

Draft Statement of Work (SOW)

(THIS IS A WORKING DRAFT SOW FOR REFERENCE ONLY AND NOT PART OF ANY SOLICITATION PACKAGE)

1. Prime Vendor/FSS Contractor - Dual Role. Federal Supply Schedule (FSS) product prices are FOB destination and the product price includes the delivery fee. Offerors or any of their subsidiaries that hold an FSS contract for items covered by this solicitation and that are awarded a contract resulting from this solicitation shall not charge a distribution fee on the offeror's or any of their subsidiaries' FSS contract products ordered by or provided to facilities under the MSPV contract(s). Invoices submitted for payments must separate the prime vendor's FSS items from all other Federal Government priced invoiced products.

2. PRICE STRUCTURE.

The price for medical and surgical supplies furnished under this solicitation imbeds the distribution fee in the cost of the product. This solicitation establishes the distribution-service portion of the price in a percentage-based distributor fee.

VA has established separate from this solicitation, price contracts for the products that will be distributed through the MSPV program. Price contracts for products shall include Federal Supply Schedules (FSS), VA National Contracts, Blanket Purchase Agreements (BPAs), Basic Ordering Agreements with Ability One Nonprofit Agencies, VISN and facility contracts/agreements. Open market purchases are not covered by this solicitation and are excluded from any resultant prime vendor contract. At time of award, VA will provide the successful offeror the contracted pricing information in electronic format. During the term of the contract, VA will furnish updates to the master listing monthly on the 1st and updates deleting, adding products or changes to product prices as changes occur. The needs of VA medical facilities vary with regards to the kinds of distribution programs employed. The spectrum ranges from Conventional Bulk distribution to Unit of Use or Low Unit of Measure delivery programs in a just in time environment. The intent of this solicitation is to provide maximum benefit and flexibility to all the VA medical facilities as well as to other Government Agencies that might wish to participate in the program at a later date.

2.1 Base Pricing Schedule. The Base Pricing Schedule is the foundation for pricing under this solicitation. The schedule applies to Conventional/Bulk and Unit of Use or Low Unit of Measure distribution methods for deliveries of medical and surgical supplies. Base delivery requirements unique to the two distribution strategies are identified in the Statement of Work.

2.2 Base Distribution Fee.

2.2.1 An offeror shall predicate its Base distribution fee on the estimated values in Section 2.4 and base delivery requirements in Sections 2.3.1 and 2.3.2.

2.2.2 To be eligible for award consideration, offerors are required to propose base distribution fees for both Conventional/Bulk and Unit of Use or Low Unit of Measure distribution strategies for the base and two option periods for the solicitation line item. Evaluation of fee proposals will be made based on the distribution fees offered in Sections 2.5.

2.2.3 Proposals that do not include a distribution fee for the base period and each of the two option periods for both Conventional/Bulk and Unit of Use or Low Unit of Measure delivery methods for the proposal line item of this solicitation, or proposals for less than the total number of facilities covered within the proposal line item, shall be rejected.

2.3 Base Delivery Requirements.

2.3.1 Conventional/Bulk Delivery Method

Number of Deliveries: Three days per week (excluding weekends)

Delivery F.O.B. Destination

Fill-rate: 95% - core items

Time of Delivery: Indicated in Delivery Order

Packaging: Bulk (Usually Case in Corrugated Cardboard)

2.3.2 Unit of Use or Low Unit of Measure Delivery Method

NOTE: See Section -14 Regarding Prime Vendor Distribution Center Clean/Sterile Storage Areas):

Number of Deliveries: Daily, five days per week (excluding weekends)

Delivery F.O.B. Destination Within Consignee's Premises

Fill-Rate: 98% - Core Items

Time of Delivery Indicated in Delivery Order

Packaging: Unit of Use (Shipped in Totes)

2.4 Base Contract Period Estimated Requirements. The estimated value requirements reflect the combined usage by all the Medical facilities identified in this solicitation for Conventional/Bulk and Unit of Use or Low Unit of Measure deliveries as demonstrated by past history. Individual delivery orders will be issued against a resultant contract for products and services covered by this solicitation. The estimated twenty month requirements are not a minimum guarantee or a maximum amount that may be purchased under a resultant contract. Note: VA direct purchases from service disabled, veteran owned small businesses (SDVOSB) are excluded from the requirements obligation under contracts resulting from this solicitation. The following estimate values will be used to evaluate the base contract period and the two options for purposes of fee proposal evaluation.

2.5 Base Distribution Fee. Offeror shall submit its distribution fees in percentage (%) form for each distribution method, below. Offeror shall restrict its distribution fees to no more than two decimal places. Proposals with distribution fees in excess of two decimal places will be evaluated and awarded at the two decimal place limitation. The facilities covered by this solicitation historically have ordered and paid for procurements using the entire spectrum of ordering methods available to the VA, including EDI, Web Based, Purchase Card and Telephonic. Offeror shall take into consideration in its offer that the VA facilities will have payment terms of net 30 days. Offeror's distribution fees proposed for LUM/UOU must be quoted as a stand-alone fee. Fees proposed must not be incremental to the Conventional/Bulk delivery fee.

2.6 Value-Added Services.

In addition to the base delivery requirements and in order to provide customers different levels of service, this solicitation allows medical centers the flexibility to tailor their base delivery requirements and to adjust their base fee with equitable upward/downward adjustments to the Conventional/Bulk and Unit of Use or Low Unit of Measure Delivery methods. Value-added services will not be considered in the evaluation of price proposals, however, the offeror's capabilities to provide value-added services will be evaluated. Value-added service fees shall be submitted as an adjustment (increase, decrease or no change) to the base distribution fees for both Conventional/Bulk and Unit of Use or Low Unit of Measure Delivery methods.

Adjustments shall apply to those deliverables affected by the adjustment only. Offerors may list additional value-added services by separate attachment. It is likely that distribution fees will vary among the facilities within a VISN as after award, individual facilities may tailor their requirements and adjust the base distribution fee according to the value-added services selected. VA reserves the right to exclude from award value-added services if adjustments offered to base distribution fees are considered unreasonable. VA also reserves the right to renegotiate value-added service adjustments to base distribution fees prior to exercising any future option periods.

2.6.1 Conventional/Bulk Delivery Method:

VALUE-ADDED SERVICES Adjustment To Conventional/Bulk Base Distribution

Fee. (Please indicate proposed adjustment as either an increase(+) or decrease (-) to the Conventional/Bulk base distribution fee. Please indicate "No Change" for no adjustment to Conventional/Bulk base distribution fee.)

Deliveries One or Two Days Per Week

Deliveries Four or Five Days Per Week

Saturday Deliveries (See Note 1)

Sunday Deliveries (See Note 1)

97% fill-rate

Deliveries on Federal Government Holidays

(See Note 1)

Bar Code Labels

Fill/Call

***Note 1: Any charges for this service will apply only to the specific day on which the service was provided.**

2.6.2 Unit of Use or Low Unit of Measure Method:

VALUE-ADDED SERVICES

Adjustment To Unit of Use or Low Unit of

Measure Base Distribution Fee. *(Please indicate proposed adjustment as either an increase or decrease to the Unit of Use or Low Unit of Measure Base Distribution Fee. Please indicate "No Change" for no adjustment to the Unit of Use or Low Unit of Measure Base Distribution Fee.)*

Saturday Deliveries (*See Note 1)

Sunday Deliveries (*See Note 1)

Deliveries on Federal Government Holidays (*See Note 1)

Fill/Call

***Note 1: Any charges for this service will apply only to the specific day on which the service was provided.**

2.7 At the discretion of facilities, changes to delivery service levels and/or value-added services may be made by facilities by providing the awarded prime vendor contractor 15 days advance

notice. Prime Vendor Distribution Centers must be inspected and approved for unit of use or low unit of measure delivery prior to distributing to facilities changing from the conventional/bulk delivery method to UOU or LUM delivery method.

2.8 Emergency Deliveries. Emergency deliveries are F.O.B. Destination and apply to core items requiring expedited delivery to ensure facilities have enough stock until the next scheduled delivery day. Offeror shall provide a minimum of *two monthly emergency deliveries* for each delivery account at no additional charge. Emergency deliveries shall be made within 12 hours after receipt of order. An offeror shall indicate below the number of emergency deliveries offered at no additional charge beyond the two required by this contract, and the offeror shall specify any additional charges (if applicable) per delivery trip, for emergency orders which exceed the two per month shipment limitation. Emergency deliveries will not be considered in the evaluation of fee proposals but will be evaluated for reasonableness of price. Drop shipments are authorized for emergency deliveries. Offeror shall bear all transportation costs for any drop shipments except for emergency deliveries resulting from the negligence by the Government or due to acts of nature or terrorism. The Government will not be liable for transportation charges incurred by prime vendors for emergency deliveries caused by the negligence by prime vendors (i.e., emergency shipments resulting from continuous backorders, low inventory levels, short or erroneous shipments).

2.8.1 Emergency Deliveries

Number of emergency deliveries offered at no additional charge beyond the two allowed per month, per account: Flat rate in addition to delivery fee (includes transportation charges) for emergency deliveries in excess of the two deliveries required by the solicitation and the additional deliveries being offered at no cost. Flat fee charge shall be based per delivery trip.

