

Congress of the United States
Washington, DC 20515

July 28, 2021

Michael D. Parrish
Chief Acquisition Officer and Principal Executive Director
Office of Acquisition, Logistics, and Construction
U.S. Department of Veterans Affairs
810 Vermont Ave., NW
Washington, DC 20420

Dear Mr. Parrish:

As you know, on July 27, 2021, the U.S. Court of Federal Claims released an order regarding the protests *Medline Industries, Inc., et al. v. United States et al.* and *Owens & Minor Distribution, et al. v. United States et al.* The order permanently enjoins VA from transferring its Medical-Surgical Prime Vendor (MSPV) requirements to the Defense Logistics Agency (DLA), outside of Veteran Integrated Service Networks (VISNs) 20 and 6, and directs VA to make substantial changes to its MSPV 2.0 solicitation before awarding any contracts. The judge previously determined that VA's actions with respect to the DLA MSPV program were arbitrary, capricious and an abuse of discretion.

The sudden demise of VA's plans to rely on the DLA MSPV contracts to manage its medical and surgical supply needs, which had recently been accelerated, will likely be destabilizing. This contracting program has already struggled to meet medical centers' medical and surgical supply needs with its various MSPV program incarnations over the last decade. The Government Accountability Office (GAO) documented these struggles in its September 2020 report, "Actions Needed to Improve Management of Medical-Surgical Prime Vendor Program and Inform Future Decisions."¹ As articulated by VA acquisition officials in a variety of meetings in recent years, the decision to utilize the DLA MSPV program, which they saw as more stable and functional, was an attempt to move past these persistent difficulties. Further, because of the lack coordination, discipline, and strategy in VA's overall approach and in response to recommendations from GAO, VA committed to creating a Supply Chain Management Strategy to outline how its various supply chain initiatives relate to each other. This report has yet to be produced.

VA must explain how it plans to adapt to this new reality. Bifurcating the VA medical-surgical supply chain between VISNs 20 and 6 and the rest of the United States is not a viable long-term strategy. A patchwork of supply chains would undermine standardization, present management challenges, increase waste, and create unnecessary complexity. There is not a clear path forward to widespread adoption of the DLA MSPV contracts, and substantial changes must

¹ GAO: *Actions Needed to Improve Management of Medical-Surgical Prime Vendor Program and Inform Future Decisions*, GAO-20-487 (Washington, D.C.: Sept. 30, 2020).

be made to the MSPV 2.0 solicitation. Further, last week's decision to defund development of VA's supply master catalog suggests that VA is undermining its only available MSPV program with potential for near-term, nationwide adoption. We respectfully request a comprehensive explanation as to how VA is responding to the court's order and its overall supply chain strategy. VA's objective for the MSPV program, in all its various incarnations, has been to create a uniform, reliable medical-surgical supply chain throughout the health care system, and that must still be accomplished.

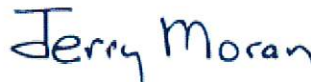
Finally, we request an explanation of the impact the court order has had on VA's plans to implement the Defense Medical Logistics Standard Support (DMLSS) system. VA's original rationale for DMLSS was to serve as the ordering interface for the DLA MSPV contracts and enable greater integration between VA and the Department of Defense. This rationale no longer holds. We seek to understand the utility, if any, DMLSS will provide VA if not paired with the DLA MSPV program. VA is still at the critical early stages of this \$2 billion program, and DMLSS is only in use at one location, the James A. Lovell Federal Health Care Center in North Chicago. Even the medical centers in VISNs 20 and 6, which are utilizing the DLA MSPV program, rely on the Electronic Catalog (ECAT) ordering interface, not DMLSS. At the very least, the cost-benefit justification and roll-out schedule for DMLSS must be reevaluated.

Thank you for your attention to these important issues and for your commitment to transparency. If you have further questions, please do not hesitate to contact William Van Saun of Senate Committee on Veterans' Affairs Chairman Tester's staff, at william_vansaun@vetaff.senate.gov; Brian Newbold of Senate Committee on Veterans' Affairs Ranking Member Moran's staff, at brian_newbold@vetaff.senate.gov; Peter Tyler of House Committee on Veterans' Affairs Chairman Takano's staff, at peter.tyler@mail.house.gov; and William Mallison of House Committee on Veterans' Affairs Ranking Member Bost's staff, at william.mallison@mail.house.gov.

Sincerely,



Jon Tester
Chairman
Senate Committee on Veterans' Affairs



Jerry Moran
Ranking Member
Senate Committee on Veterans' Affairs



Mark Takano
Chairman
House Committee on Veterans' Affairs



Mike Bost
Ranking Member
House Committee on Veterans' Affairs