

## 6th Annual U.S. Department of Veterans Affairs Business Conference

May 16, 2018



## National Acquisition Center

### Federal Supply Schedule Service (FSS) and National Contract Service (NCS)

#### SPEAKERS:

Micole Stephens - Procurement and Resource Specialist- FSS  
Brendalee Clarke - Procurement and Resource Specialist- NCS



# Agenda

- National Acquisition Center Overview
- What does the VA buy?
- VA OSDBU Small Business Obligations
- Program Offices
- VA Federal Supply Schedule Service (FSS)
- National Contract Service (NCS)
- Best Practices
- Steps to Initiate an FSS Proposals
- Contract Award Decision
- VA NAC Search Tools
- SCOTUS Kingdomware Ruling



# National Acquisition Center Overview

- Associate Executive Director: Craig Robinson.
- Reports to the Office of Procurement, Acquisition and Logistics.
- Consist of two (2) major contracting service elements under the Program Offices of National Contract Service and Federal Supply Schedule Service.
- Located in Hines, Illinois and Golden, Colorado.
- Over 2,000 Active Contracts.
- Serves and Supports VA, Other Government Agencies (OGAs), State Veteran Homes (SVHs), State/County/City/Local Government Customers.
- \$24 Billion in Sales Transactions (FY17).
- Nearly 2/3 of contract actions awarded to small business providers.



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# What does the VA buy?

- **Pharmaceuticals and medical and surgical supplies**
- **Equipment, supplies, and materials for facility operation**
- **Maintenance and repair of medical and scientific equipment**
- **Building construction, maintenance, and repair**
- **Prosthetic and orthopedic aids**
- **Non-IT enterprise-wide solutions**
- **Enterprise-wide solutions in information and technology**
- **Architect/Engineer services**



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# VA OSDBU Small Business Obligations

## VA Top 10 Industries and Small Business Obligations for FY 2016 (VA OSDBU)

Industry	VA Total \$\$	VA SB \$\$	SB %
▪ <b>Pharmaceutical Preparation Manufacturing</b>	\$4,381,642,614.45	<b>\$63,987,174.57</b>	<b>1.46%</b>
▪ Commercial/Institutional Building Construction	\$1,378,479,633.78	\$1,123,903,939.37	81.53%
▪ <b>Electromedical/Electrotherapeutic Apparatus Manufacturing</b>	<b>\$654,379,161.99</b>	<b>\$35,139,744.88</b>	<b>5.37%</b>
▪ Other Computer Related Services	\$645,598,026.16	\$582,177,750.30	90.18%
▪ <b>Surgical Appliance And Supplies Mfg</b>	<b>\$631,889,088.14</b>	<b>\$254,511,422.76</b>	<b>40.28%</b>
▪ <b>Medical/Dental/Hospital Equipment &amp;Supplies</b>	<b>\$605,984,053.58</b>	<b>\$215,331,520.78</b>	<b>35.53%</b>
▪ <b>Surgical And Medical Instrument Mfg</b>	<b>\$518,784,009.73</b>	<b>\$232,514,907.38</b>	<b>44.82%</b>
▪ <b>Irradiation Apparatus Mfg</b>	<b>\$506,546,103.71</b>	<b>\$13,031,199.60</b>	<b>2.57%</b>
▪ Computer Systems Design Services	\$332,932,376.88	\$149,987,876.34	45.05%
▪ <b>Offices Of Physicians (Except Mental Health Specialists)</b>	<b>\$295,551,062.15</b>	<b>\$57,056,803.61</b>	<b>19.31%</b>



# Program Offices

- VA Federal Supply Schedules Service

- Commercial Products & Services
- Every Company provided same opportunity to acquire a contract
- Open & Continuous Solicitation
- Multi-Year Contracts (5 years w. 5 year option)
- Ordering open to all Federal agencies, and to State & Local Gov't under Stafford Act
- Can add new products, delete products and affect price changes (increases/decreases)

- National Contract Service

- Standardized Contracts
- Pharmaceuticals
- High-Tech Medical Equipment
- Consolidated Requirements/Buys
- Laundry Processing Systems
- Prime Vendor Distribution (Pharmaceuticals and Subsistence )