3. Objective. VA's objective is to obtain its medical and surgical products from a single prime vendor for Conventional/Bulk and Unit of Use or Low Unit of Measure deliveries in a just in time environment for all the facilities covered by the proposal line items. This will provide ease of ordering, reduce the number of purchase orders, reduce the number of shipments and number of invoices processed by medical centers, reduce facility inventory levels, and provide customer flexibility through the establishment of a prime vendor contract for all facilities included in the proposal line items. VA may open new facilities and close existing facilities, thus VA reserves the right to add or delete facilities within the geographical area of a contract line item during the term of the contract. Any VA facilities that are added are subject to the same contract terms and conditions and shall be invoiced at the distribution fees awarded under the contract. In addition, a VA location may require deliveries to as many as two points of delivery at a single location (i.e. address) at no additional cost. Other Government Agencies may be included in the resultant contract after award once a determination is made by the Contracting Officer that such inclusions are within the scope of the contract, facilities are within the same geographic area, and by mutual consent by the prime vendor. Products and services on the resultant contract are for direct use by facilities and resale of products by facilities is prohibited. At a minimum,

offerors shall possess the following: The prime vendor shall possess the experience, skills, distribution centers, products, resources, transportation systems, and required web-based ordering systems necessary to provide recurring and nonrecurring medical/surgical products and services required by customers. The prime vendor shall possess a Clean/Sterile Storage Area in accordance with Section 14 for handling, storing and providing Unit of Use (UOU) or Low Unit of Measure (LUM) deliveries as required by VA facilities.

The prime vendor shall have the capabilities and experience necessary to implement the contract within 90 days from date of contract award. The prime vendor shall service customers with the required contract fill-rates on Core Items, and shall provide facilities with all medical and surgical products identified in their product usage data from contracts with FSS, Ability One nonprofit agencies, national, VISN, and/or local Federal government contracts.

The prime vendor shall maintain the necessary inventory levels to service facilities and shall have the capabilities to distribute an extensive line of medical/surgical products (breadth and depth) and other product categories commonly distributed within the med/surg industry to VA and other Government customers at the required Fill Rates identified. The prime vendor shall expand its product database to include product suppliers for the products required by VA facilities within 90 days upon start up and within 30 days upon subsequent request.

The prime vendor shall provide distribution services such as next-scheduled business day delivery, generate inventory status and other performance reports as identified in the performance work statement, provide emergency deliveries, provide distribution services for point of use dispensing equipment, provide unit of use or low unit of measure shipments for single and multiple end-user delivery points to the dock and internal service points.

The prime vendor shall be EDI capable for order receipt, order confirmation, functional acknowledgement, and invoice. The prime vendor shall possess a web-based ordering system for order entry, product queries, inventory status, order acknowledgement, and contract reports.

The prime vendor shall provide various management reports that reflect performance, socioeconomic, and customer service indicators as identified here within. The prime vendor shall have demonstrated a satisfactory record of past performance, a strong record of customer service, prompt response to customer needs and support of socio-economic programs. The prime vendor shall afford opportunities to Small, Small Disadvantaged, Small Women- Owned, Small Veteran-Owned, and Small HUBZone business concerns.

The prime vendor shall have the capability to provide value-added services to ensure flexibility in meeting customers' requirements.

4. Definitions. As used throughout this solicitation, the following words or terms are used as defined.

4.1 Ability One (Formerly JWOD) Nonprofit Agencies – A mandatory source program created by the Javits-Wagner-O-Day (JWOD) Act. Under the JWOD Program, the Federal Government obtains certain needed products and services from nonprofit agencies employing

people who are legally blind (National Industries for the Blind (NIB)), or people with severe disabilities, (National Industries for the Severely Handicapped (NISH)).

4.2 Best Value - The expected outcome of an acquisition that, in the Government's estimation, provides the greatest overall benefit in response to the requirement.

4.3 Basic Ordering Agreement – A written instrument of understanding between VA and JWOD Nonprofit Agencies that contains product descriptions, terms and prices. Products supplied by JWOD Nonprofit Agencies are mandatory for VA facilities.

4.4 Clean/Sterile Storage Area – Segregated area used by the prime vendor to handle, store and provide facilities with deliveries under the Unit of Use (UOU) or Low Unit of Measure (LUM) delivery method. Clean/sterile storage areas shall be physically separated from the rest of the warehouse, have positive air flow, shall be free of corrugated materials and shall meet all the other requirements of Paragraph 18 of this solicitation.

4.5 Community-Based Outpatient Clinic (CBOC) - A full-time ambulatory care facility that is physically separated but administratively attached to a VA medical center. It is usually located in a less populated area than a satellite clinic and provides primary care as a post-hospital followup; occasionally one or more specialty services are provided.

4.6 Contracting Officer Technical Representative (COTR) – An authorized representative of the Contracting Officer at the VISN/facility level acting within the limits of authority delegated by the Contracting Officer. The VISN COTR acts as the liaison for each facility within the VISN and the Contracting Officer.

4.7 Conventional/Bulk Delivery – Method of delivery with products packaged in a bulk, usually case quantity in corrugated cardboard.

4.8 Core/Recurring Items – Items ordered by individual Medical facilities at least once per month from contracts with FSS, JWOD nonprofit agencies, national, VISN, and/or local Federal Government contracts, Open Market items are excluded. Recurring/core items shall be included in the fill-rate calculation.

4.9 Customer - A VA or Other Federal Government Agency authorized to use this contract. Customer is also referred to as —facility‡, —using facility‡ or —Medical Center‡.

4.10 Delivery of Products – Unless otherwise agreed between the facility and the prime vendor, deliveries shall be made in accordance with the facility delivery hours, ordering facility local time, to the delivery point(s) specified on the order.

4.11 Drop Shipments – Deliveries made directly from product suppliers to facilities as authorized by facilities. Invoicing is performed by the prime vendor.

4.12 EDI - Acronym for Electronic Data Interchange. Inter-process (computer to computer application) communication of business information in a standardized electronic form.

4.13 Emergency Delivery – An off-schedule delivery of core products required to ensure facilities remain operational until the next-scheduled delivery day. Emergency deliveries may result from acts of Nature or terrorism, or negligence by VA or the Prime Vendor.

4.14 Fill/Call – Value added option that allows facilities to either have an unfilled order or a portion of an unfilled order either killed (cancelled) or allow the undelivered items be backordered. Prime vendors must first call facilities and obtain a decision. Fill/call items shall count against the fill-rate, excepting the exclusions listed in Section 13.2.

4.15 Fill/Kill – An order or a portion of an order cancelled (—killed) due to the non-shipment of products from the prime vendor to the customer by the required delivery order date, unless the ordering facility has previously approved the delivery of a substitute product. Killed items shall count against the fill-rate, excepting the conditions in Section 13.2.

4.16 Just-In-Time (JIT) – Inventory and distribution method to reduce stock at the using facility by receiving next business day delivery after placing orders. JIT includes both conventional/bulk or unit of use/low unit of measure packaging.

4.17 Low Unit of Measure (LUM) – Any portion of a case (such as each, box, roll, etc..) ordered by a specific user. Includes any item repackaged by prime vendors. Prices for LUM deliveries shall be prorated case prices. Products shall be handled, stored and delivered in accordance with the requirements listed in Paragraph 18 of this solicitation, and delivery of products shall be in containers segregated by department.

4.18 Manufacturer Back Order (MBO) – An order from the prime vendor to a product supplier not shipped by the product supplier to the prime vendor due to the non-availability of products by the product supplier. Unfilled orders from prime vendors for reasons that can be prevented by the prime vendor (e.g., low prime vendor inventories, long prime vendor/supplier lead times, poor prime vendor logistical planning) for products that are available from product suppliers to prime vendors, are **not** considered MBOs. Prime vendor is required to identify and include any manufacturer back order in the Reports within as identified and by notice to the facility to include the purchase order number, product number and the date.

4.19 Medical/Surgical Prime Vendor (MSPV) - also referred to as —contractor or —Prime Vendor, is a business concern that functions as a purchaser's source of distribution for a broad range of medical/surgical products and services as identified by the customer. A prime vendor is responsible for the maintenance of adequate inventory levels and for the delivery of goods contracted with a multitude of Federal Government contractors under the Federal Supply Schedule Program, VA National Standardization, VISN and local contracts to the customer upon order.

4.20 National Item File (NIF) – A collection of data generated and maintained by each VA facility that represents or reflects a complete inventory of items purchased, stored and used by every VA facility.

4.21 Next Scheduled Delivery Day - Next scheduled delivery day is the day agreed upon by the prime vendor and the customer for delivery of products.

4.22 Non-Recurring Items – Items ordered by customers less than once per month from contracts with FSS, JWOD nonprofit agencies, national, VISN, and/or local Federal Government contracts, Open Market items are excluded. Non-recurring items are excluded from the fill-rate requirements.

4.23 Offer - Synonymous term for proposal. Offer means a response to a solicitation that, if accepted by the Government, binds the offeror to perform the resultant contract.

