MSPV 2.0
Industry Questions

April 4, 2019

The Coalition for Government Procurement appreciates the U.S. Department of Veterans Affairs for its open dialogue with industry on the future MSPV 2.0 program. As a follow-up to the distribution and supply industry days, the Coalition would like to submit the following member questions to the VA about the MSPV 2.0 acquisition strategy.

SDVOSB/VOSB, Rule of Two, and Non-Manufacturer Rule Waiver

1. How will VA determine fair and reasonable pricing when considering offers from SDVOSBs/VOSBs for BPA awards?
2. If a small business or SDVOSB/VOSB responds that they have a letter of authorization to distribute a supplier's product, is that small business or SDVOSB/VOSB limited to a certain geographical area or can it distribute to the entire U.S.? Will the small business or SDVOSB/VOSB be allowed to drop ship anywhere?
3. If a supplier is on ECAT and has a small business or SDVOSB/VOSB partnerships will the VA enforce the Rule of Two?
4. What if a small business or SDVOSB/VOSB is an authorized supplier but it does not have the capabilities to EDI. Are they still eligible?
5. Will a SDVOSB/VOSB distributor have to demonstrate/provide value-added services to be considered for a BPA award?
6. The VA intends to prioritize the award of BPA's against existing Federal Supply Schedules (FSS). The VA also intends to cascade solicitations in preference of SDVOSB suppliers, given a non-manufacture rule waiver. For an OEM that does not allow distributors or resellers on their FSS, how will the VA reconcile SDVOSB offers for open market BPAs against OEM offers for FSS BPAs?
7. For large manufacturer OEMs that do allow distributors or resellers on their FSS, will the VA recognize an SDVOSB/VOSB offer of a large manufacturer FSS item as a preferred SDVOSB/VOSB offer or will that be recognized as a lower tier large manufacturer offer?
8. The VA indicated that the evaluations would be done using the February 8, 2018 Memorandum on Tiered Evaluations. Is it the intention of the VA to use all the methodologies described in the memo for tiered evaluations, or will the VA only use the tiered evaluations approach including large business concerns? Will the tiered

evaluations approach apply overall or will the approach be applied on a category basis (i.e. apply one by one for each of the 26 categories)?

9. If a SDVOSB/VOSB does not manufacture the product and the non-manufacturer rule waiver applies, then could a SDVOSB/VOSB bid a commodity in one of the categories as the non-manufacturer? Then would it be the SDVOSB/VOSB that is named as the contract party? Could this same SDVOSB/VOSB also then bid as a distributor?
10. Can the VA issue a waiver if there are no SDVOSB/VOSB available to submit a bid in a certain category or will the waiver be sought if there are no small businesses (regardless of the type of small business) that can compete?
11. If a blanket waiver from the NMR is approved for the MSPV 2.0 program, how will the VA analyze/address value-added solutions? What is a pass-through?
12. Please provide further details about how and when cascading will be used.
13. Please explain the process/interrelationship between the Rule of Two and a tiered (cascading) evaluation approach. Does the tiered approach apply to only the specific branded item or ETS items as well? For example, if an OEM offers their item and two SDVOSBs offer the same OEM item and the price is fair and reasonable and represents best value to the government, then will the VA go to the SDVOSB first? However, if no SDVOSBs offer the item will the VA source from the OEM?
14. It appears that, given a NMW, the only arrangement for manufacturers is to align with SDVOSB's to respond on their behalf for any competition within MSPV 2.0; is that a correct assumption?

Pricing

1. How does the "supplier BPA" pricing relate to the separate "commercial agreements" between the "suppliers" and the Prime Vendors?

2. Supplier BPA's will be awarded prior to the MSPV 2.0 Awards which will preclude suppliers from establishing distributor agreements with MSPV 2.0 Prime Vendors prior to BPA awards. Additionally, the VA will not influence Supplier/Distributor agreements. Will the VA allow for price adjustments post BPA award to account for Distributor Fees that are specifically related to MSPV participation?
3. Does the SAC have a plan or process to ensure all prime vendor/distributor-offerors can meet all RFP requirements (e.g., IT/EDI requirements, catalog requirements, setting up distribution agreements with all direct suppliers in the timeframe outlined, etc.) before making an award? Specifically, will the SAC commit to include in the distribution RFP that it will perform a "price realism" analysis of all offerors' proposals by comparing offerors' proposed price with the proposed scope and level of effort, the Government's estimate, and market conditions as evidenced by other competitive proposals to assess an offeror's inherent lack of understanding of the RFP's requirements or indication of poor performance or performance risk?

