THE COALITION
for Government Procurement

July 18, 2019

Anna Zinser
Contracting Officer
Office of Procurement
Veterans Health Administration (VHA)
810 Vermont Ave NW
Washington, DC 20420

Subject: MSPV 2.0 Supplier BPAs

Dear Anna,

The Coalition for Government Procurement ("the Coalition") sincerely appreciates the Department of Veterans Affairs (VA) for its continued commitment to providing best value medical and surgical products for veterans through the upcoming MSPV 2.0 program. We also appreciate the dialogue with industry stakeholders over the past year in support of this important objective.

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 dollars of Federal healthcare spending, including more than 40 percent of the spending on the VA Federal Supply Schedules (FSS), and manufacture more than 70 percent of the products on the MSPV formulary. Coalition members include small, medium, and large business concerns. The Coalition is proud to have worked with Government officials for 40 years towards the mutual goal of common-sense acquisition.

As the VA prepares for the implementation of the MSPV 2.0 program, the Coalition would like to reiterate the commercial best practices, recommendations, and questions that industry has provided the VA over the past several months. These documents are attached for your convenience. Our intent throughout this process has been to share with the Veterans Health Administration (VHA) and the Strategic Acquisition Center (SAC) the issues that require greater understanding to ensure that industry stakeholders (prime vendors, original equipment manufacturers (OEMs), and resellers, including SDVOSBs and VOSBs), are able to implement this new medical/logistics model efficiently and effectively as the VA seeks to change both the distribution and supply functions of the MSPV 2.0 program concurrently. Coalition members remain concerned about some of the outstanding issues that have yet to be addressed as part of the acquisition strategy. We appreciate any additional clarifications that can be provided.

Time Necessary to Establish Commercial Agreements

There are a few topics that the Coalition requests the VA's clarification on. The draft Request for Quotations (RFQ) for the MSPV 2.0 Supply BPAs indicated that commercial agreements were to be established in 60 days. In response, the Coalition provided a letter to the VA, dated June 3, 2019,

describing industry's concerns related to this requirement which is inconsistent with standard commercial practice, supply chain safety, and minimum requirements of the Federal Drug Administration, Drug Enforcement Administration, and with some state-level regulations. Members are concerned that, for both prime vendors and suppliers, this deadline puts patient safety at risk, along with the reliability of the supply chain supporting veterans' medical care.

As described in our June 3, 2019 letter, it can take a minimum of 3 months, and possibly as long as 6 months, for distributors that do not already have existing distribution agreements with OEMs to be authorized. The authorized distributor process, which includes extensive security background and credit checks, is designed to ensure both the safety and uninterrupted flow of critical medical supplies to support patient care. *See* Attachment 1. Since this correspondence, however, several pre-solicitation notices have been posted that require that, "in order for the authorized distributor/supplier to participate in the MSPV Program, the authorized distributor/supplier and the Prime Vendor shall establish a Commercial Agreement *within 30 days* of this award." We would greatly appreciate your guidance on whether this is the VA's intent given the potential risks involved in not following standard commercial practices in this regard.

The Coalition also requests that the VA clarify what would be the mechanism for the prime vendor to address suppliers that are unable to perform the requirements necessary to establish a commercial agreement and at what point it should be exercised.

Clarity for Resellers

It is critical that the VA protect against "pass-through" relationships that can create an unlevel playing field within the MSPV program. The VA should therefore 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.). As the Coalition has indicated previously, clear guidance regarding resellers and these arrangements (including how the VA will assess reseller capabilities like EDI, past performance, financials, and management resources) is critical to ensuring fair competition and a successful MSPV 2.0 program for all stakeholders. We urge the VA to address this issue clearly and concisely in the supplier BPAs.

TAA Compliance

The Supplier BPA RFQs have both the Buy American Act (BAA) FAR Clause 52.225-1 and Trade Agreements Act (TAA) FAR Clause 52.225-5 checked or only have the BAA checked as applicable to these commercial item solicitations. Based on the estimated total dollar volumes provided by the VA for awarded BPAs, it appears that TAA should supersede BAA, and that only the TAA clause should be checked in these Supplier BPA solicitations. Please confirm if you agree and will make corresponding changes via amendments; or, provide a clarification as to why both clauses have been checked or why only BAA has been checked.

In addition, Section III C. Trade Agreement Act (TAA) Requirements is unclear as to whether it applies to all suppliers (large OEMs, SDVOSBs, and VOSBs). As currently written, there are questions about whether the requirement that supplies offered by the Authorized Supplier comply with the Trade Agreements (TA) Certificate, found at 52.212-3, applies to both large OEMs and resellers. We assume that the VA's intent

is for supplies on the MSPV Product List to comply with TAA to the greatest extent practicable. Clarification on this topic would also be very helpful for industry.

Product Categories

Section B of the supplier RFQ released to date states that the VA has established 24 product categories and a list of those categories is provided. The actual number of product categories in the list, however, is 29. It would be helpful for the VA to clarify whether there will be 24 or 29 RFQ's released so that industry can properly plan to respond to these solicitations in the coming weeks.

Coalition members also have observed instances in which items have been placed in the incorrect product categories. For example, surgical devices were included in the Apparel, Textiles and Gloves RFQ. Industry is notifying the VA of these instances through the Question and Answer process for each individual solicitation. We ask that the VA consider these recommendations and make adjustments where necessary so that VA customers are able to easily locate and order items on the MSPV 2.0 Product List.

Again, thank you for the continued dialogue on the future of the MSPV 2.0 program. If you have any questions, I may be reached at (202) 315-1053 or rwaldron@thecgp.org.

Best regards,

Roger Waldron
President

CC: Angela Billups, Executive Director, Office of Acquisition and Logistics, VA
Rick Lemmon, Executive Deputy Chief Procurement Officer, VHA

Attachments

1. Industry Best Practices for Establishing Commercial Agreements Letter (June 3, 2019)
2. MSPV 2.0 Acquisition Strategy Letter (May 2, 2019)
3. Supply BPAs for MSPV 2.0 Draft Solicitation Comments (April 26, 2019)
4. MSPV 2.0 Prime Vendor Draft Solicitation Comments (April 26, 2019)
5. MSPV 2.0 Industry Questions (April 4, 2019)

THE COALITION
for Government Procurement

June 3, 2019

Anna Zinser
Contracting Officer
Office of Procurement
Veterans Health Administration
810 Vermont Ave NW
Washington, DC 20420

Subject: Industry Best Practices for Establishing Commercial Agreements

Dear Anna,

The Coalition for Government Procurement ("the Coalition") sincerely appreciates the dialogue that the Department of Veterans Affairs (VA) has engaged in with industry concerning the upcoming MSPV 2.0 program. As the VA plans for the implementation of MSPV 2.0, we would like to share some additional information with you concerning industry best practices for the establishment of commercial agreements between distributors and suppliers.