# VA Federal Supply Schedules (FSS)

- **Responsibilities:**
- Under delegated authority by GSA, see FAR 8.402(a) the VA manages multiple award contracts for medical equipment, supply, pharmaceutical, and service Schedule programs. With over \$14 billion in sales, the VA FSS Service supports the healthcare requirements of the VA and other federal government agencies by providing Federal customers with access to over 1 million state-of-the-art commercial products and services.
- Federal agencies, including those in remote and overseas locations, can use the VA Schedules program to simplify the acquisition and procurement process while also effecting shorter lead times, affording lower administrative costs, and promoting reduced inventories.





# VA Federal Supply Schedules (FSS)

- Schedules:
- Medical Equipment and Supplies (FSS 65 II A)
- Pharmaceuticals (FSS 65 IB)
- Dental Equipment & Supplies (FSS 65 IIC)
- X-Ray Equipment & Supplies (FSS 65 VA) (Includes X-ray Film)
- Mobility Devices (FSS 65 IIF) (wheelchairs, Scooters, Walkers, Canes, etc.)
- Invitro Diagnostics, Reagents, Sets & Kits (FSS 65 VII)
- Clinical Analyzers, Cost-Per-Test (FSS 66 III)
- Professional & Allied Health Care Services (FSS 62 1I)
- Reference Lab (FSS 62 1II)



# VA Federal Supply Schedules (FSS)

- Schedules:
- Our program manages Delegated Authority by the General Services Administration, the VA Federal Supply Schedule (FSS) program supports the healthcare acquisition needs of the VA and other government agencies. Our program manages nine (9) multiple award Schedule programs for medical equipment, supply, pharmaceutical, and service contracts (FSS 65, 66, and 621).

Schedule	FY17 Sales Total	Small Business	Women Owned	Small Disadvantaged	8(a)	Hub Zone	Veteran Owned	Disabled Veteran Owned
Pharmaceuticals (65IB)	\$11,070,438,722.32	6.83%	0.91%	0.19%	0.11%	0.18%	0.84%	0.18%
Medical Equipment & Supplies (65IIA)	\$1,633,797,150.67	40.95%	11.38%	6.59%	0.43%	9.98%	19.37%	17.08%
Dental Equipment & Supplies (65IIC)	\$103,809,411.22	12.19%	1.03%	0.33%	-	0.00%	0.17%	0.07%
Mobility Devices (65IIF)	\$204,010,772.11	56.26%	10.57%	0.82%	0.48%	0.07%	13.36%	4.20%
X-Ray Equipment & Supplies (65VA)	\$5,077,421.00	95.91%	75.15%	-	3.48%	-	1.27%	-
Invitro Diagnostics (65VII)	\$142,336,516.00	2.75%	0.39%	0.06%	0.04%	0.27%	0.88%	0.61%
Clinical Analyzers, Cost-Per-Test (66III)	\$304,123,640.19	1.98%	-	-	-	-	-	-
Professional & Allied Healthcare Staffing (621I)	\$434,156,223.54	61.88%	13.30%	12.64%	9.19%	2.25%	17.65%	16.03%
Reference Lab (621II)	\$132,164,721.13	1.34%	-	0.00%	-	-	-	-

# VA Federal Supply Schedules (FSS)

- Steps To Initiate FSS Proposals:
  - Step 1 – Take GSA’s “Pathway to Success” course
    - New Contractor Orientation. Certificate is provided
  - Step 2 – Review the NAC/FSS Website/Learn how to get on Schedule
  - Step 3 – Ensure your company has completed all regulatory and compliance checks
  - Step 4 – Select the best fit for your products/services and download the solicitation
    - <https://www.va.gov/oal/business/fss/schedules.asp>



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# VA Federal Supply Schedules (FSS)

- Best Practices— Proposal Review:
  - Understand the review process and anticipated timelines.
  - Provide **timely** and **complete** responses to all requests for information and clarification requests.
  - **Ask questions!** If you are not sure what information to provide contact the FSS Help Desk or your assigned contracting officer.
  - Be ready to negotiate the company's **best offer**.