4.24 Oral Presentation – An oral submission of information to the Government by the offeror, used to augment or supplement all or part of the offeror’s written proposal.

4.25 Product Usage Data – The list of recurring and non-recurring medical/surgical products with their associated quantities, identified by customers that will be ordered under the MSPV program.

4.26 Unit of Use - Method to deliver items in the inner most package (usually each) ready for use or stocking in a dispensing machine. Prices for Unit of Use deliveries shall be prorated case prices. Products shall be handled, stored and delivered in accordance with the requirements listed in Paragraph 14 of this solicitation, and delivery of products shall be in containers segregated by department.

4.27 Reserved

4.28 VA National Standardization Program – A program that establishes a single standard of care for veterans across the VA system on the types and kinds of supplies purchased by VA facilities consistent with clinical and practitioner needs. Standardization facilitates best-value product pricing through committed volume purchases and the delivery of high-quality health care. Standardized products are considered mandatory for use by all VA facilities.

4.29 Veterans Integrated Services Network (VISN) - A VISN is a group of VA medical facilities within a geographic area.

4.30 VISN Chief Logistics Officer (CLO). The VISN CLO is responsible for overseeing the MSPV program for its respective VISN. The VISN CLO resides in the VISN.

5. Applicable Documents. The following documents and standards form part of this statement of work to the extent specified herein.

5.1 Industry Standards. American National Standards Institute (ANSI), Accredited Standards Committee (ASC) X 12 Standards for Electronic Data Interchange (EDI). Information about the ANSI ASC X12 Standard may be obtained from:

Washington, DC.
Headquarters

1819 L Street, NW
(between 18th and
19th Streets), 6th floor
Washington, DC 20036
Tel: 1.202.293.8020
Fax: 1.202.293.9287

New York City Office
Operations
25 West 43rd Street,
(between 5th and
6th Avenues), 4 floor
New York, NY 10036
Tel: 1.212.642.4900
Fax: 1.212.398.0023

5.2 Health Industry Business Communications Council (HIBCC) EDI Use Conventions.

Information about HIBCC EDI Use Conventions may be obtained from:

Health Industry Business Communications Council
2525 E. Arizona Biltmore Circle, Suite 127
Phoenix, AZ 85016-2131
Phone: (602) 381-1091, Fax (602) 381-1093

5.3 Additionally, for the interfacing of healthcare applications, VA supports the High Level Seven (HL7) accredited ANSI standard. Information about HL7 may be obtained from:

Health Level Seven, Inc.
3300 Washtenaw Avenue, Suite 227
Ann Arbor, MI 48104-4261
Phone (734) 677-7777
Fax: (734) 677-6622
hq@h17.org

6. Stock-on-Hand. VA facilities covered by this solicitation may have an inventory of stock-on-hand by the contract effective date. Facilities will not be obligated to purchase items from the prime vendor until facilities reduce or exhaust their existing stock levels. The existing inventory will be reduced through normal usage and attrition.

7. Product Usage Data. The prime vendor shall service facilities with all core and nonrecurring items identified and required by each individual facility covered by this solicitation. Changes to product usage data (e.g., product additions/deletions, product price changes) will be made by facilities throughout the life of the contract, as deemed necessary. No changes will be made without documented concurrence of the facility. Usage data will include the following two categories:

7.1 Core/Recurring (products ordered at least once a month). Each facility will provide the prime vendor with best estimated 30-day usage data for recurring products within 15 days from date of contract award. Recurring products must be covered by FSS, National Standardization, Basic Ordering Agreements with JWOD Nonprofit Agencies, VISN or local contracts. Non availability of recurring products shall affect the contract fill-rate.

7.2 Non-Recurring Items (products ordered less than once a month). Facilities will identify their non-recurring products that will be ordered under the MSPV Program. Non-recurring products must be covered by FSS, National Standardization, Basic Ordering Agreements with JWOD Nonprofit Agencies, VISN or local contracts. Non-recurring items will not count in the fill-rate calculation.

7.3 In order to maintain the level of service in relationship to Core items required by facilities, the prime vendor shall use generally accepted inventory practices consistent with facility actual usage data, and shall monitor facility monthly purchase history of recurring and non-recurring items throughout the contract period and to adjust its own warehouse inventory levels to match the product demands of facilities, making corrective and seasonal adjustments in ordering points, ordering quantities, and safety stock levels. Documented regular monthly communications are required and any adjustment to the Core Item Listing and levels must be approved by the VA facility prior to the prime vendor making changes.

7.4 The prime vendor shall coordinate and resolve with facilities any product usage data issues. Product usage data changes shall be reflected in the next-scheduled monthly contract report with facility concurrence. The report shall be provided to each individual facility, to each designated Contracting Officer Technical Representative, and the Contracting Officer.

8. Product Substitutions. It is the intent of facilities to be serviced with the items identified in their product usage list, not product substitutes. During the implementation period, the prime vendor shall assist facilities with the identification of acceptable product substitutes for products identified in their usage list if the facility desires. Product substitutes shall be products covered by FSS contracts, JWOD Non Profit Agencies, National Standardization, VISN and local VA contracts.

8.1 The Prime Vendor is prohibited from automatically substituting products without first obtaining approval from VA facilities. If the prime vendor cannot fill an order for a product included in the facility's Core product usage list, the prime vendor shall notify the customer the reason requested product is not available, and shall suggest possible suitable product substitutes from the established product substitute list. The prime vendor shall not suggest self-manufactured or private label products of the prime vendor or any subsidiaries without also suggesting at least one competitor's products. The facility will decide whether to accept a product substitute or to cancel the unavailable item from the order. Product substitutes shall count against the contract fill-rate, excepting the conditions in Section 9.2.

9. Fill-Rates. The prime vendor shall meet the contractual fill-rates calculated and reported monthly based on the Core Item Listing for each individual facility covered by this solicitation.

See 9.1 below for Fill rates calculation. Failure by the prime vendor to meet the required VA fill-rate? Per facility on a monthly basis may result in adverse contract performance evaluation, termination of purchase order for default, may affect exercise of option periods and/or result in contract termination. Fill-rates for customers allowing backorders shall be calculated on the first partial shipment made on the order. Wrong products shipped to facilities due to prime vendor's fault shall count against the fill-rate. Killed items, product substitutes, and split shipments for Core items shall count against the fill-rate, excepting the conditions in Section 9.2.

9.1 Fill-Rate Calculation. Fill-rates shall be calculated as:

Number of Core Line Items Shipped in Full on the Scheduled Delivery Date per month plus the total number of lines with a manufacturer back order plus the total number of lines reduced or rejected because the 30 day usage level was exceeded by 10% Divided by Total Number of Core Line Items Ordered Per month

9.2 Fill-rate calculation exclusions. Exclusions to the required contract fill-rates are listed below:

- (a) Non-recurring or non-core items (items ordered less than once a month)
- (b) Products ordered in quantities exceeding the facility's 30-day usage by more than **10%** per month.
- (c) *Manufacturer Back Orders resulting from the nonavailability of products by product suppliers to prime vendors.

*Please note the definition of manufacturer back order listed in Paragraph 18.

10. Electronic Data Interchange (EDI).

10.1 Offeror shall have electronic data interchange interface capabilities within the 90-day implementation period to process EDI orders and acknowledge orders in accordance with ANSI ASC X.12 Standard, 850, 855, and 997 Transaction sets including with point of use dispensing equipment units on all patient care areas for those facilities electing unit of use delivery. The point of use dispensing equipment interfaces with Veterans Information Systems and Technology Architecture (VISTA), which includes the Generic Inventory Package (GIP) of the Integrated Funds Distribution, Control Point Activity, Accounting and Procurement (IFCAP) Program.

10.2 The prime vendor shall also be required to make available to each facility covered by this solicitation a Web-Based Ordering System accessible through the Internet via any standard webbrowser within the 90-day implementation period. The Web-based ordering system must be easily accessible to facilities and must allow facilities to perform product queries, access contract information, receive order confirmations, track and/or place orders for the products covered by the MSPV program. The Web-based ordering system must show the FSS, National Standardization, VISN and/or local Federal Government contract prices for each VA account. The account shall be password-protected and run in secure mode.

11. Delivery Orders.

11.1 Order Methods. VA facilities will process orders either through VA's VISTA system, or the Prime vendor's web-based order system. In the event VA's VISTA program or the prime vendor's system are not functional, the prime vendor shall accept orders by an alternative method such as via fax or telephone. The prime vendor shall accept emergency orders and modifications to delivery orders via fax or telephone. There shall be no limit on the number of orders placed by facilities in a day, but the prime vendor shall be responsible for consolidating the orders for a single delivery on the next scheduled delivery date. In the event that the VA implements new electronic inventory and ordering systems, the prime vendor shall have the technical capability to work with the VA to adapt to any new system specifications required to accept electronic orders from the VA.

11.2 Order Cut-Off Time. Facilities placing orders EDI through the Austin Automation Center will place orders in the VA's ordering system before 10:30 a.m. (facility local time) and the translated EDI data will be delivered to the prime vendors' value added networks (VANs) no later than noon (facility local time) on the day before the next regularly-scheduled delivery. Facilities placing orders using other than EDI through AAC will place orders before 12:00 pm (facility local time).

