Western States Network Consortium

WSNC

VISNs 17-22
WSNC Origins

- October 1998
  - Five Western VISNs (18-22) formed the Western States Business Opportunities (WSBO) to focus on consolidating contracts and BPAs.

- June 2000
  - Western VISN Directors (Board) meet with WSBO to restructure group fostering broader collaboration.
  - Name is changed to WSNC.

- May 2004
  - Board meets and reconstitutes Steering Committee.
    - Membership now includes the Deputy Network Director from each network, representative from each WSNC workgroup, a CIO and a CFO and WSNC Procurement Analyst
    - WSNC Procurement Analyst hired in May 2005.

- April 2008
  - VISN 17 joins WSNC.

- WSNC now totals 5 networks encompassing 40 medical centers
WSNC Goals

• Develop business opportunities to enhance:
  – Quality of Care
  – Efficiency of Operations
  – Saving of Medical Care Dollars
WSNC Organization

NETWORK DIRECTORS
Joseph Dalpaiz, VISN 17
Ralph Gigliotti, VISN 19
Larry Carroll, VISN 20
Sheila Cullen, VISN 21
Marie Weldon, VISN 22

STEERING COMMITTEE
Michael Fisher, Chair
Mark Doskocił, VISN 17 DND
Sunaina Kumar, VISN 19 DND
John Mendoza, VISN 20 DND
Cassandra Law, Acting VISN 21 DND
Randy Quinton, VISN 22 DND
Carrie DeKorte, VISN 22 DND

EX-OFFICO MEMBERS
Mark Cecil, Region 1 OI&T Director
Delia Adams, SAO West, Business Co-chair
James Horner, IMT Co-chair
Steve Renner, Laboratory Co-chair
Denise Di Giorgio, Logistics Co-chair
Dave Silver, Logistics Co-chair
Kelly Luu, BioMed Co-chair
Elliot VanderStek, CFO
Steve Bauman, MCD Representative
Stacia Nunn, Contracting Representative
Pam Mondrey, WSNC Program Manager

IMT Workgroup
Logistics Workgroup
Laboratory Workgroup
Business Workgroup
Biomedical Engineers Workgroup
Steering Committee Functions

- Provide oversight for workgroups.
- Identify opportunities for collaboration and assign to existing workgroups or charter additional workgroups.
- Ratify agreements between networks to ensure compliance.
- Develop and champion best practices across all five networks.
- Monitor cost-benefit actions and provide periodic reports.
- Develop policy recommendations to improve operations and submit to VACO.
• WSNC serves as a Group Purchasing Organization.
• Utilizes the collective committed volume of the 40 medical facilities
• Negotiates discounts based on the volume of a catalogue of items
  – Laboratory supplies
  – Surgical Instruments
The Logistics Subcommittee is looking at some initiatives in Strategic Sourcing to tie in to the new MSPV awards in April 2016

- WSNC centric CORE list of products available under the MSPV
- Looking at the data for common non-mandatory items that can be put on a BPA to comply with competition requirements.
- Reviewing mandatory item compliance to get to 100% across the WSNC
Secretary’s Breakthrough Priorities

MSPV-NG is a key enabler of the Supply Chain Transformation.

**Veteran Touchpoints**

1. Improve the Veterans Experience
2. Increase Access to Health Care
3. Improve Community Care
4. Deliver a Unified Veterans Experience
5. Modernize Our Contact Centers (to include Veterans Crisis Line)
6. Improve the Comp & Pension Exam
7. Develop a Simplified Appeals Process
8. Continue to Reduce Veteran Homelessness

**Critical Enablers**

9. Improve Employee Experience (to include leadership development)
10. Staff Critical Positions
11. Transform OIT
12. Transform Supply Chain
MSPV-NG Program

Supply Chain Transformation

MSPV-NG is an initiative designed to enable VHA’s Supply Chain Transformation.

Meet Clinical Needs
Strengthen clinician-driven sourcing to meet the supply needs of clinical staff and patients.

Support Clinicians Delivering Care to Veterans
Streamline ordering process to ensure the right supplies are available when needed to provide the highest quality care.

Improve Visibility into Operations
Increase transparency in quality, performance, and timeliness of inventory management.

Support Transparency
Enable clear, concise communications at all levels across the supply chain.

The MSPV-NG program will enable VHA to obtain quality products, avoid costs, and support clinicians in delivering high-quality Veteran care.
MSPV-NG Goals and Objectives

MSVP-NG strives to streamline ordering processes resulting in benefits to VA, facilities, and end users.

MSPV-NG will provide a streamlined procedure for ordering medical/surgical supplies, via conventional/bulk delivery or low/logical unit of measure (LUM) resulting in:

- Improved ease of ordering
- Decreased number of purchase card transactions
- Reduced number of shipments and invoice processing by facilities
- Decreased number of purchase orders
- Reduced inventory levels at individual facilities
- Increased flexibility for VA Customer and Ordering Officers
MSPV-NG Formulary Overview
The new MSPV-NG Formulary will include all items that can be ordered through MSPVs.