The Coalition for Government Procurement (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 of dollars of Federal healthcare spending, including more than 40 percent of the spending on the VA Federal Supply Schedules (FSS), and manufacture more than 70 percent of the products on the MSPV formulary. Coalition members include small, medium, and large business concerns. The Coalition is proud to have worked with Government officials for 40 years towards the mutual goal of common-sense acquisition.

It is our understanding from the May 15, 2019 Industry Day, that the VA's market research indicates that commercial agreements between Prime Vendor distributors and Original Equipment Manufacturers (OEMs)/Suppliers can be established within 60 days. Our members report, however, that this can only be achieved in limited circumstances. Specifically, executing medical supply price loads for *existing* authorized distributors can be done by OEMs within 60 days.

However, **if the VA awards MSPV distributor contracts to distributors who do not have existing distribution agreements with OEMs, then the process to authorize those new distributors by OEMs will take a minimum of 3 months, and possibly as long as 6 months.** We believe that this is most likely in situations whereby new distributors are awarded via set-asides under the MSPV 2.0 Prime Vendor RFP.

Authorized Distributor Approval Process

To provide insight on the requirements for a new distributor to become an authorized distributor by an OEM, the following steps are requirements that are critical to patient safety and a robust medical product supply chain that cannot be bypassed:

1. Potential distributor completes application to become authorized distributor for OEM
2. Application received by OEM and reviewed, approved/denied
3. Credit check of distributor performed by OEM risk management team for approval/denial
4. OEM completes site visit to potential distributor to:
    a. Discuss EDI requirements
    b. Review anti-counterfeit policy
5. Security background check completed by both OEM and external security firm, including site visits by both
6. Distribution contract negotiated and executed between OEM and distributor
7. EDI set up and testing
8. Price books delivered
9. Contract pricing details shared
10. Inventory initial order determination and placement

Medical devices need to flow through supply channels that are secure. These processes are necessary to ensure both the safety and uninterrupted flow of critical medical products that will be used to support veterans' healthcare.

We strongly urge that the VA consider these safeguards, and respect these processes when creating timelines for industry under the MSPV 2.0 program.

Questions

Further, there are some critical questions that we ask the VA to clarify for industry in the final MSPV 2.0 solicitations.

1. What are the VA's expectations regarding the OEM/distributor relationship? How would SDVOSBs/VOSBs take ownership/title of products?
2. If drop shipments are the exception (as described during the May 15th Industry Day), how will ownership of a product be handled?
3. In the May 15th Industry Day, the following bullet was provided as part of the Evaluation Procedures discussion:
    - Comparative analysis (FAR 13.106-2 (b) (2) with clinical input

    However, we did not find specific reference to clinical input at FAR 13.106-2 (b). Therefore, clarification would be extremely helpful for industry concerning the following:

    a. We understand that quote evaluations will be based on clinical utility, price, and past performance. What is "clinical utility"?
    b. Will VHA clinicians participate in the evaluation of supplier quotes – if so, it is our understanding that the VA should identify these clinicians and state how

they are qualified to review specific categories of products under the legislation passed by Congress in December 2018.

4. Under the tiered proposal evaluation process, will the VA require two bids for any particular Manufacturer (OEM) brand products to satisfy the Rule of Two provisions and award a BPA?
5. What if after cascading is completed, there is just one response where a small business can provide the products at a fair and reasonable price, then will the VA choose that one small business or does there need to be two per the Rule of Two?
6. If clinical choice is deemed the most important factor for patient safety and veteran clinical benefit and second is the SDVOSB/VOSB Supplier, what happens if the SDVOSB/VOSB and OEM partnership changes after the Supplier BPA award? Would the default be for the OEM to supply the product or would another SDVOSB/VOSB need to be identified to replace the original SDVOSB/VOSB? Or does that OEM product simply fall off the formulary? If so, then how is the clinical choice met?

Realistic timeframes for distributors and OEMs/suppliers to establish commercial agreements, consistent with standard commercial practices, is critical to the establishment of a safe and secure medical supply chain for our nation's veterans under the MSPV 2.0 program. Therefore, we respectfully request that the VA provide at least 3 to 6 months for the establishment of these commercial agreements.

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: Andrew Centineo, Executive Director, Office of Procurement and Logistics
Rick Lemmon, Executive Deputy Chief Procurement Officer
Spencer Roberts, Director, Healthcare Commodities Program Office

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
Dr. Angela Billups, Executive Director, Office of Acquisition and Logistics
Ruby Harvey, Executive Director, Office of Small and Disadvantaged Business Utilization
Rick Lemmon, Executive Deputy Chief Procurement Officer, Veterans Health Administration
Tom Leney, Associate Executive Director, Strategic Acquisition Center

THE COALITION
for Government Procurement

April 26, 2019

Anna Zinser
Contracting Officer, MSPV 2.0 Supplies
Veterans Health Administration
U.S. Department of Veterans Affairs
810 Vermont Ave NW
Washington, DC 20571

Subject: Supply Blanket Purchase Agreements (BPAs) for MSPV 2.0 (Solicitation #: 36C4C19Q0033)

Anna,

Thank you for the opportunity to provide comments in response to the Department of Veterans Affairs' (VA) draft Request for Quotations (RFQ) for Supply BPAs for the Medical/Surgical Prime Vendor ("MSPV") 2.0 program.

The Coalition for Government Procurement ("the Coalition") is a non-profit association of firms selling commercial services and products to the Federal Government. The Coalition's Healthcare Committee members provide more than $12 billion worth of healthcare products/services and pharmaceuticals to support the healthcare needs of our nation's veterans. Our members include small, medium, and large businesses. We are proud to have worked with Government officials for nearly 40 years towards the mutual goal of common-sense acquisition.

The draft solicitations for the future MSPV 2.0 program seek to establish an entirely new, government-unique medical/logistics model for the VA. As such, many questions remain that will impact all stakeholders' ability to supply best-value solutions in support of veterans' healthcare. In addition to our comments on the draft RFP, attached is a list of these questions submitted on April 4, 2019 from member companies (prime vendors, original equipment manufacturers (OEMs), and resellers including SDVOSBs and VOSBs) that we request the VA provide clarification on to ensure the efficient and effective implementation of this new medical/logistics model.

Thank you again for the opportunity to submit comments in response to the MSPV 2.0 draft RFQ. If you have any questions, I may be reached at (202) 315-1051 or rwarldron@thecgp.org.