# National Contract Service (NCS)

- Responsibilities:

- Our program is comprised of three (3) major divisions: High-Tech Medical Equipment (HTME) Division, Pharmaceuticals Standardization Division, and National Prime Vendor Distribution (Pharmaceutical and Subsistence).

- National committed use contracts and standardized blanket purchase agreements established against the Federal Supply Schedule Program.
- Acquisition support for high-tech medical equipment, pharmaceuticals, and direct-to-patient distribution.
- Manages the just-in-time delivery for pharmaceutical and subsistence programs.

Program	FY17 Sales Total	Small Business	Women Owned	Small Disadvantaged	8(a)	Hub Zone	Veteran Owned	Disabled Veteran Owned
Laundry Equipment	\$14,680,785.00	100.00%	-	-	-	-	1.05%	-
National Contracts (Med/Surg)	\$10,121,137.00	0.00%	-	0.00%	-	-	0.00%	0.00%
Pharmaceutical National Contracts	\$982,374,254.51	42.64%	3.46%	3.51%	0.38%	0.42%	4.81%	1.13%
Pharmaceutical Prime Vendor Program	\$6,353,600,146.24	-	-	-	-	-	-	-
Pharmaceutical Repackaging	\$18,394,553.16	6.75%	-	-	-	-	-	-
Pharmaceutical Reverse & Distribution & Disposal	\$34,785,248.99	81.27%	-	-	-	-	-	-
Radiology and Imaging	\$230,527,308.01	1.93%	-	0.00%	-	-	0.00%	0.00%
Subsistence Prime Vendor	\$231,558,392.20	-	-	-	-	-	-	-
BOA (Med/Surg)	\$1,847,409.42	100.00%	-	-	-	-	-	-



# National Contract Service (NCS)

- **High Tech Medical Equipment (HTME) Division:** consists of two (2) teams Contract Administration and Ordering.
- HTME awards indefinite-delivery, indefinite-quantity (IDIQ) contracts jointly with the Department of Defense (Defense Logistics Agency — Troop Support) for radiology, Picture Archiving and Communication System (PACS), radiation therapy, and other types of high-tech medical equipment. NCS also places the orders against these IDIQ contracts for the healthcare facilities.
- Additionally, NCS awards contracts for laundry equipment and processing systems currently based on individual requests from VA medical centers.
- **National Prime Vendor Distribution (Pharmaceutical and Subsistence) Division:** consists of two (2) programs that provide drugs, other pharmaceuticals, food, and food service supplies.
- **Pharmaceutical Prime Vendor:**
  - utilizes just-in time acquisition/inventory processes, a proprietary web-ordering system that provide a myriad of contract reports.
- **Subsistence Prime Vendor:**
  - includes all food and foodservice supplies except for fresh bread, fresh milk, and fresh produce for just-in-time deliveries to all VA Medical Centers and eligible OGAs. The customer base represents 168 VA Medical Centers, 187 Veterans Canteen Service Operations, and over 90 Other Government Agency facilities including Army and Navy hospitals, Job Corp, Indian Health Service facilities, and State Veterans Homes.



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# National Contract Service (NCS)

- **Pharmaceutical Division** oversees four(4) programs: Pharmaceutical Standardization Program, Pharmaceutical Repackaging Program, and Specialty Pharmaceutical Program.
- Works closely with the Veterans Health Administration's Pharmacy Benefits Management team, the VISN Pharmacy Executives, the Medical Advisory Panel, the Department of Defense Pharmacy Operations Division/Defense Health Agency, and Defense Logistics Agency-Troop Support to coordinate clinical appropriateness with contracting requirements.
- **Pharmaceutical Standardization Program:**

Supports the VA and Other Government Agency pharmaceutical standardization contracts that strive for the best clinical outcomes at leveraged prices. Provides Veterans with high quality continuity of health care and afford concentrated buying power to our federal government customers.
- **Pharmaceutical Repackaging Program:**

NCS purchases the bulk pharmaceuticals (e.g., in bottles of 1,000 or greater) requires a contractor to serve as a unit-of-use re-packager and distributor for generic pharmaceuticals needed by the VA healthcare facilities.
- **Specialty Pharmaceutical Program:**