11.3 Order Confirmation Price. The date of the order confirmation establishes the delivered unit price in effect (e.g., if on the date of order confirmation the delivered unit price is \$3.00, but on the date of order delivery the delivered unit price is \$3.50, the correct billing amount is \$3.00.)

11.4 EDI Order Confirmation (Applicable to VA facilities only). The prime vendor shall generate EDI order confirmation to ordering facilities within two hours after transmission of EDI orders in accordance with ASC X12 Standard, 855 transaction set. This electronic confirmation must follow the VA 855 transaction set implementation guidelines. The contractor shall access the value added network (VAN) throughout the day at frequencies that allow for provision of order confirmation within the two-hour time required. (Note: VA sends and receives information to VANs every hour between the hours of 6:00 a.m. and 8:00 p.m. Central Time.) An alternate communications method allowing for the transfer of EDI data directly to the prime vendor site is also available utilizing the Applicability Statement 2 (AS2) secure internet data transfer protocol. Prime vendors will be required to sign a Memorandum of Understanding/Interconnect Security Agreement (MOU/ISA) in order to bypass the VANs and communicate directly with the VA.

11.5 Confirmation on other than EDI Orders. Confirmation to ordering facilities for facsimile orders shall be within two hours of receipt of order. Telephone orders shall be confirmed immediately. An order confirmation for item substitutes shall be within four hours from the time VA placed the original order. Confirmation on other than EDI orders may be made via fax or via e-mail. If an order confirmation is placed via e-mail, any attachments should be in the format used by the facility to place the order, e.g. Comma Delimited Text File (*.csv), MS Excel™ Spreadsheet (.xls) , or MS Access™ Database (.mdb).

11.6 Confirmation Content. All unfilled or partially filled purchase order line items shall be listed on the order, and non-contract items shall be shown as rejected. Facilities shall be able to print the confirmation. At a minimum, the order confirmation shall include the following information:

Prime Vendor Name
Prime Vendor Contract Number
Facility Name
Facility Purchase Order Number
Federal Government Product Contractor Item Number
National Item File Number (when implemented)
Item Description
Unit of Purchase
Packaging Multiple
Quantity Ordered
Quantity Confirmed
Status of Non-Confirmed Line Items/Quantities
Note for Pre-approved Product Substitution (yes/no)
Line Item Unit of Purchase Price
Line Item Total Cost
Total Cost of Order
Identification of Cancelled Items

12. Unfilled Orders. Unfilled/partially-filled orders shall be processed in the following manners as directed by facilities.

12.1 Fill/Kill. The prime vendor shall kill an order or any unfilled portion from an order, unless facilities approve the delivery of substitute products. Killed items shall count against the fill rate, excepting the conditions in Section 9.2. If the Prime vendor is found to be providing incorrect information with regards to —faultl for lower fill-rates the contract may be terminated for Cause, Options may not be exercised by the Government, and/or the prime vendor may receive an adverse performance rating.

12.2 Backorders. Facilities, at their option, may accept backorders on unfilled items and/or orders. Fill-rates for facilities on backorders shall be calculated on the first release of the order. Backorders shall count against the fill-rate, or excepting the conditions in Paragraph 9.2.

12.3 Fill/Call - Value-added option that allows facilities to either have an unfilled order or a portion of an unfilled order either killed (cancelled) or allow the undelivered items be backordered. Prime vendors must first call facilities and obtain a decision. Fill/call items shall count against the fill-rate, excepting the exclusions listed in Section 9.2.

13. Delivery of Products.

13.1 Delivery Time. In accordance with the facility delivery hours, the prime vendor shall

deliver the product ordered to the delivery point(s) specified on the order.

13.2 Delivery of Recurring/Core Products. The prime vendor shall provide one consolidated delivery and one invoice per purchase order by the required delivery date for all core products ordered by facilities. Shipments to a facility for products not located at the contractor's primary distribution center servicing the customer shall be seamless to the customer, and products shall be delivered with the facility's regularly scheduled consolidated delivery. Facilities may reject any split shipments for core items. Approved split shipments for core items to facilities shall count against the fill-rate, excepting the conditions in paragraph 9.2 or in situations where the prime vendor and the facility agree to accept split shipments. In those cases it would be expected that the item(s) arrive as scheduled, packing lists and invoices coincide with that particular shipment.

13.3 Delivery of Non-Recurring Products. The delivery time (i.e., number of days after receipt of order) for non-recurring items will be negotiated between the prime vendor and the customer. Drop shipments are authorized in the delivery of non-recurring products. Delivery for non-recurring products shall be F.O.B. Destination and the prime vendor shall bear all transportation costs incurred in providing non-recurring products to facilities. The prime vendor shall not be responsible for transportation costs for emergency deliveries of non-recurring items required to be made in less than 12 hours.

14. Prime Vendor Distribution Center Clean/Sterile Storage Areas

(Note: This is a clean/sterile storage area, not a manufacturing/assembly room)

14.1 Prior to award, VA will conduct inspections of offeror distribution center clean/sterile storage areas that will be used to service those facilities that have elected unit of use or low unit of measure delivery to ensure that clean storage areas meet the requirements for handling, storing and delivering products under the unit of use and/or low unit of measure delivery method as described herein. VA reserves the right to conduct inspections of the vendor distribution centers that service facilities that elect to change from convention/bulk to unit of use or low unit of measure delivery anytime throughout the contract period.

14.2 The prime vendor shall be required to handle, store and provide unit of use or low unit of measure deliveries as required by the VA facilities covered by this solicitation in clean/sterile storage areas. The contractor shall ensure that the products are in the right condition for patient care use without causing potential infection due to contamination. All clean/sterile storage areas shall be designed to promote cleanliness, visibility, safety and efficiency of distribution.

14.3 Shipping containers for medical and surgical products are provided by the vendor and are designed to protect the products during transport, provided the products are handled and stored properly by prime vendors. Shipping containers must be opened under conditions that will not contaminate their contents. Once shipping containers are open, the products must be stored in an area that provides protection from dust and contaminants. A clean/sterile storage area provides this protection. It is critical that product packages be kept cleaned. Otherwise, potential contaminants may drop onto open packages leading to contamination of products and possibly death to patients through infection.

14.4 The prime Vendor shall store products under the unit of use and/or low unit of measure delivery method in an area that will be physically separated, that will have controlled positive air flow and that will have limited traffic flow. This area is known as the —Clean/Sterile Storage Areal.

14.5 Products under the Unit of Use and/or Low Unit of Measure delivery method shall be pulled and transported from the offeror's clean/sterile storage area in closed, clean, moisture and dust-free containers provided by the vendor. Offerors shall ensure that products shipped remain free of contaminants during transport from offeror distribution centers to VA facilities.

14.6 The prime vendor shall remove products from their outer shipping containers and corrugated cases in the breakout area, and place the items on carts or bins for transfer to the clean/sterile storage area.

14.7 The prime vendor clean/sterile storage area shall be physically separated from the Conventional/Bulk (case lot) products area to prevent cross-contamination. Products under the Unit of Use and/or Low Unit of Measure delivery method shall not be mixed with case lot products and shall be protected in clean bins or carts until the products are released from the clean/sterile storage area.

14.8 Clean/sterile storage areas shall be under positive air flow. Positive air flow means that a greater amount of air is forced into the clean/sterile storage area than is exhausted. This forces the air in the clean/sterile storage area to seek other routes of escape such as through doors, service windows or other areas so that the air is being forced from the clean/sterile storage area to the other areas. There shall be at least 10 air exchanges per hour in the clean/sterile storage area. Large distribution centers, or distribution centers with large open warehouse doors may require more than 10 air exchanges per hour in the clean/sterile storage areas. The positive air flow is critical to prevent dust and dirt blown into the clean/sterile storage areas causing the contamination of products and packages, preventing their use by patients in an aseptic manner.

14.9 The Clean/Sterile Storage Area shall be free of corrugated materiel. Corrugated materials shall not be used as dispensing/storage containers in the clean/sterile storage area. Corrugated material collects dust and dirt and is a conduit for insects.

14.10 Products under the Unit of Use or Low Unit of Measure delivery method shall be stored by the prime vendor in carefully controlled conditions that are protective of extremes in temperature and humidity. The prime vendor shall maintain temperatures in clean/sterile storage areas between 65 and 72 degrees Fahrenheit, and humidity shall be maintained between 35 and 75 percent.

14.11 Clean/sterile storage area shall have limited traffic flow. Unlimited access increases the potential of product contamination.

14.12 The Clean/sterile storage area shall have recessed lights and no exposed pipes. This is to prevent the collection of dust and dirt that would otherwise collect and fall on the clean/sterile storage area products.

14.13 Clean/sterile storage area shelves shall be at least 2 inches from outside walls to prevent contamination from condensation.