Sincerely,

Roger Waldron
President

MSPV 2.0 Draft RFQ Response

Executive Summary

Industry's comments herein reflect the uncertainties surrounding the creation of a VA unique medical logistics model that departs from the commercial model. Below is a summary of the key areas that require further clarity.

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.

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 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.).

Clarity on Clinical oversight:

- Quotes evaluations will be based on clinical utility, price, and past performance. What is clinical utility?
- 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 particular categories of products under the legislation passed by Congress last December
- Awards will be made using comparative analysis. What is comparative analysis?
- 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 if 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?

Clarity on Contract terms:

- A key concern is that there is a lack of guidance for the distributor agreements between MSPVs and product suppliers BPA holders. How can a supplier submit pricing bids when the distributor fees with multiple MSPVs – 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?

- VA does not explain what information is required to be submitted in each "Volume" of vendor proposals – Technical, Past Performance, etc. They just list the four Volumes.
- Although language at the beginning of the draft RFQ document states that items must be TAA compliant, the TAA clause is not checked. The Buy American Clause, however, is checked. Given the expected dollar volume of BPA awards, TAA should apply in lieu of BAA.
- 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?

Attachment 1 – Response Chart

ID Information	Comments
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 5 *Section Title:* Background, A. *Paragraph Number:* 4	The statement of work establishes a priority for BPAs on FSS contract, while also allowing for open market BPAs if needed items are not on an FSS BPA. Can an FSS BPA include open market items, or do all items have to be on an FSS contract to be considered for inclusion on an FSS BPA? If not, the VA risks creating gaps in product line coverage due to delays in FSS contracting processes.
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 6 *Section Title:* Background, B. *Paragraph Number:* 3	An open market BPA will be established between the Authorized Supplier and VHA under the terms and conditions incorporated in this BPA. Separate Request for BPA for FSS - is this to say that no items for the Emergency Medical Supplies will have an FSS BPA? Will the VA allow both FSS BPAs and Open Market BPA within the established Product Categories? If so, how will this determination be made?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 5-7 *Section Title:* Background, B. *Paragraph Number:* -	The SOW makes no reference to the legal relationship between an FSS BPA terms, which include the underlying FSS contract terms, and the required commercial agreement between the PV and the authorized supplier. Also, will the VA confirm that for FSS BPAs, the prices proposed will not trigger the Price Reductions Clause (PRC).

Paragraph: 36C24C19Q0033-001.docx *Page Number:* 5 *Section Title:* Background, B. *Paragraph Number:* 5	This procurement is set-aside based on an order of priority as established in 38 U.S.C. 8127 Is this determination per BPA? Can there be set-aside BPAs and "full and open competition" BPAs awarded under the same RFQ Product Category? Procurement is set-aside based on priority - 1 SDVOSB, 2 VOSB, 3 Small, 4 Large - will a SDVOSB offering an open market quote be higher priority than a large business offering an FSS? Please clarify the Priority Tiers.
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 7 *Section Title:* MSPV Business Processes Paragraph, A. *Paragraph Number:* 1-5	Without the Distributor Agreements and known distribution costing factors, the Suppliers will have difficulties with any BPA Price Offers. In addition, OEMs will have difficulties in establishing new SDVOSB Reseller agreements to support the objectives. Resellers will be in a very difficult position as they will be required to pay fees to the PVs, but they would have to bid on BPAs without knowing what those fees will be. This may cause resellers to think twice before getting involved in the program. As such, the lack of VA distributor guidelines for the distributor agreements with the Suppliers is a key issue. Finally, will the VA be evaluating the financial capability of a reseller to handle MSPV orders for distributed product based on the bids they are submitting?

Paragraph: 36C24C19Q0033-001.docx *Page Number:* 7 *Section Title:* MSPV Business Process Paragraph, A. and B. *Paragraph Number:* 1-5	Similar to the MSPV RFP, how will the VA determine the commercial distributor agreements are fair & reasonable for Suppliers to accept within 60-days? What happens to the Supplier awardee if a distribution agreement cannot be reached in support of the Supplier award? How will it work if the Supplier is only a reseller and not OEM? What would happen if a Supplier award is made to an SDVOSB Reseller using the non-manufacturer waiver, and, during the course of the MSPV contract, the reseller goes out of business or has a falling out with the OEM? Are there provisions for moving a Supplier contract from one SDVOSB to another in such an instance? How will this work? How will it work with the PV? How will the Suppliers determine their unknown distributor operating costs, which include inventory holding costs, administrative costs, SLA pass-through costs, freight costs, and liability costs to provide Supplier BPA Proposals and meet the 60-day agreement terms? The commercial agreement will govern the terms and conditions of the PV and the authorized supplier relationship. The current MSPV program does not allow fees to be charged to contract holders. If the statement above is referring to the MSPV now being allowed to charge such fees, however, how can anyone respond without knowing what those fees would be? Also, currently, there are mandatory source BPA's in place that have several years remaining. How will the VA address these vehicles?

Paragraph: 36C24C19Q0033-001.docx *Page Number:* 7 *Section Title:* MSPV Business Processes, A. *Paragraph Number:* -	Awarded BPA holders are required to establish commercial agreements with all PV's within 60 days of each prime vendor contract award. The 60-day calendar requirement to form commercial agreements with the PV is unreasonable. Establishing new agreement between Suppliers and new small business Prime Vendor distributor can easily take more than 60 days depending on the size of the supplier and number of products. At the supplier end the entire concept needs to be presented to senior management for approval. Then discussions between the PV and supplier and then the general council/lawyers get involved. This can take between 2 and 6 months.
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 8 *Section Title:* MSPV Business Processes, C. *Paragraph Number:* 3.a	On what basis can a price change be requested? How will the VHA evaluate such requests? How will price changes relate to FSS contact pricing?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 9 *Section Title:* MSPV Business Processes, C. *Paragraph Number:* 4.a	New supplies may be proposed… 1. Does this include new technology, best practices, cost savings, etc.? 2. Does this apply only to the existing BPA holders? Or, will new technologies potentially result in new BPAs?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 11 *Section Title:* Work Requirements, C. *Paragraph Number:* 1	Is, "should be TAA compliant…" meant to be, "must be TAA compliant…"? Please clarify the TAA requirements, Section III, Paragraph A. (4) and Paragraph C. (1) both address TAA compliance.

