

ORAL STATEMENT

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

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

Today, my remarks summarize my written testimony, which has been submitted to the committee, and which I ask to be included in the record.

Coalition members strongly support the VA's efforts to implement a clinically-led program office to develop sound requirements. These requirements will define the scope of the VA's formulary and the commercial medical and surgical products available through the MSPV program, national contracts, and the FSS. A clinically-led program office serves as the bridge between the program entities generating requirements and VA procurement professionals and contractors by identifying, collecting, analyzing, and communicating formulary requirements across the department and to industry.

Given this central role in the VA logistics supply chain, it is vital that the program office be managed and led by clinicians. This management includes the naming of a Medical Supply Chain Leader responsible for formulary management and engagement with industry, along with the investment of resources to implement a robust, clinically-led program office for medical requirements development.

Further, this office should serve as the lead POC for industry about new products and innovations. This role would provide industry with a clear, direct channel through which it can engage with the department and share the latest developments in the rapidly evolving field of medical and surgical technologies.

Engagement with industry, however, is just one factor in developing a robust formulary. Input from healthcare providers and treatment facilities across the VA, along with the availability and analysis of transaction data, are critical to developing an effective, efficient formulary. The lack of meaningful, accurate purchase data undermines the development of a comprehensive, holistic formulary. In this regard, the current significant reliance on Government Purchase Cards undermines the VA's formulary because it fails to provide such data. The condition is circular: treatment centers use the purchase card because items are not on formulary, and, as a result of that use, the VA lacks the data necessary to improve the formulary.

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

Coalition member support the VA's efforts to modernize its financial and logistics systems. These systems are critical, indeed foundational, to creating, managing, and collecting data to support clinically-led sourcing. With regard to DMLSS, transparency regarding implementation schedule, milestones, and operations will assist all stakeholders in responding to changes in the federal healthcare market. The VA's industry partners need to understand the implications for their business of a transition to this new logistics channel. Correspondingly, all stakeholders will need to understand how the DLA contracts will evolve over time with the expanded scope and increased usage by the VA.

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

Chairman Moran and Ranking Member Tester, the job is complicated, but the suggestions made could help the VA improve the supply chain programs that serve our veterans. Thank you again for the opportunity to address the Committee. I look forward to answering questions.