14.14 Except for bottom shelves, that clean/sterile storage area shelves shall be open wire shelves. Open wire shelves do not collect dust. The bottom shelf shall be solid, shall be maintained clean, and shall be at least 8 inches off the floor for effective cleaning. Bottom solid shelves prevent products stored in the bottom shelf from becoming contaminated from wet or damp mops or other cleaning processes.

14.15 Clean/Sterile Storage Area, including floors, walls, shelves and bins shall be cleaned at least three times per week. The Clean/sterile storage area shall be free of visible dust or dirt.

14.16 Clean/sterile storage area floor shall be sealed for cleanliness. Floors that are not sealed bleed dust and dirt. Floors must consist of materials that can be mopped with wet cleaning solutions. Clean/sterile storage area floors shall not be dry-dust mopped or dry-buffed. Dry-dust mopped /dry-buffed floors cause dust and dirt to be airborne contaminating the products and or packages.

14.17 Cosmetics, drinks, and food in the clean/sterile storage area are prohibited. Such items may spill causing contamination, or spoil, encouraging microorganism population growth and endangering valuable medical supplies.

14.18 Products in the clean/sterile storage area shall not be stored next to, under or near water pipes, in window sills, or any areas where they may become wet.

14.19 Personnel entering the clean/sterile storage area shall wear protective attire to protect the products from outside contaminants. Personnel working in other warehouse areas shall wear cover gowns from neck to knees (back and front) to protect the clean/sterile storage area. It is recommended that clean/sterile storage area attire be differentiated to assist in the control of traffic and to prevent contamination.

15. Drop Shipments. Drop shipments increase facility administrative costs and resources. The offeror shall be required to maintain sufficient inventory levels for Core items identified in the usage data from facilities and deliver those products from such inventory directly to facilities on the required delivery dates. . The offeror shall indicate in the order confirmation any line items authorized by facilities as drop shipments. The offeror shall be held responsible for performing all billings associated with drop shipments. The offeror shall be responsible for all transportation costs on drop shipments authorized by facilities, unless drop shipments result from the negligence of the Government, acts of nature or acts of terrorism.

16. Shelf Life. Any product with a shelf life or an expiration date shall have no less than six months self life/expiration dating remaining upon delivery to the Government, unless the customer authorizes a product with a shorter shelf life. On products with an initial expiration date or shelf life of less than six months, at least 75% shelf life dating shall remain at time of

delivery to the ordering facility.

17. Federal Government Holidays. Federal Government Holidays are indicated below with the exception of Holidays designated by Presidential declaration. Alternate delivery dates may be mutually established in writing. The prime vendor shall be required to make regularly scheduled deliveries for company holidays that do not coincide with the list of federal holidays below, unless alternate delivery dates have been mutually established in written communication.

New Year's Day January 1

Martin Luther King's Birthday 3rd Monday in January

President's Day 3rd Monday in February

Memorial Day Last Monday in May

Independence Day July 4

Labor Day 1st Monday in September

Columbus Day 2nd Monday in October

Veterans Day November 11

Thanksgiving Day 4th Thursday in November

Christmas Day December 25

When a Federal Government holiday falls on a Sunday, the following Monday shall be observed as a legal holiday. If a Federal Government holiday falls on a Saturday, Federal Government agencies observe the preceding Friday as a legal holiday.

18. Packaging and Packing.

18.1 Prime vendors shall group, pack, label and separate products by individual purchase order number for ease of receipt by using facilities. Product identification and purchase order number information shall be clearly visible in each pallet.

18.2 Packaging and Packing - Unit of Use or Low Unit of Measure Deliveries. Prime vendors shall package, pack, and ship products under the Unit of Use or Low Unit of Measure delivery method in plastic containers (totes) lined with plastic liners provided by the vendor. The totes shall be secured with plastic lids. Totes shall be labeled and palletized by VA internal Service area.

19. Packing List. Packing lists shall be included with every shipment. The offeror shall indicate the quantity filled on partially-filled items. All unfilled or partially filled items shall be listed and shall be marked as either —Unfilled, or —Partially-Filled. The packing list shall be provided in paper "hard copy" format to the place and time of delivery. The packing list price must be identical to the confirmation price for each item delivered. At a minimum, the packing slip shall include the following information:

Facility Name

Facility Purchase Order Number

Product Contractor Product Number

Prime Vendor Name

Prime Vendor Contract Number

Prime Vendor Product Number

National Item File Number (when implemented)

Item Description
Unit of Purchase/
Packaging Multiple
Quantity Ordered
Quantity Delivered
Identification of Any Product Substitutions
Line Item Unit of Purchase Price (FSS + Distribution Fees)
Line Item Total Cost
Total Cost of Purchase Order
Cancelled Items
Status of Non-Delivered Items/Quantities

20. Material Safety Data Sheets (MSDS). MSDS are required for all hazardous material delivered under this contract. The prime vendor shall provide MSDS to facilities upon delivery of any hazardous material, and when requested. The prime vendor shall maintain a file of all MSDS. The contractor shall ensure that all hazardous material is labeled correctly.

21. Invoices. The prime vendor shall perform all billings for all Core Items and nonrecurring items and services performed, and shall provide facilities with one consolidated invoice per purchase order. The prime vendor shall invoice facilities for products shipped, not for products ordered. Facilities will confirm deliveries received, and payment will be made only for products received. The contractor shall submit electronic invoices to the payment office cited in the purchase order. EDI transmission to the payment office shall be in accordance with ANSI ASC X12, 810 transaction set. Invoice prices shall be limited to two decimal places and shall be rounded to the nearest cent. Invoices for EDI orders shall include the following information:

Facility Name
Purchase Order Number
Government Supplier Item Number (FSS Vendor)
FSS or Other Federal Gov't Contract Number
National Item File Number (when implemented)
Prime Vendor Name
Prime Vendor Product Number
Prime Vendor Contract Number
Item Description
Quantity
Unit of Measure
Extended Price to include FSS + Distribution Fees combined
Order Subtotal Amount (inclusive of distribution fee)
Total Order Amount inclusive of distribution fees.

21.1 Product Price. The invoice price of the product shall be the Federal Government price established by FSS contracts, VA National Standardization Program, Ability One Nonprofit Agencies, VISN, and/or local contracts.

21.2 Prime Vendor Fee. The Prime Vendor shall separate on a single invoice the items ordered under the Conventional/Bulk delivery method, and the items ordered under the Unit of Use or Low Unit of Measure Delivery Method. Prime vendors or any of their subsidiary companies are restricted from assessing any distribution fees for products provided under the prime vendor's or subsidiaries' Federal Supply Schedule contract. Fees are determined normally by individual VA Facility adding MSPV Contract Base distribution fees to any Value Added costs or subtracting Value Added credits then applying the percentage to the Federal Supply Schedule or Contract price per line item. For VISN's that have a consolidated data base it is important that they mutually decide and agree on Value Added Services that would be the same.

21.3 Product Price Discrepancies. The prime vendor shall make price changes in accordance with Paragraph 24. Both the customer and the prime vendor shall review invoices and payments for accuracy and resolve any price discrepancies within 60 days of the date of issuance of the invoice.

22. Federal Government Product Prices. VA National Standardization product prices will be provided to prime vendors after award and upon subsequent updates, at the following Web Address: <http://www.va.gov/vastorenac>, located under the topic —Med/Surg Prime Vendor Program and Standardization. Information will be provided in the form of a tab delimited text file and/or Excel spreadsheet. The Web site will maintain product prices for FSS, Ability One Nonprofit Agencies, and VA National Standardization contracts only. Each facility is responsible for providing prime vendors with contract information for core/recurring products and non-recurring products that they wish to obtain from the prime vendor. Prime vendors are responsible for keeping up-to-date with any changes reflected by the database.

23.1 Product Price Loading.

23.1.1 The prime vendor shall load contract actions including price changes, product additions and deletions, contract extensions, and contract expirations by 6 a.m. Eastern Standard Time (EST) of the effective date of the change for products on FSS contracts, products provided by Ability One Nonprofit Organizations, and for products awarded under VA's National Standardization Program as indicated at www.va.gov/vastorenac under the topic —Med/Surg Prime Vendor Program and Standardization. Facilities will provide the prime vendor the product prices and subsequent price changes on VISN or local contracts. For the most part, effective dates for FSS contract changes are the 1st and the 15th day of each month. VA has agreed to provide daily updates that would include only additions, deletions and changes with effective dates to the MSPV and facilities. The process and method of communication is currently under review.

23.1.2 The prime vendor shall not honor any price changes furnished directly by Federal Government product contractors. Price change notifications that the prime vendor receives directly from FSS, National Standardization and Ability One Nonprofit Organizations product contractors shall be forwarded to the MSPV Contracting Officer for action. VA will then take appropriate action and shall validate the price change notifications. Price change notifications received by the prime vendor directly from VISN or local contractors shall be forwarded directly to the facility contracting officer representative for validation.

23.1.3 Product price changes to National Standardization, Ability One Nonprofit Agencies and FSS contracts, shall be authorized by VA through formal modifications to the respective contracts. Product price updates for VISN or local contracts shall be authorized and furnished directly to prime vendors by individual facilities. No other personnel are authorized to make any product price changes.