Paragraph: 36C24C19Q0033-001.docx *Page Number:* 11 *Section Title:* Work Requirements, F. *Paragraph Number:* 1	Drop shipments are done by the OEM, not the reseller. As such, this section is inconsistent with commercial practice and raises questions regarding the respective role of the PV, the Authorized Supplier (*i.e.* reseller), and the OEM.
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 16 *Section Title:* Product Categories *Paragraph Number:* Appendix B	Has any timeline been established for the release of these categories? How much time will a potential manufacturer or distributor have to determine which category their products fall into? Will the VA provide additional clarification/guidance regarding the scope of each category?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 24 *Section Title:* C. 6 52.212-5 *Paragraph Number:* 1 & 6	[X] (46) 52.225-1, Buy American—Supplies (MAY 2014) (41 U.S.C. chapter 83). [] (48) 52.225-5, Trade Agreements (AUG 2018) (19 U.S.C. 2501, et seq., 19 U.S.C. 3301 note). It seems BAA is a requirement, but TAA is not? Or, is this an example and these will be checked as needed per BPA?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 33 *Section Title:* Instructions to Offerors, B. *Paragraph Number:* -	The instructions provide little to no detail for offerors regarding the submission requirements. How much, and what type, of product literature will be made available? How will this literature be evaluated? How does the VA define relevance with regard to product literature? Past Performance provides no detail regarding the required submissions (*e.g.* no instructions regarding the number of projects, size, and scope that will be considered as part of the evaluation). What is relevant past performance information? Without additional detail/instructions regarding proposal submission and evaluation, it is not possible for offerors to intelligently/effectively propose and compete for the requirements outlined in the RFQ.

Paragraph: 36C24C19Q0033-001.docx *Page Number:* 7 *Section Title:* MSPV Business Processes, A. *Paragraph Number:* -	Commercial agreements between the PVs and the authorized suppliers: VA should set specific requirements for the negotiation of these "commercial agreements." Providing suppliers and the awarded PVs only 60 days to negotiate supplier-specific terms and conditions is not feasible for suppliers.
Paragraph: 36C24C19Q0033-001.docx *Page Number:* - *Section Title:* - *Paragraph Number:* -	A 120-day implementation timeframe may not be enough lead time for the awarded PVs. The VA should consider a similar approach to the recently awarded Sustenance Prime Vendor contract. Specifically, by including an eight-month implementation timeframe, non-incumbent stakeholders were provided enough time to prepare in advance of the contract's effective date.
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 7 *Section Title:* MSPV Business Processes, A. *Paragraph Number:* 2	Why is the VA requiring that all supplies have premarket approval when many medical supplies fall under a medical device class exemption from the pre-market approval requirements of Section 510K of the FDCA?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 37 *Section Title:* Evaluation – Commercial Items *Paragraph Number:* The evaluation factors: Clinical Utility; Past Performance; and Price.	The evaluation criteria are unclear regarding how the evaluation will be conducted, and how the VA will assess proposals and differentiate between offerors in determining the proposal(s) that are most advantageous to the Government. For example, the definition of Clinical Utility is outdated and unclear. How does the VA define "relevance and intended use" based on the identified Product Categories—*e.g.* how will the VA determine one product is more relevant for award purposes? With regard to Past Performance, there are no instructions or standards regarding the number of "experiences" that must be submitted and how relevant size and scope of the experiences will be assessed. Additional standards/details are necessary under each of the evaluation criteria in order for offerors to intelligently propose and compete—and for the VA to perform a sound evaluation and best value tradeoff.

Paragraph: 36C24C19Q0033-001.docx *Page Number:* 6 *Section Title:* MSPV Business Practices *Paragraph Number:* 1	How will the VA address potential conflicts of interest associated with the dual-roles that may be performed by a PV? Specifically, a PV that is also an OEM may be incentivized, through a higher profit, to provide their own, non-formulary, products in response to the facility requirements.
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 12 *Section Title:* Drop Shipments *Paragraph Number:* 1	Please describe the value-add provided by Resellers with only drop ship capability.
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 6 *Section Title:* Type of Contract *Paragraph Number:* 4	Pursuant to the draft solicitation, VHA COs would reserve the right to cancel or terminate a BPA. What parameters has the VA established regarding which VHA CO may terminate a BPA? How much time would the PV have to reduce inventory?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 12 *Section Title:* Drop Shipments *Paragraph Number:* 3	How will the VA address potential conflicts of interest issues associated with the 6-month shelf life requirement and minimum 75% shelf life requirement?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 11 *Section Title:* TAA Non-Compliance *Paragraph Number:* C	Please describe the waiver process and how long does it take?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 3 *Section Title:* - *Paragraph Number:* -	What is the significance of the change in the solicitation number in the header beginning on page 3 from 36C24C19Q003 to 36C25519Q0329?

Paragraph: 36C24C19Q0033-001.docx *Page Number:* - *Section Title:* - *Paragraph Number:* -	Although the draft solicitation utilizes a tiered evaluation, it does not include the provisions required should the evaluation reach Tier 4 large businesses. For example, large businesses would not be required to submit a FAR required Small Business Subcontracting Plan (SBSP) that meets VA Secretary and VAAR requirements. Nor does it include the associated Liquidated Damages clause. How will the VA address this during implementation?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 12 *Section Title:* F.1. *Paragraph Number:* -	Are PV's free to choose between various other designated Government contract instruments, or are the PVs required to provide preference and priority to Government contracts awarded to SDVOSBs?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* - *Section Title:* - *Paragraph Number:* -	Would all PV BPA orders/subcontracts be part of the SBSP--and required to meet those goals?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* - *Section Title:* - *Paragraph Number:* -	How does the VA plan to address small business subcontracting at Tier 4?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 6 *Section Title:* D *Paragraph Number:* -	The PV contract is for 9+-years, but the BPA is only for 5-years. What is the reason for this discrepancy?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 7 *Section Title:* A1, 2, B2 *Paragraph Number:* -	The terms of the commercial agreement significantly impact the price of the product. If the commercial agreements are not executed before the award of this contract, can the awardee modify its product price to account for price increase/decrease as a result of the commercial agreement with PV?

Paragraph: 36C24C19Q0033-001.docx *Page Number:* 18, 19 *Section Title:* - *Paragraph Number:* -	What relevance does FAR 32.001 have when the PV does the ordering?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 20 *Section Title:* 852.246-71 *Paragraph Number:* -	What relevance does 852.246-71 have when the PV does the ordering?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 21 *Section Title:* 12 *Paragraph Number:* -	51.219-4 is required in all full and open competitions (*i.e.* Tier 4)
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 22 *Section Title:* 20 *Paragraph Number:* -	What is the rational for not including liquidated damage clause?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 6 *Section Title:* B. Scope *Paragraph Number:* 5	You state that this procurement is set aside based on an order of priority established in 38 U.S.C 8127; are you going to adhere to the mandatory source requirements of 41 U.S.C. 8504(a) and FAR parts 8.002, Priorities for Use of Mandatory Sources, and 8.704(b) ("no other provision of the FAR shall be construed as permitting an exception to the mandatory purchase of items on the Procurement List")?
Paragraph: 36C24C19Q0033-001.docx *Page Number:* 20 & 36 *Section Title:* C. 5 & E.7 *Paragraph Number:* 5 & 7	Request insertion of FAR clause 52.208-9, Contractor Use of Mandatory Sources of Supply and Services, per FAR 8.005 Contract Clause.