4. The VA's MSPV 2.0 strategy, as proposed to date, significantly deviates from the accepted supply chain model in healthcare (i.e. commercial model). How will the VA address the likely increased cost of distribution and reduced efficiency of this model?

Prime Vendors

1. Will Prime Vendors have the ability to add products to its region's formulary/catalogue?
2. With respect to the proposed prime vendor fill-rate penalty:
    a. Please explain how the SAC will account for supply chain factors outside of a prime vendor's control in determining a prime vendor's fill-rate and/or assessing a fill-rate penalty?
    b. Does the SAC understand that inclusion of a fill-rate penalty will adversely affect prime vendor proposed distribution fee pricing?
    c. Does the SAC and VHA anticipate that the product supply awards under 2.0 will be more efficient and successful than under the NG iteration, where many BPAs were solicited, but never pursued or awarded? If so, please explain how and why.
3. We understand that unlike MSPV-NG, PVs will now be able to charge fees to OEMs or accept below the line funding. Is this accurate? Please explain.
4. Will MSPV 2.0 define the requirements for PV warehousing – products that turn every 15 or 30 days?
5. Will Prime Vendor backend fees be allowable?
6. Will manufacturers that are awarded BPAs be required to contract with the primary as well as secondary MSPV 2.0 distributors or only the primary?

Clinical Input and Formulary Management

1. How does VA intend to comply with recent legislation requiring clinical input when determining the items to be included on the Formulary?
2. What role will clinical committees play when it comes to the issuing of BPA's?
3. How will the SAC determine "clinical effectiveness" when reviewing "similar" products from competing suppliers/manufacturers?
4. What is the advantage for a supplier to be on Formulary 2.0 if it already has an ECAT, even though the VA Formulary 2.0 trumps ECAT? It seems that if a supplier is on ECAT the end user can get what they want without all the extra charges of the VA Formulary.
5. Is adding products to the VA Formulary 2.0 going to be at the discretion of the VA Central Office and or SAC?
6. What is going to be the process for the VA to add products to the new catalog that are not on FSS? Which VA office will be responsible?
7. What will be done to prioritize products that VHA is using to get them on FSS? How will that work, who will coordinate and who will make that decision?

8. MSPV 2.0 Program Features describe the "Facility Core List" as: Each facility will utilize a Core List that will consist of high usage supplies pulled from the MSPV Catalog
    a. When will the Core List be developed?
    b. Will a Supplier know they are on the Core List?
    c. The core list is derived for the "MSPV Catalogue"—is that referring to the current Formulary or the MSPV Catalogue under the new MSPV 2.0 program?
    d. Explain the difference between the Core List and the expected awarded BPAs?
9. If the VA is not going to roll the Formulary products into 2.0 and all items are to be competed before going into the catalogue, what is the VA's plan to accomplish this? Our understanding is that under MSPV-NG, the VA had difficulties competing the line item BPAs in a timely manner. What has the VA done to address this problem given the existing resource constraints and the need to compete the BPAs?
10. What is the plan for section 8 recommendations for the Formulary to be considered for the catalogue?
11. Has the VA established or planned to create auxiliary channels for items not on the MSPV catalog, that is efficient and transparent like the MSPV 2.0 catalog?
12. Will products be solicited by brand name (e.g. BD syringe, 3M towel drape, Ethicon suture) or will the VA be soliciting by category using generic descriptions (e.g. 10ml flush, 14G needle, etc.)?
13. In the past, a BPA was issued to only 1 manufacturer/supplier for a product, is this still the case?
14. When and how will the 26 category bids be communicated?