23.1.4 Facilities shall provide directly to the prime vendor the effective dates of approved changes for contracts other than FSS, National Standardization, and/or Ability One Nonprofit Agency products.

23.2 Product Price Administration. The prime vendor shall comply with the product price loading instructions listed above. Contract prices shall remain in effect until: 1) the contract expires, 2) VA or facilities notify the prime vendor of price changes, and/or items are deleted.

24. Credits/Rebills/Short Payments

24.1 Credit Accounts. The prime vendor shall establish credit accounts with each individual facility for pricing errors discovered after receipt of products and/or payments, shipping discrepancies, products returned by customers or other allowances. Credit accounts shall include the facility name, VISN number, —Ship Toll account number and other appropriate information as required by facilities.

24.2 Credits. The prime vendor shall provide customers with credit memos as they occur. Credit memos shall be readily identified (i.e., sequentially numbered, etc.) and shall include the original customer delivery order number, line item number, original customer invoice number, product number, National Item File number (when implemented), facility identification, product description credited, credit amount, and reason for credit. Credits for overpayments shall be the difference between the price paid by the customer and the correct price in effect at time of purchase for the affected product. The reimbursement shall be from the date the price reduction should have occurred until the date the prime vendor charged the correct price only if proper notification was provided by the Strategic Acquisition Center.

24.2.1 End-of-Month Credit Reports. The prime vendor shall provide each individual facility, VISN COTR, and VA Contracting Officer with a monthly report of all open credits no later than the 15th calendar day following the end of the reporting month, together with reasons credits are still open. Credits shall be given to facilities within two days from date of occurrence. Credits shall be issued for each separate purchase order in the manner specified by the facility representative or VISN COTR.

24.3 Rebills. Rebills are vehicles used to correct a previous invoice for discrepancies other than price (e.g. incorrect product quantities shipped). The prime vendor must present rebills within one month of the invoice. The prime vendor shall not issue any rebills after this date. All rebills must reference the original customer delivery order number and date, original invoice number and date, identification of the line item(s) affected, amount, and reason for rebill.

24.4 Short Payments. The Government will reimburse the prime vendor for any valid product price discrepancies that result in short payments to the prime vendor. The prime vendor shall present a demand for payment to the payment address designated by facilities within one month of payment on the disputed invoice. The demand for payment shall include the original customer purchase order number, original customer invoice number, product number, product description, shorted amount, and reason for shorted amount. NOTE: To reduce short payments, prime vendors will not ship any item with a price discrepancy until the price discrepancy is resolved by either VA amending the order to correct price or the prime vendor correcting the price.

25. Products/Product Suppliers.

25.1 Upon Contract Award. Within 90 days from date of MSPV contract award, the prime vendor shall establish commercial agreements with FSS, National, VA Standardization Program, Ability One Nonprofit Agencies, VISN and /or local Federal Government product contractors for 100% of the medical/surgical products and product suppliers identified by customers in their product usage data. The prime vendor shall service facilities with products identified in their product usage list within 90 calendar days from notification by facilities for requested products, or by the contact effective date, whichever is later.

25.2 After Contract Award. After contract award, the prime vendor shall be required to establish commercial agreements with new product suppliers within 30 calendar days from notification by the VA (for FSS, National Standardization and/or Ability One Nonprofit Agencies) and/or local facilities (for VISN and local contracts). The prime vendor shall service facilities with additional products within 30 calendar days from notification by facilities for requested products.

25.3 Product Suppliers.

25.3.1 The prime vendor shall be required to service facilities with facility identified medical/surgical products on FSS, VA National Standardization, Ability One Nonprofit Organizations Contracts, VISN and local Federal Government contracts. The prime vendor shall promptly inform the Contracting Officer, the VISN and facility COTRs of any problems encountered with any FSS, national, or standardization program product suppliers that will prevent establishing any commercial agreements in the required period of time.

25.3.2 The prime vendor shall not require product suppliers to carry liability insurance in excess of \$1,000,000, charge unreasonable tracing fees and/or require additional discounts from product suppliers, nor require product suppliers to meet any additional prerequisites not generally accepted as commercial practice. Such actions may be construed by the Contracting Officer as restricting product choices and product suppliers to customers and shall adversely affect the prime vendor's performance rating.

25.3.3 The prime vendor shall be required to meet its payment obligations with Federal Government product suppliers on a timely basis. Payment delays by prime vendors to product suppliers, especially small businesses, may adversely affect the participation of product suppliers

in the MSPV program and may be construed by the Contracting Officer as restricting product choices and product suppliers to customers and shall adversely affect the prime vendor's performance rating.

26. Return of product.

26.1 Contractor error and shipping damage. The contractor shall accept return of product for replacement or credit under the conditions listed below.

Defective product

Product shipped in error

Facilities will notify the Prime vendor within 48 hours on shipping damage, including concealed shipping damage

Facility will notify the Prime vendor within 48 hours for products with less than 6 months expiration/shelf-life dating remaining at time of delivery, unless otherwise authorized by the customer. Any other condition necessitating the return when such condition was caused by the prime vendor.

26.2 Disposition Instructions. The prime vendor shall provide disposition instructions within 48 hours after receiving notification from the customer that it has product to be returned under any one of the conditions cited above. If disposition instructions do not provide for removal of the product within 72 hours after the contractor received the notification, the customer may dispose of the product, and will still be due the appropriate credit for the disposed product.

26.3 Replacement. Products returned under the conditions in Section 26.1 shall be replaced by the prime vendor at no charge to the facility. The prime vendor and the customer shall mutually establish a time by which replacement product shall be delivered. In the event that a difference in price exists between the product delivered and the product ordered, any credits shall be resolved in accordance with Section 26.4.

26.4 Credit. If the customer desires credit in lieu of replacement, the prime vendor shall issue full credit for the returned product to the customer account within five days after receipt of the returned goods or disposition of product. The credit shall include the product price plus the distribution fee (if applicable) originally billed, the original customer purchase order number, product description and product number.

26.5 Transportation Cost. The prime vendor shall bear all costs incurred, including transportation, in the return and replacement of product under conditions cited in Section 26.1.

26.6 Customer Error Returns. If a customer desires to return goods for any reason other than conditions cited in Section 26.1, such return shall be made as follows:

a. For returned products stocked by the prime vendor, the products shall be returned to the prime vendor in accordance with standard commercial practice.

b. For special order products requiring return to the product supplier by the prime vendor, the customer will pay the fee charged by the product supplier to the prime vendor for returned goods.

27. Product Modification Removal or Recall. The prime vendor shall be responsible for handling all recalled products.

27.1 Replacement/Credit for Products Removed or Recalled. The prime vendor shall issue replacement product or credit for any product removed or recalled. The customer shall have the option of accepting either replacement product or credit in exchange for the removed/recalled product. The prime vendor shall ensure continuity of products to facilities when products are removed or recalled, and shall restore facility inventory levels to pre-recalled quantity levels.

28. Contract Phase-In/Contract Phase-Out (Contract Implementation).

28.1 Contract Phase-In. To ensure sufficient administrative time has been allowed for continuity of products and services at required quality levels as well as anticipated inventory levels for each facility covered by the contract, the prime vendor shall begin accepting orders and delivering products for all facilities under this contract, 90 calendar days from date of contract award. Acceptance of orders and delivery of products may begin in less than 90 days upon mutual agreement between the prime vendor and the customer. The prime vendor shall be responsible for all contract costs associated with the implementation of the contract. The prime vendor shall perform the following functions during the phase-in period:

- a. Assist facilities with the identification of facility core and noncore items and gather product usage data from each individual facility covered by the contract.
- b. Negotiate commercial agreements, as necessary, with Federal Government product contractors for 100% of the products identified in the customers' usage data, by the contract effective date. Timely Notification to the Contracting Officer, Facility Logistics, VISN and Facility COTR's concerning problems with the execution of the commercial agreements.
- c. Load all facility Core and non-Core/Non-recurring items into the MSPV data base using Federal Government contract pricing as provided at www.va.gov/vastorenac, located under the topic —Med/Surg Prime Vendor Program and Standardization. Maintain accuracy by utilizing this source in resolving pricing discrepancies. Update the MSPV data base when change notices are received from the VA by the effective contract date.
- d. Stock prime vendor distribution centers with 100% of the products required by the customers and at the appropriate inventory levels within the 90 calendar day phase-in period.
- e. Set-up facilities with any value added services requested by facilities.
- f. Mutually establish delivery days, times and delivery points.
- g. Coordinate and provide necessary training to using facilities.

h. Perform any other functions related to the implementation of the contract.

28.2 Contract Phase-Out. Upon contract expiration:

28.2.1 The outgoing prime vendor shall assist the newly awarded prime vendor, the VISN and facility COTRs with functions necessary for a smooth transition into the new contract.

28.2.2 The outgoing prime vendor shall provide a detailed final report to each individual facility on contract. For each facility, the report shall provide the most recent product usage data for both core and noncore items, lessons-learned, and product substitution list in Excel file format.

28.2.3 The outgoing prime vendor shall provide a final reconciliation report to each facility within 30 days from the contract expiration date. Any pending credits and rebills shall be resolved within 30 days from contract expiration date.