Paragraph: Attachment 1 Bid Sheet *Page Number:* - *Section Title:* - *Paragraph Number:* -	Once 52.208-09 is included, will mandatory sources of supply be exempt from submitting bids since their products appear on the Federal Procurement List at the U.S. AbiltiyOne Commission established Fair Market Price?
Paragraph: SBA Letter *Page Number:* - *Section Title:* - *Paragraph Number:* -	We noticed that the Non-Manufacturing Waiver from SBA states the rule does not waive other government-wide requirements applicable to government procurements. Will the VA consider adding language to clarify that the mandatory source provisions of 41 U.S.C. 8504(a) and FAR 8.002, AbilityOne products in particular, still applies?

Attachment 2

MSPV 2.0 Supply BPA Draft RFQ – Comments and Questions

As a threshold matter, the Coalition's response to the Draft RFQ incorporates by reference/includes the Coalition's MSPV 2.0 Industry Questions, dated April 4, 2019. Coalition member look forward to the VA providing direct responses to these questions. The questions reflect the ambiguities, uncertainties, and process issues identified by all stakeholders relating to the creation of a VA-unique medical logistics system that departs from standard commercial practices, as contemplated by the Draft PV solicitation and the Draft Supplier RFQs.

Clinical Input and Formulary Management

1. How does the 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. The VA refers to an outdated "Clinical Utility" evaluation processes. The draft documents, however, do not address the new legislative clinical review and selection requirements.

Additional Comments and Questions

1. Industrial Funding Fee ("IFF") is not addressed and not re-defined by the draft MSPV 2.0 solicitation. Does this mean that only FSS BPA awards will adhere to standard FSS IFF fee payments? Or, will other open market BPA awards be exempt from IFF fee payments?

2. Product selection, SDVOSB partnerships, hidden distributor costs, modifications, and timelines all remain issues, including conflicts with QSR Reporting and Electronic Payments.

3. Pursuant to the draft solicitation, evaluations of quotes will be based on clinical utility, price, and past performance. What is clinical utility? The definition is unclear. How will relevance be assessed?

4. VHA clinicians will participate in the evaluation of supplier quotes – the VA should be required to identify these clinicians and state how they are qualified to review particular categories of products under the legislation passed by Congress last December.

5. Awards will be made using comparative analysis. What are the standards for performing a comparative analysis/best-value tradeoff? Currently, the evaluation criteria do not provide sufficient specificity.

6. Within 60-days of each prime vendor contract award, awarded BPA holders are required to establish commercial agreements with all PV's. If, however, a particular BPA holder does not already work with a certain prime vendor at the time of award, it will likely take a lot longer than 60-days to establish an agreement. In addition, the VA's draft RFQ does not specifically state what should be covered by these commercial agreements. The draft solicitation does, however, provide that commercial agreements cannot contradict BPA terms or prime vendor contract terms. Under these circumstances, BPA holders and prime vendors would be required to share their award documents with each other to confirm the terms that they cannot contradict. For many companies, such an arrangement would be a significant issue.

7. Pursuant to the draft solicitation, the VHA will make the final determination regarding whether supplies offered by vendors fit within particular product categories listed in the RFQ. How will the VHA be making this determination? Considering that many of the 25 product categories listed in the RFQ are not product categories recognized by the medical industry, understanding how this determination will be made is critically important.

8. 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?

9. What information will be required for submission as part of each "Volume" of a vendor's proposals (*e.g.* Technical, Past Performance, etc.)? In addition, what evaluation standards will be used to assess these submissions for award purposes?

10. Although language at the beginning of the draft RFQ document states that items must be TAA compliant, the TAA clause is not checked. The Buy American Clause, however, is checked. Given the expected dollar volume of BPA awards, TAA should apply in lieu of BAA.

11. Document 000 ("Special Notice") states that the authorized distributor/supplier must have the commercial agreement in place with the PV within 30 days of award. Document 001 ("Solicitation"), however, states that it must be in place 60 days of award (page 7, Section II A 2.). The VA should address this apparent discrepancy.

12. The requirement that, "PV's must have relationships with ALL VA authorized suppliers and must be able to have ALL supplies on the MSPV Product List Available for order..." may not be sustainable outside of the largest existing/previous Prime Vendors (PV). To address this concern, the VA should:
    a. Request and publish a list of all interested parties concurrent, yet separate from, the RFP; and let manufacturers comment on the status of existing commercial contractual standing. This would provide VA with a better understanding of potential PV distributors' capabilities related to establishing commercial agreements prior to any PV designation.

13. To ensure the fullest opportunity for success in this new, government-unique medical logistics model, the VA should consider working with all stakeholders to establish

criteria for evaluating the capability of resellers, including SDVOSB/VOSBs, to perform in support of the PVs, OEMs, and the VA. These criteria should assess the commercial distribution capabilities of resellers (physical and financial resources, commercial agreements, EDI capability, etc.).

14. Will the PV's in the VISN's designated for set aside be required to work with each manufacturer's authorized SDVOSB distributors that are also suppliers to the MSPV formulary?

15. The MSPV product list, which is maintained by the Office of Procurement for VHA, is listed as the Authoritative source for product sourcing. Does the list provide options for PV's to purchase the same manufacturer part number, either directly from the manufacturer, or from a manufacturer's authorized SDVOSB distributor partner?

16. How will the VA handle situations where the PV is also a manufacturer? Specifically, how will the VA address substitute products for Authorized Supplier products? Does the VA see this a potential conflict of interest that it plans on address with all stakeholders?

17. How is the Lovell proof of concept, validating or conceptualizing the way forward? Is it possible to currently map that existing process and overlay the proposed contractual strategies as a way forward?

THE COALITION
for Government Procurement

April 26, 2019

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Subject: MSPV 2.0 Prime Vendor Draft Solicitation (# 36C10G19R0022)

Tonya and Christopher,

Thank you for the opportunity to provide comments in response to the Department of Veterans Affairs' (VA) Prime Vendor draft Request for Proposals (RFP) Medical/Surgical Prime Vendor ("MSPV") 2.0 program.