FSS

1. Since many suppliers, if not most, have a partnership with SDVOSBs/VOSBs or small businesses, what is the advantage of having an FSS if the VA intends to award to SDVOSBs/VOSBs anyway?
2. The exact process in determining fair and reasonable pricing is unclear, at one point the VA stated that MSPV will use the FSS price, but the applicability of the Industrial Funding Fees is unclear. Will IFF be assessed on FSS-provided product pricing?
3. We understand that no orders will take place under the supplier BPAs and that they will only be used to establish fair and reasonable pricing. Suppliers will then have to establish a price directly with the PVs. How does this work? If not ordered off FSS, are OEMs subject to IFF on these sales?
4. It is our understanding that the MSPV 2.0 will be populating the formulary with negotiated BPA's against VA FSS contracts. However, the sales through the MSPV for these products would not be considered or reported as actual VA FSS contract sales. This is contrary to what GSA MAS policy has stated about FSS BPA sales that those sales must be reported as FSS sales and the commensurate IFF submitted via the quarterly sales reporting. If this is the case, how does this comply with GSA MAS policy?

5. During the MSPV 2.0 webinar for suppliers, the VA expressed an interest in using FSS whenever possible. Given the cascading arrangement, how will the VA get OEM products under FSS? Will OEMs have to add SDVOSBs/VOSBs to their FSS to accomplish this? If so, what is the estimated timeframe to do this with the NAC?

Miscellaneous

1. Has an operational flow chart been developed to track the process from BPA to the flow from time order until arrival at VAMC?
2. Will Basic Ordering Agreements (BOA's) continue to be leveraged as a contracting method and utilized by the VA in the overall procurement landscape?
3. What are the VA's plans, from a change management perspective, to transition to a new formulary and a new distribution network at the same time? Are there any specific challenges that the VA anticipates with the transition and what can industry do to support an efficient and effective transition? What additional resources may the medical centers require to manage this change?
4. Is VA considering exercising the last option of the distribution portion of the PV contracts given that the J&A and supplier portion is scheduled to end in March 2020? What other options is the VA considering?
5. For the 26 product categories presented on Slide 6 during the supplier webinar, can the VA be more specific, for example:
    a. "Operating Room & Urology supplies" – is very broad and all encompassing – how about something like applicable products would be those that turn every 15 or 30 days and have to be warehoused for just in time (JIT) delivery.
6. With MSPV 2.0 delivering JIT, why not eliminate drop ships?
7. Will the VA be implementing a Service-Level Agreement (SLA) fee?
8. How will MSPV 2.0 align with non-expendable equipment (NX) awards? For example, if a company wins a capital equipment BPA with NX but has "trailing consumables" that the equipment needs and could also be stand alone as a product, how will MSPV 2.0 align these two? For example, if a blood pressure monitor is sold, it has disposable temperature probes, blood pressure cuffs and SPO2 cables that are "trailing consumables" and all of these products could be on a contract on their own rather than on the NX BPA. What is the VA's policy on adding these NX "trailing consumables" to the MSPV 2.0 formulary?
9. How does the VA plan to educate and support its acquisition staff and GPC holders to relieve workload and stress related to procurement as stated in the GAO report?
10. Based on the MSPV 2.0 supplier webinar, it is unclear whether AbilityOne products will be made available through the MSPV 2.0 Formulary. What are the VA's plans concerning these mandatory sources of supply?
    a. The GAO reported that contracting officers relied on emergency procurements for almost 20 percent of contract actions, which reduced contracting officers' efficiency. What safeguards has the VA put in place for emergency procurements

when they arise as a result of the VA's decision to remove AbilityOne from the Formulary?

b. Has the VA written contract language, binding the MSPVs to critically important terms, so that the government has legal recourse and avenues for financial recovery if non-compliant goods are offered to a purchaser?
c. The VA MSPV RFI states that "Other Government Agencies (OGA) may act as customers participating on the contract. The same terms and conditions apply to OGAs as do apply to VAMCs except for any differences detailed in this document. Outlined below are the OGAs eligible to participate in the MSPV 2.0 Program although this list may add other OGAs in the future who request to participate in the VHA MSPV 2.0 Program". How will compliance with mandatory sources be assured given the scope of the program beyond the VA?