliant, there is inconsistency within the draft as to whether the TAA or the Buy America Act applies. Given the expected dollar volume of BPA awards, the TAA should apply in lieu of the BAA.

d. How will the VA address the conflict of interest that exists when OEMs also serve as prime vendors, which may incentivize these prime vendors to substitute or supply their own products in lieu of Formulary items offered by BPA suppliers?
e. Items drop-shipped from OEM's must have at least 6-months of shelf life remaining at the time of shipment. How will the VA assure OEM's compliance with this requirement?

The Coalition also looks forward to the VA's response to the attached MSPV 2.0 Industry Questions submitted on April 4, 2019. To increase transparency and reduce uncertainty, it is important that the response is in writing so that all stakeholders have a better understanding of the expectations and roles of each entity under the new program. The Coalition looks forward to working the VA and all stakeholders on this critical procurement program in support of veterans' healthcare.

Again, we sincerely appreciate the continued dialogue on the future of the MSPV program. If you have any questions, I may be reached at (202) 315-1053 or rwaldron@thecgp.org.

Best regards,

Roger Waldron
President

CC: Phil Christy, Deputy Executive Director, Office of Acquisition and Logistics and Construction
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