The Coalition for Government Procurement ("the Coalition") is a non-profit association of firms offering commercial services and products to the Federal Government. The Coalition's Healthcare Committee members provide more than $12 billion worth of healthcare products/services and pharmaceuticals to support the healthcare needs of our nation's veterans. Our members include small, medium, and large businesses. We are proud to have worked with Government officials for nearly 40 years towards the mutual goal of common-sense acquisition.

The draft solicitations for the future MSPV 2.0 program seek to establish an entirely new, government-unique medical/logistics model for the VA. As such, many questions remain that will impact all stakeholders' ability to supply best-value solutions in support of veterans' healthcare. In addition to our comments on the draft RFP, attached is a list of these questions submitted on April 4, 2019 from member companies (prime vendors, original equipment manufacturers (OEMs), and resellers including SDVOSBs and VOSBs) that we request the VA provide clarification on to ensure the efficient and effective implementation of this new medical/logistics model.

Thank you again for the opportunity to submit comments. If you have any questions, I may be reached at (202) 315-1051 or rwarldron@thecgp.org.

Sincerely,

Roger Waldron
President

MSPV 2.0 Draft RFP Response

The Coalition for Government Procurement sincerely appreciates the opportunity to provide feedback on the VA Strategic Acquisition Center's MSPV 2.0 Prime Vendor Draft RFP.

The acquisition strategy outlined in the Draft RFP remains inconsistent with Healthcare Supply Chain best practices. Because it is an entirely new, government-unique medical/logistics model, tremendous supply chain shifts will be required of both Distributors and Suppliers. We are concerned that this approach will make it much more difficult for the VA to achieve its objectives for the MSPV 2.0 program in support of veterans' healthcare, especially in the planned 120-day timeframe. It is also important to note that the 120-day implementation plan is scheduled for the peak holiday and influenza season, December 1, 2019 through December 31, 2019.

An additional challenge in the Draft RFP is the lack of transparency concerning the Distributor Agreements. Without the Distributor Agreements and known distribution cost factors, members report that Suppliers will have difficulties with BPA pricing offers. In turn, OEMs will have difficulties establishing new SDVOSB/VOSB Reseller Agreements to support the MSPV 2.0 program.

Template

The following chart includes questions and comments from Coalition members specific to the Draft RFP. We look forward to the VA's response to these questions and its clarifications in the Final Prime Vendor RFP.

ID	Paragraph (please reference RFP, SOW, or Attachments)	Page #	Section Title	Paragraph	Offeror's Comments
1	Solicitation 36C10G19R0022-001.pdf	Cover Page	NAICS	1	This solicitation is using NAICS code 42350 vs. 42352 in Jan-RFI and 339113 in NG. While 42350 seems reasonable, is there any other intention we need to understand?
2	Solicitation 36C10G19R0022-001.pdf	6	a. Service Level Agreement Fee	2	The current SLA Agreement fee is 0.50% and moving to 3.0%. Is the expectation to continue billing the stations on a monthly basis a 3.0% service fee? Or have added to item pricing?
3	Solicitation 36C10G19R0022-001.pdf	59	E.8 ADDENDUM to FAR 52.212-2 EVALUATION–	4	TIERED EVALUATION APPROACH: How were these VISN's selected as set-aside?

			COMMERICAL ITEMS		
4	SOW 36C10G19R0022-006.pdf	23	6. The current business rules (described below) are also in effect:	2	b. The PV shall place the order with the supplier within one hour and provide an Order Confirmation to the customer within one hour of order placement with the supplier. Need to make the time requirement "less than 1 hours" or "within same business day for orders received prior to 1PM local time"
5	SOW 36C10G19R0022-006.pdf	31	3. Adjusted Fill Rate:	1	Adjusted Fill Rate should include exemption of Usage Spikes >125% of average monthly usage. This is commonly used in industry. Doesn't mean exempt from filling the order(s), just add to the equation of adjusted fill rate.
6	SOW 36C10G19R0022-006.pdf	34	7. Non-Core List: Fill rate	1	Drop Ship Items cannot be included in a fill rate unless a requirement of the drop-ship vendor is made to include shipment notification to end-user/provider. Today, PV receives an invoice, but that isn't measure of timing of shipment by drop-ship vendor to end-user.
7	SOW 36C10G19R0022-006.pdf	42	F. Alternate Delivery Locations	2	a. Outside locations - should include a mileage radius (i.e. within 10-25 miles) Intent is to prevent a large difference which may be a very different delivery requirement.
8	SOW 36C10G19R0022-006.pdf	42	F. Alternate Delivery Locations	3	b. Inside Locations - should state that anything beyond the main dock should be quoted for service. "around the wall on the main dock" is very different than "12th floor on a wing far from the dock." That starts to become

					delivery to departments which has additional costs
9	SOW 36C10G19R0022-006.pdf	67-89	VAMC and OGA Facilities	N/A	VISN 21 Locations in Hawaii, Philippines, Guam and American Samoa should have a provision in the distribution fee structure separate from CONUS VISN 21 locations. There is a very real higher cost to serve those off-shore locations and it would be better to segregate from CONUS locations Similar to how Puerto Rico is separate from rest of VISN 8
10	SOW 36C10G19R0022-006.pdf	67-89	VAMC and OGA Facilities	N/A	VISN 20 Alaska should have a provision in the distribution fee structure separate from lower 48 states VISN 20 locations. There is a very real higher cost to serve Alaska and it would be better to segregate from CONUS locations Similar to how Puerto Rico is separate from rest of VISN 8
11	Pre-solicitation Notice	2	N/A	N/A	Why is VA electing to go with IDIQ PV distribution contracts as opposed to FAR 16.503 VISN-level requirements contracts?
12	SOW 36C10G19R0022-006.pdf	59	Award Based on Best Value Trade-off to the Government	E.8	Price is never the least important factor; why list it as such when in practical application price is typically a primary evaluation factor? Recommend the VA reconsider the weighting of the factors with this in mind. Why would this be the intent for VISN-wide PV distribution contracts, especially from taxpayers' perspective?

13	SOW 36C10G19R0022-006.pdf	47	Addendum to FAR 52.212-1 Instructions to Offerors—Commercial Items	E.6	The cascading set-asides for VISNs 1,2, 4, 8, 10, & 19 (SDVOSBs considered within first tier, exclusively, then VOSBs in the next tier, all the way down the line to large businesses in the last tier). Cascading RFPs are relatively new to VA. It is unclear how VA will be able to determine "best value" and "fair and reasonable" without being able to compare the proposed PV distribution fees from the first tiers to those included within the proposals of the remaining tiers. Given the large geographic area of the VISNs, how will VA determine whether SDVOSB and VOSB wholesalers / distributors can meet all of the ordering / distribution / logistics required to provide just-in-time deliveries to all of the participating facilities within the set-aside VISNs?
14	SOW 36C10G19R0022-006.pdf	7	Type of Contract	D.2.a.	How did VA determine 120-days is sufficient administrative time for continuity of medical/surgical supplies and services at required quality levels as well as anticipated inventory levels for each facility covered by the contract to begin accepting orders and delivering medical/surgical supplies for all facilities under this contract no less than 120-calendar days from date of contract award? Note, implementation is scheduled during peak holiday and influenza season, 12/1/2019 through 3/31/2019.