29. National Standardization Program (Applicable to VA only). Standardization of medical/surgical products is a continuous process within VA and products awarded under VA's National Standardization program are mandatory for VA facilities. The prime vendor shall be required to provide VA facilities with the medical and surgical products identified by facilities and covered by VA's National Standardization program with the exception of those that VA purchases directly from Small Disabled Veteran Owned Business.

29.1 National Standardization is accomplished by the following methods:

(a) National Contracts.

(b) National Blanket Purchase Agreements (BPAs). National BPAs in support of VA's Standardization program are made with existing FSS contractors. Offerors are required to have a Federal Supply Schedule contract for the items considered for standardization.

(c) Basic Ordering Agreements (BOAs) with Ability One Nonprofit Organizations. BOAs with Ability One Nonprofit Organizations are a mandatory source of supply. Basic Ordering Agreements include agreements with National Industries for the Blind (NIB), and National Industries for the Severely Handicapped (NISH). VA will provide the distribution of VA's National Standardization program award information to VHA Standardization who will forward to the field with product and price information. Individual facilities will provide the MSPV with Core or Non-Core usage information from the Standardization Award if applicable. The prime vendor shall have 30 calendar days after receipt of usage data from facilities, to stock, and make available the standardized products to facilities. The prime vendor shall be responsible for ensuring that all products covered by VA's National Standardization Program are available to facilities within 15 calendar days with the exception of awards made to service disabled, veteran owned small businesses (SDVOSB). The prime vendor shall promptly notify the Contracting Officer, the VISN and facility COTRs of any difficulties that may prevent the contractor from meeting the established deadlines.

30. Customer Service. The prime vendor shall be required to provide on-site customer service to facilities on a weekly basis during the 90 day implementation period. Thereafter, the prime vendor shall provide on-site customer service to each facility at least monthly, or more frequently as deemed necessary by facilities to resolve contract service issues, including resolving open invoices. On-site customer service requires that the prime vendor representative physically meet with the VISN and or facility COTRs and related facility personnel and document these within the Delivery Quality Report outlined in section 35.8 including any deletions, additions and changes to the Core Item Listing that require review and agreement by the VA and the MSPV.

30.1 Prime vendor representatives shall be fully knowledgeable of the MSPV contract terms and conditions. The VA Contracting Officer and the VISN COTR reserve the right to hold conference calls between VA representatives and the prime vendor to encourage open communications or to resolve any contract administration issues or problems.

31. Training.

31.1 During the 90-day implementation period the contractor shall meet with key personnel at each facility to exchange pertinent information and provide any necessary training required for the proper management of the account. Any meeting or training session will be conducted at no expense to the Government. The Contracting Officer Technical Representative shall determine the number of employees that will attend the meeting or training. The prime vendor shall provide refresher training to each facility as needed. At a minimum the training shall include:

- a) Key people within the vendor's organization including name, functionality, email addresses and phone numbers.
- b) Demonstration of the vendor's Web Site and On Line Catalog including where to locate pertinent Contract information.
- c) How to place orders using the vendor's Web Site.
- d) How to access the vendor's inventory status within the Web Site.
- e) How to access and down load the required Reports.
- f) Establish ship to and ordering accounts according to Contract guidelines.

31.2. The contractor and Contracting Officer Representative shall mutually agree on the date, time and location(s) of the training.

31.3 The contractor, at no additional expense to the Government, shall provide each person that receives training one complete set of printed customer training guides or manuals and on-line context sensitive-help capability as an integral part of the price and product catalog and electronic order entry system.

32. VA National Item File (NIF).

32.1 At VA's discretion, VA may, in the future, use Non-Prime Vendor product numbers in lieu of any prime vendor product numbers for order placement and other functions associated with the services provided by prime vendors. By non-prime vendor numbers, VA will use the product numbers and contract numbers of contracts on Federal Supply Schedules, National Standardization, VISN and VA local contracts for order placement.

32.2 It is anticipated that VA will implement a national item file system in the future. Once implemented, the prime vendor will be required to have the flexibility to add the NIF numbers as they become available to meet the NIF system requirements. Once the number scheme field lengths and number of fields are identified; the prime vendor will have 90 days to add all required fields to their ordering and inventory control packages. This will allow the VA and its designated entities to order or search for items using the NIF number and its components.

33. Global Trade Identification Number (GTIN).

33.1. The Medical/Surgical Prime Vendors that receive an award under this solicitation shall be required to use Global Trade Identification Number (GTIN) as product identifiers and GTIN bar code compliant labels on all packaging sizes down to the unit of measure, as they become available from manufacturers of medical and surgical suppliers.

33.2. A GTIN uniquely identifies healthcare products. It is a 14 character unique item identifier and can be derived from UCC/EAN bar code labeling data structures. The UCC/EAN format is fixed length, all numeric and consists of the UCC/EAN assigned manufacturer number (company prefix), numeric item number, a package level (or inventory unit) indicator, and a calculated check character.

34. Electronic Catalogs (ECATs). The Department of Veterans Affairs requires Electronic Catalogs (ECATs) for product detail information by contract for all medical-surgical items that are offered by contractors and awarded by the VA. The ECATs utilize Electronic Data Interchange (EDI) and other industry recognized standards for transmitting and receiving product and pricing data, and/or other industry standard input methods. Direct transmission of ECAT files to the General Services Administration is being accomplished using a VA adapted Schedule Input Program (SIP). Prime vendors will submit electronic catalogs in the format specified in the attached template, including as many data elements as exist in their database, on a monthly basis as of the closest business day before the 15th calendar day of each month, not later than the last business day before the 20th calendar day of each month.. As a minimum, ECATs must contain all products handled by the PV, their GTIN when available, the Prime Vendor Order Number if used anywhere for ordering or reporting, the supplier name and part number, each saleable unit of measure and quantity in each unit of measure, product description (short and long if both are available). Missing elements must be identified and explained in the proposal for VA to determine the impact of not having that data available to the VA MS Prime Vendor program. Resulting information obtained from those files submitted by Federal Supply Schedule (FSS) contractors will be utilized, when appropriate by VA. Other similar file transmissions may be conducted between other Government agencies and B2B exchanges.

Successful offerors will submit prime vendor catalog data 60 days prior to contract start for VA to create cross-references in MedPDB and NLD that will allow sites to quickly and easily update Prime Vendor order numbers in IFCAP and/or SAM.

File description Typical File Name FORMAT NOTES

CATALOG FILE VA_MSPV_CAT_PVNAME_YYYYMMDD.TXT DELIMITED TEXT, TAB OR PIPE WITH HEADER MONTHLY AS OF 15TH DELIVERED BEFORE BE ZIPPED BUT NAMING CONVENTION SHOULD AS TXT FILE NAMES)

DISTRIBUTION CTR FILE VA_MSPV_DC_PVNAME_YYYYMMDD.TXT DELIMITED TEXT, TAB OR PIPE WITH HEADER MONTHLY AS OF 15TH DELIVERED BEFORE BE ZIPPED BUT NAMING CONVENTION SHOULD AS TXT FILE NAMES)

PLEASE NOTE: FILE FORMATS ARE MINIMUM INFORMATION NEEDED. IF THE DATA FIELDS DON'T EXIST IN THE RESPONDENTS DATA VENDORS PROPOSAL WILL INCLUDE ALTERNATIVES OR ALTERNATE FORMATS AND FIELD NAMES THAT WILL BE USED TO EVALUATE IMPACT ON THE VA MED/SURG PRIME VENDOR PROGRAM. RESPONDENTS MAY INCLUDE ADDITIONAL INFORMATION WITH THEIR VA IS COMMITTED TO WORKING WITH POTENTIAL PRIME VENDORS TO MAXIMIZE USE OF EXISTING MSPV INFORMATION SYSTEMS ENCOURAGING USE OF INDUSTRY STANDARDS. IF RESPONDENTS HAVE ALTERNATE PROPOSALS (E.G. SUBMISSION OF CATALOG VIA EDI X.12 832 OR OTHER TRANSACTIONS, THEY WILL ALL BE CONSIDERED. CODES OR FLAGS REQUIRE EXPLANATION IN YOUR PROPOSAL.

35. Administrative Contract Reports. The prime vendor shall provide VA facilities the raw data, reports, and scorecards (hereafter collectively referred to as "monthly reports") specifically as outlined in this subsection. These reports are required to assist the Government with internal operational improvements, and as such, the prime vendor should not view these reports as ancillary to the administration to the contract, but rather as a crucial part of contract performance.

35.1 Monthly reports shall be provided to the Contracting Officer, VISN and facility COTRs, the VISN CLO, VA PCLO, VA OAL and any other VA personnel as required by the Contracting Officer. No later than the 15th calendar day following the end of the reporting month as excel documents in electronic or other mutually agreed format.

35.2 If the prime vendor provides its commercial or other government customers, additional reports not listed below but which are (i) not billable to any one customer and (ii) not specifically required in this SOW, the prime vendor shall also offer those reports to the Government upon request under the same conditions as they are offered to commercial customers.