NCS Blanket Purchase Orders (BPAs) have been established for certain specialty pharmaceuticals, for difficult to treat medical conditions or for rare disease states where no other treatment options are available awarded on Federal Supply Schedule (FSS) contracts. Allows for order placement by officially designated VA Ordering Officers and/or warranted VA personnel.
- **Pharmaceutical Reverse Distribution Programs:**

Provides for multiple reverse distributors capable of assisting the Department of Veterans Affairs (VA), Indian Health Service (IHS), Bureau of Prisons (BOP), ICE Health Services Corps (IHSC), and other approved federal agencies authorized to participate in VA's Pharmaceutical Prime Vendor (PPV) Program.



# Contract Award Decision





# VA NAC Search Tools

- NAC Contract Catalog Search Tool (CCST)
  - <http://www.va.gov/nac/>
- VA Small Business Contacts
  - <https://www.va.gov/osdbu/about/contacts.asp#sbl>
- VA Forecast of Contracting Opportunities (FCO)
  - <https://www.vendorportal.ecms.va.gov/eVP/fco/FCO.aspx>



# SCOTUS KingdomWare Ruling

- 2006 - Veterans Benefits, Health Care, and Information Technology Act (Vets First) - Rule of Two
- 2011 - GAO ruling stated VA must comply with Rule of Two – VA chose not to comply with GAO decision
- 2012 – U.S. Court of Federal Claims sided with VA
  - As long as Agency goals were being met for SDV/VOSB
- 2014 – U.S. Court of Fed. Appeals upheld USCFC decision
- 2015 – VA argues “contract” excludes GSA orders before SCOTUS. SCOTUS strikes down lower court decisions in unanimous ruling
  - “On the merits, we hold that [Section] 8127 is mandatory, not discretionary.”

## ***Veterans First Contracting Program Adjustments to Reflect the Supreme Court Kingdomware Decision:***

- *Implementation of the VA Rule of Two:*

On June 16, 2016, the U.S. Supreme Court ruled that consistent with Public Law 109-461 (38 U.S.C. 8127 and 8128), the VA shall award contracts based upon competition restricted to SDVOSBs or VOSBs when a contracting officer has a reasonable expectation, based on market research, that two or more firms listed as verified in Vendor Information Pages database are likely to submit offers and an award can be made at a fair and reasonable price that offers best value to the United States. This is known as the “VA Rule of Two.”



# SCOTUS KingdomWare Ruling

- VA PROCUREMENT POLICY MEMORANDUM (2016-05) dated 25 July 2016
  - <http://www.va.gov/oal/docs/business/pps/ppm201605.pdf>
- VAAR Class Deviation
  - [http://www.va.gov/oal/docs/business/pps/deviationVCFP\\_20160725.pdf](http://www.va.gov/oal/docs/business/pps/deviationVCFP_20160725.pdf)
- Decision Tree Tool
  - <http://www.va.gov/oal/docs/business/pps/flash16-20att3.pdf>
- *“The Veterans First Contracting Program applies to all VA contracts and takes precedence over other small business programs.”*



# Contacts

**NAC Small Business Specialist:**  
Merl Stroder/ [Merl.stroder@va.gov](mailto:Merl.stroder@va.gov)

Phone: 708-786-7600

**FSS Helpdesk**  
<http://www.fss.va.gov>

Phone: 708-786-7737

**NCS Procurement and Resources:**  
Brendalee Clarke/ [Brendalee.Clarke@va.gov](mailto:Brendalee.Clarke@va.gov)

Phone: 708-786-4385

**FSS Procurement and Resources:**  
Micole Stephens/ [Micole.Stephens@va.gov](mailto:Micole.Stephens@va.gov)

Phone: 708-786-5156

**Kingdomware Questions:**  
[vacovaproc@va.gov](mailto:vacovaproc@va.gov)

**CVE Questions:**  
<https://www.va.gov/osdbu/verification/index.asp>

Phone: 866-584-2344



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# THIS CONCLUDES OUR PRESENTATION



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