					Establishing new agreement between Suppliers and new small business Prime Vendor distributor can take sufficient time depending on the size of the supplier and number of products. At the supplier end the entire concept needs to be presented to senior management for approval. Then discussions between the PV and supplier and then the general council/lawyers get involved. This can take between 2 and 6 months.
15	SOW 36C10G19R0022-006.pdf	7	Type of Contract	D.2.a.	The RFP states the forthcoming solicitation will be issued as a set-aside for Small Business concerns specifically for CLINs associated with VISNs 1, 2, 4, 8, 10, and 19 utilizing a tiered approach based on an order of priority as established in 38 U.S.C. 8127. This indicates additional new unknown business distributor agreements will need to be established for any BPA Supplier awardee, including new SDVOSB resellers. The new and old PV distributors will be required to establish new business agreements in 60-days, build new EDI/EFT business connections, create new supplier and product system setups and price files, create new MSPV territory account setups and build 30-90 days of inventory with replenishment forecasts and safety stock from VA last 6-month data to begin order processing in 120 days post-distributor award.

					Is 120-days sufficient time to avoid service problems and success?
16	Solicitation 36C10G19R0022-001.pdf	5	SAC 18-01-SAC Service Level Agreement Fee	B.3.a.	Who is responsible for paying the fee? With the continuation of the MSPV SLA Fee (3%), does the VA also plan to continue the current Supplier IFF Fees (1.5%)? And how does it plan to account for any BPA Supplier awards not based on an FSS agreement?
17	SOW	7	MSPV Business Process – Commercial Supplier Agreements for Medical Surgical Supplies	Section II.A.	The SOW indicates the commercial agreements prescribed in this RFP are solely between the PV and VA authorized suppliers, and do not involve the Government as a party. Besides the $10 Million Liability coverage limit for Suppliers, how will the VA determine the distributor agreements are fair & reasonable for Suppliers to accept within 60-days?
18	SOW	7	MSPV Business Process – Commercial Supplier Agreements for Medical Surgical Supplies	Section II.A.	The lack of distributor guidelines for the distributor agreements with the Suppliers is a key problem. With commercial practice, the IDN defines those

					requirements for the distributor partnership. A commercial IDN decides clinical product choice (OEM) and then sets requirements for a distributor partner to support. And through the negotiation and value analysis process, the Core and Non-Core Lists will be finalized between the IDN and Distributor without any cost shifting to the OEM product selection and product source. In the commercial partnership offer, the distributors will need to explain and qualify any cost difference and savings for product choice and sourcing based on the IDN guidelines.
19	SOW	9	Supply Classification – Core List	C.1.	If we are understanding correctly, each facility is to develop their own Core List. But the Core product must be on the PV Catalog first which is selected by the VA Central Office and the SAC. How will products not selected by the VA Central Office and the SAC get added to the Core list after the initial Core list is established between the PV and the VA facility? How can additional products used on a regular basis be able to get on the Core list at the facility?

20	SOW	15	Work Requirements for Prime Vendors	Section IV.A.1.	What if the supplier does not want to establish commercial agreements with the PV even if the product is on the PV catalog for some of the products? Can the facility order direct from the supplier assuming the sale is under $10K?
21	SOW	17	Core List Creation and Management – Establishing Core List	B.1.a.	What if products from the VA Central Program Office or SAC sends products not on the PV Catalog? Can the facility add them to the Core List? Can the individual facility can set up their own Core List?
22	SOW	7	Type of Contract	D.2.a.i	Are Prime Vendors able to "charge" admin or tracing fees to the contract holder? Is this accurate?
23	SOW	22-23	Drop Shipments	H.2	It clearly mentions that Drop Shipments will be allowed but says they will "not be on the core list". What does this mean? What is the impact of having products on the non-core list versus core list? Will one take ordering priority over the other?
24	SOW	24	Pre-approved Substitute Supplies	J	It mentions that product substitution has to be agreed upon by the VA facility, but they will be recommended by the PV. Can you elaborate on this process? Is there documentation or multiple approvals to assure compliance?

25	RFP	6		a.	Please define the term "all contract sales under this contract". Does this define the total of items acquired from suppliers, or does it define something else?
26	RFP	6		a.	Are PVs required to include/embed the additional 3% SLA in their fees for use of this PV contract?
27	RFP	24			Please confirm that the orders placed by the PVs on VA awarded supply contracts are or are not considered subcontracts for the purposes of the required SBSP.
28	RFP	28			Would Executive Order 13495, Nondisplacement of Qualified Workers Under Service Contracts apply to this contract?
29	RFP	30			Please identify the minimum order amount.
30	RFP	32	C.10		Please explain how and where offerors are to comply with this clause that requires Guaranteed Shipping Characteristics. How will this information be evaluated? Will offerors be authorized to use government contracts for shipping?
31	RFP	47	E.6.1		The clause states that proposals must "be competitive is terms of market prices, quantity, and delivery." Request this wording be revised to more precisely reflect this RFPs evaluation criteria as stated in E.6. Terms such as

					"competitive", "market prices", "quantity", and "delivery" are not part of criteria for determining either this proposal's acceptability nor best value.
32	RFP	47	E.6.1		The clause states that the CO "will consider awarding directly" if only one acceptable offer is received. Given that the proposal is acceptable and therefore also includes a fair and reasonable price, what other considerations are there?
33	RFP	47	E.6.1		If an offeror is both an SDVOSB and a HUBZone small business, will that offeror's proposal be considered and re-considered during the first three tiers as a small business proposal, and subsequently as a HUBZone small business proposal in the Tier 4 unrestricted competition with the FAR 52.219-4 evaluation preference? Or are multiple proposals required to be submitted for each tier?
34	RFP	54	E.6.4.7		Are wage determinations required for all PV employees, or only for those employees that are located at VA facilities?
35	RFP	57	E.6.8.6		As defined in this clause, orders placed by PVs calling for supplies required for the PV contract would qualify as subcontracts. The reference to "any agreement" clearly covers the required "commercial agreements". So unless the VA expressly excludes these PV orders for