35.3 If reports are to be posted to a web site they require archiving for the entire term of an Option Period with a roll off of the oldest month. If the Option Period is 20 Months for example only, beginning 6-1-07 ending on 12-31-08, when the report for 1-31-09 is posted the 6-1-07 report would roll off.

35.4 The Contracting Officer reserves the right to negotiate changes to the established reports and to initiate those changes with mutual consent from the distributors awarded the MSPV contract.

35.5 Purchase History Raw Data. The prime vendor shall have a transaction processing system capable of recording and tracking each line item of each purchase order transaction between the customer and the prime vendor. Purchase History Raw Data includes all Core Items and Non-Core Items and excludes Open Market procurements. As part of the monthly report, the prime vendor shall provide customers the raw transaction data captured by the prime vendor transaction processing system and reported to the government on a monthly basis. The raw transaction data shall include at a minimum the following fields:

A Facility VISN Number

B Facility Station Number (e.g. 662)

C Facility Name (e.g., VAMC San Francisco)

D Facility-Designated Purchase Order Number

E Procurement Method (p- purchase card, EDI, w – web based, s – standard purchase order)

F MSPV Invoice Number

G Purchase Order Date

H Facility Required Delivery Date

I Government Supplier Item Number (FSS Item Number)

J Government Supplier Name (FSS Contractor Name)

K Government Supplier Business Size (FSS Contractor)

L Government Supplier Contract Number (FSS Contract)

M Government Supplier Contract Expiration Date (FSS Contract)

N Product Description

O National Item File Number (As available)

P Universal Product Number

Q Government Contract Item (Y / N) binary field

R VHA Standardized Item (Y / N) binary field

S Unit of Measure Ordered

T Unit of Measure Package Multiple

U Core Item (Y / N) binary field

V Emergency Order (Y / N) binary field

W Line Filled Complete by Required Date (Y / N) binary field

X Date Line Filled Complete

Y MSPV Item Number

Z MSPV Substitute Item Code

AA Unit Cost (includes distribution fees)

AB Total Costs (includes distribution fees)

AC Total Distribution Fees per Line

AD Distribution Fees (base + / - value added services as a percentage)

AE Quantity Ordered

AF Quantity Filled on Required Date

AG Remaining Quantity

AH Quantity Failed (Not Filled) Due to 10% Over Level Usage

AI Quantity Failed (Not Filled) Due to Manufacturer Backorder
AJ Quantity Killed (Not Filled) Due to Pricing Error

35.6 MSPV Metrics A combination of data points that provides a snapshot of critical elements to help in management of the program at a Facility level and to provide a history for analysis at a National level. The MSPV Contract includes Core and Non-Core Items while specifically excluding Open Market Products.

35.7 Sales Estimate Versa Actual Sales

A Facility Core Item Sales
Facility Non-Core Item Sales
Facility Total Sales (includes Core and Non-Core)
B Facility Station Number
C VISN Number for Facility
D Annual Sales Estimate for Facility
E Monthly Sales Estimate for Facility
F-Q Monthly Facility Core Item Sales
Monthly Facility Non-Core Item Sales
Monthly Facility Total Sales (includes Core and Non-Core)
(Header identifies the Current Months Report with the preceding 11 Months Listed)

35.8 Delivery Quality Report

A Facility Name
B Facility Station Number
C Facility VISN Number
D Month
E Number of Scheduled Monthly Deliveries per Facility
F Number of Emergency Deliveries Made to Facility for Month
G Number of Drop Shipments Made to the Facility for Month
H Number of Failed Deliveries to Facility for Month
I Number of Complaints from Facility Regarding Damaged Product for Month
J Number of Complaints from Facility Regarding Expired Product for Month
K Number of Complaints from Facility Regarding Incorrectly Delivered Line Items for Month

35.9 Facility Service Level Report

M Core Item Listing Review Date
N Person at Facility

35.10 Fill Rate Report This metric provides an individual facility snapshot of various points within the VISN to determine if the MSPV is meeting required fill rates and for facility management to determine efficiency of the program.

A Core Lines Total
Core Lines Filled Complete
Percentage Filled Complete
Lines Failed where >10% over usage
Lines Failed due to Mfg B/O
Fill Rate Core Lines
Total Non-Core Lines
Total Core and Non-Core Lines
Total Orders Placed: Core & Non-Core
Total Lines per Order Core & Non-Core
Average Dollars Per Order Core & Non-Core
B-M Header identifies the Current Months Report with the preceding 11
Months Listed

35.11 Core Item List Report. The Core Item List is used by the Facility and the MSPV to identify and manage inventory levels at the MSPV, to ensure an adequate on hand supply to accommodate the needs of the Facility and to meet the Fill Rate Requirements of the agreement. An automated system will look at existing levels, current months usage, proposed adjustments and new levels. Core Item Listings are reviewed at least once a month with documented communication between the Facility and the MSPV, during which final determination is made concerning new levels. No Core Item will be altered from the listing without mutual acceptance. The Core Item List Report shall include at a minimum the following fields:

A Facility VISN Number
B Facility Station Number
C Facility Name
D Government Supplier Item Number (FSS Item Number)
E Government Supplier Name (FSS Contractor Name)
F Government Supplier Contract Number (FSS Contract)
G Government Supplier Contract Expiration Date (FSS Contract)
H Product Description
I MSPV Product Number
J MSPV Substitute Item
K Unit of Measure Ordered
L Unit of Measure package Multiple
M Current Month (January) Usage
N Estimated Usage (Core Item Level)
O Core Level Adjustment
P New Estimated Usage (Core Item Level)
Q Year to Date Total Usage
R Estimate Usage (Core Item Level) minus Current Month (January) Usage Note:
Sort by Column R – Result is clear determination of what Core Line Items
need attention in review conducted by the Facility and MSPV.

35.12 Credit and Rebill Report. Clearly identifies Credits and Rebill problems that might require the attention of the MSPV or Facility during the month of the Report. This report shall include at a minimum the following fields:

A Facility VISN Number
B Facility Station Number
C Facility Name
D Purchase Order Date
E Facility Designated Purchase Order Number
F MSPV Invoice Number
G MSPV Product Number
H Product Description
I Government Supplier Name (FSS Contractor Name)
J Government Supplier Contract Number (FSS Contract)
K Unit Cost (Includes Distribution Fees)
L Total Invoice Amount
M Original Invoice Amount
N Amount of Credit
O Amount of Rebill
P Reason for Credit / Rebill

35.13 Outstanding Invoice Report Monthly VISN Report that identifies Invoice (debits and credits) that are over 30 days old and considered outstanding.

A Facility VISN Number
B Facility Station Number
C Facility Name
D Facility Designated Purchase Order Number
E Procurement Method (p- purchase card, EDI, w – web based, s – standard purchase order)
F MSPV Invoice Number
G MSPV Invoice Date
H Purchase Order Date
I Invoice Amount
J Payment Reference Number
K Payment Date
L Payment Amount
M Outstanding Balance - Credit

35.14 Facility Service Level Report. The prime vendor shall provide a single aggregate report of the service level being provided to each facility. Reviews are required as identified within the Statement of Work. MSPV is required to conduct these reviews, especially the Core Item Listing review on schedule and document the results as indicated. This report shall include at a minimum the following fields:

Facility VISN Number
Facility Station Number
Facility Name
Facility Phone Number
Facility Address
Facility Representative (s), Name, Phone
MSPV Representative (s), Name, Phone
Date of Contact

Describe Method of Contact

Identify People Contacted at the Facility

Core Item Listing Reviewed and Approved (Y/N) binary field

Core Item Listing Approval by Facility – Identify Person

Outcome of Contact, Discussion, Accomplishment

35.15 Distribution Center Out-of-Stock Report. The prime vendor shall provide a single aggregate —out of stock report for each VISN. For each purchase order line item which (i) corresponded to the ordering facility Core Item List and (ii) was not filled at 100% (i.e., completely and on time), this report shall identify the product ordered and the reason the line item was not filled completely or on time (e.g. backorder by the manufacturer or nonmanufacturing supplier). Report shall include at a minimum the following fields:

A Facility VISN Number

B Facility Station Number

C Facility Name

D Facility Designated Purchase Order Number

E MSPV Invoice Number

F Purchase Order Date

G Facility Required Delivery Dated

H Government Supplier Item Number (FSS Item Number)

I Government Supplier Name (FSS Contractor Name)

J Government Supplier Contract Number (FSS Contract)

K Product Description

L National Item File Number

M Universal Product Number

N Government Contract Item (Y/N) binary field

O Unit of Measure Ordered

P Unit of Measure Package Multiple

Q Core Item List(Y/N) binary field

R Emergency Order (Y/N) binary field

S Line Filled Complete by Required Date (Y/N) binary field

T Date Line Filled Complete

U MSPV Product Number

V Unit Cost (includes distribution fees)

W Total Cost (includes distribution fees)

X Total Distribution Fees per Line

Y Distribution Fees (base +/- value added services as a percentage)

Z Quantity Ordered

AA Quantity Filled on Required Date

AB Remaining Quantity

AC Quantity Failed (Not Filled) Due to 10% Over Level Usage

AD Quantity Failed (Not Filled) Due to Manufacturer Backorder