What is the MSPV-NG Formulary?
- Catalog that will contain all items available for purchase by facility staff, replacing the NAC Contract Catalog Search Tool
- ~6,000 items at launch that will grow to ~16,000 items at nationally negotiated rates

Why did VA create the MSPV-NG Formulary?
- Consolidates items to act as the single supply listing for facility staff
- Streamlines supply listing, enhancing the VA’s ability to leverage purchasing power and negotiate costs
- Includes clinical review on a national level, increasing product safety
Background and Judicial Timeline

Veterans Benefits, Health Care, and Information Technology Act of 2006 §8127

- Secretary of Veterans Affairs (VA) sets annual goals for contracting with service-disabled (SD) and other Veteran-owned small businesses (VOSB).

- Rule of Two provision restricts competition to VOSBs if two such businesses are expected to submit offers and the award can be made at a “fair and reasonable price that offers the best value to the United States.”

- Exceptions: Contracting Officer may use noncompetitive and sole-source contracts for contracts below specific dollar amounts.

- Eligibility and Database: Created the eligibility requirements for VOSB and SDVOSB to be verified and listed in VIP database.
Background and Judicial Timeline

Bid Protest to GAO (B-406507)

- **January 2012:** VA procured an Emergency Notification Service using FSS procedures. Contract No. VA-245-12-F-0622 was awarded to Everbridge, Inc. (non-SDVOSB).

- Kingdomware Technologies (SDVOSB) protested the award, asserting that VA failed to comply with the requirements of the “rule of two” IAW Veterans Benefits, Health Care, and Information Technology Act of 2006 because the requirement was not set-aside for SDVOSB (or VOSB) concerns.

- VA argued that the “rule of two” did not apply to FSS procurements.

- **May 2012:** GAO agreed with Kingdomware and determined that VA acted unlawfully, but VA declined to follow the GAO’s nonbinding recommendation, holding that “rule of two” did not apply to FSS.
Background and Judicial Timeline

Bid Protest Claim to Court of Federal Claims (No. 12-173C)

- **March 2012:** Kingdomware files a complaint to the Court of Federal Claims.
  - Kingdomware argues that GAO is correct that 2006 Act mandates VA first determine whether SDVOSB/VOSB set-asides should be used before VA can order against FSS.
  - VA argues that 2006 Act is a goal-setting statute that provides VA with tools to meet SDVOSB and VOSB goals, and that nothing in the Act restricts VA’s discretion to order against the FSS.

- **November 2012:** Court of Federal Claims disagrees with GAO’s interpretations of the 2006 Act and finds that VA’s decision not to set-aside was not arbitrary, capricious, or contrary to law.
Background and Judicial Timeline

Appeal to U.S. Court of Appeals for the Federal Circuit (No. 2013-5042)

- **January 2013:** Kingdomware filed an appeal of the judgment by the Court of Federal Claims.

- **June 2014:** Federal Circuit affirmed the Court of Federal Claims’ earlier judgment, holding that VA need not perform a VOSB Rule of Two analysis for every contract, as long as the annual goals are met.
Background and Judicial Timeline

U.S. Supreme Court Decision (No. 14-916)

- **January 2015:** Kingdomware filed an appeal of the Circuit Court’s judgment to the U.S. Supreme Court (SCOTUS).

- **June 2015:** SCOTUS agrees to hear Kingdomware’s case.

- **February 2016:** SCOTUS hears arguments to examine whether the Rule of Two:
  - Must be applied for every award, or only to the extent necessary to meet annual minimum goals for contracting with veteran-owned small businesses.
  - Must be applied for orders placed using FSS.

- **June 2016:** SCOTUS concludes
  - “...the Rule of Two contracting procedures in [38 U.S.C.] §8127(d) are not limited to those contracts necessary to fulfill the Secretary’s goals under §8127(a).”
  - “[38 U.S.C.] §8127(d) applies to orders placed under the [Federal Supply Schedules] FSS.”
Supreme Court Decision effect on VHA Competitive Procurements

- In the *Kingdomware* decision, the United States Supreme Court held that the text of 38 U.S.C. 8127(d) requires the Department of Veterans Affairs to **apply the Rule of Two to all contracting determinations**.

- 8127(d) unambiguously requires the Department of Veterans Affairs to use the Rule of Two before contracting under the competitive procedures. **There is no exception for orders established against FSS contracts**. Therefore, this decision affects all VHA competitive procurements.
Key Takeaways - General

- A procurement must be set-aside if there are two or more eligible (verified in VIP & small in SAM) and capable (provide goods and services, fair and reasonable price, best value) SDVOSBs or VOSBs.

- VA’s Prime Vendor, National Contracts (NAC & SAC), and Schedules 65 & 66 are no longer mandatory.

- Quality market research is critical.

- Sole source procurements must be justified with more than “authorized or required by statute.”

- Well-written requirements and evaluation criteria are necessary to determining a source’s capability up front.

- Program offices and contracting personnel will have a learning curve with this new process, and acquisitions will take longer to award.
Conclusion

• Why WSNC is successful -
  – Cooperation among networks
  – Benefit to facilities
  – Having a forum for people to meet
  – Full participation from Region 1 O&IT
  – Great collaboration with SAO West