					contract supplies, they will be considered subcontracts. This will significantly impact Small Business Subcontracting Plans. Please clarify whether the VA will or will not exempt PV orders on VA contracts under commercial agreements from this definition of "subcontract".
36	RFP	57	Table 3		The SDVOSB goal should be 15% consistent with the Secretary's current 15% SDVOSB prime contracting goals. Likewise, the VOSB goal should be 17%.
37	RFP	57	Table 3		Are the goals to be evaluated against the total contract value?
38	RFP	59	E.8		While Tier 4 is labelled here "Large Business Concerns", please confirm that this is the tier where a HUBZone Small Business proposal would compete with price evaluation preference.
39	RFP	59	E.8		This clearly states: *After review of Tier 1 proposals, if award can be made at a fair and reasonable price that offers best value to the United States, no additional tiers will be reviewed.* Other RFP references state that the CO may make award or may consider award. Please clarify.
40	RFP	59	E.*		Please clarify that a single offeror's proposal will be evaluated at all tiers for which the offeror is a valid offeror. Therefore, an SDVOSB offeror's proposal would be evaluated at all

					four tiers. Alternatively, is an SDVOSB offeror required or permitted to submit separate and perhaps different proposals for each tier in which it is eligible and wishes to be considered?
41	RFP	62	Table 1		The definition of "marginal" appears to allow award to an offeror that has not demonstrated an adequate approach and understanding. Suggest a revised definition to prevent possible awards to a marginal technical proposal.
42	RFP	64	Factor 5		What is meant by the term "all proposed unit price" in clause E.8?
43	RFP	64	Factor 5		To evaluate "price" per FAR will require applying proposed fees to estimated CLIN costs per VISN. Will you provide these estimated costs per CLIN per VISN? Will all CLINs and subCLINs be evaluated?
44		64	Factor 5		Will there be a total evaluated price per VISN? How will it be calculated?
45		64	Factor 4		Will the VA consider evaluating proposed PV fees as part of the PV contract award evaluation? While the VA may wish to avoid privity of contract issues, these fees will translate into higher VA costs and should be either capped or evaluated in order to reduce/control VA cost.

46	RFP	64	Factor 5		How will the VA determine if a price is fair and reasonable?
47	General				Will the VA establish an online bidders library that contains the various periodic PV reports for each VISN? Such data would level the playing field for all bidders.
48	General				What incentive does a 2.0 supplier that wins a 2.0 supply contract have to reduce its fair and reasonable price on the VA contract so that the various PVs can collect various commercial fees that per GAO range from 5-15% and have no VA monitoring or cap?
49	General				Will the PVs be required to offer the same fees to all suppliers?
50	SOW	3	B.1.b		Paragraph states "VA has identified an authorized source of supply and pricing". Please identify the schedule for these awards. Will they be made prior to the PV awards?
51	SOW	3	A.		There are many Joint VA and DOD facilities. How will this contract apply to those joint facilities? Will VA facilities be required to use MSPV 2.0 since the DOD PV program does not comply with VetsFirst?

52	SOW	4			This states: "the supply prices prescribed in those commercial agreement match those negotiated between VA and the authorized supplier." Does that mean the PV will pay the supplier the same price that the VA has negotiated, or will the PV pay the supplier that price less commercial fees?
53	SOW	4	B.1.d		Please explain where SLAs for supplies for this PV contract enter into these prices.
54	RFP	37			Should VAAR 852.246-71 Rejected Goods be included? Our understanding is that it only applies to acquisitions for supplies per VAAR 846.370.
55	RFP	47	E.6.1		Where can one find the "full and open procedures"?
56	RFP	57	E.6.8.6		If an "approved commercial plan" does not provide SDVOSB/VOSB goals that are "commensurate with the Department's annual SDVOSB and VOSB prime contracting goals (15% and 17% for 2019)," Is it an acceptable Plan? What is the rational given the requirement of VAAR 852.219-9?
57	RFP	59	E.8		Does E.8 apply to all tiers?

58	RFP	60	E.8		How will the "fair and reasonable" determination be reconciled with the Best Value Tradeoff in E.8 and the evaluation Methodology in "Evaluation Criteria"?
59	SOW	9	Sec 2	B1	PVON - 16-digit requirement could be problematic, as most systems have a limit to the number of digits available in a particular field. What is the reason behind this request and can't it be achieved through another product identifier currently available in the database?
60	SOW	9	Sec 2	C1	Corelist - Please define 1 unit every 30 days. Especially for a low unit of measure customer.
61	SOW	32	T	3	Please clarify if a partially filled order is removed from the fill rate calculation when it is cancelled or killed, or if it counts as an unfilled line. There is also confusion if a partially filled line will be counted by line or quantity filled (i.e. how will a single order for 100 be counted if 95 are filled)?
62	SOW	8	Section II. MSPV Business Processes – Commercial Supplier Agreements for Medical Surgical Supplies	Section II. A. 5.	It is stated that the Prime Vendor can require the supplier to provide up to $10 million of product liability coverage per commercial supply contract holder. Should that be $1 million vs $10 million?

63	RFP	47	E.6. Addendum to FAR 52.212-1 Instructions to Offerors—Commercial Items	E.6.1	For the Full and Open Competition VISNs, if a SDVOSB submits a proposal is there any additional credit for the SDVOSB in the evaluation?
64	RFP	35	VAAR 852.219-71 VA Mentor-Protégé Program	C.15	Should this refer to the SBA Mentor-Protégé program?
65	Draft RFP	34	C.11 Clauses Incorporated by Reference	11	52.208-09, Contractor Use of Mandatory Sources of Supply and Services, is inserted by reference and requires a contractor to provide supplies for Government use that are on the Procurement LIst maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled; per FAR 8.005, are you going to identify in the contract schedule the supplies that shall be purchased from a mandatory source and the specific source?
66	SOW	3	I. Scope	I.B.1.b.	The VA is going to identify authorized sources of supply and pricing and make a list of Authorized Suppliers available to the Prime Vendors; will the VA require Prime Vendors to conform to the FAR by procuring mandatory items from mandatory sources; and, adhere to U.S. AbilityOne program policies and terms including, but not limited to: payment terms, return policy, Essentially-the-Same (ETS) compliance, etc.?
67	Draft RFP	34	C.11 Clauses Incorporated by Reference	11	52.208-09, Contractor Use of Mandatory Sources of Supply and Services, is inserted by reference and requires a contractor to provide supplies for Government use that are on the Procurement LIst

					maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled; per FAR 8.005, are you going to identify in the contract schedule the supplies that shall be purchased from a mandatory source and the specific source?

THE COALITION
for Government Procurement

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?