

2016 National Veterans Small Business Engagement



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U.S. Department
of Veterans Affairs

Medical Category Management Program Overview



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of Veterans Affairs



Overview of Category Management

Purpose of Briefing

- To provide an overview of Medical Category Management and its impact on VA's business with Small Businesses in the Medical Category

Background

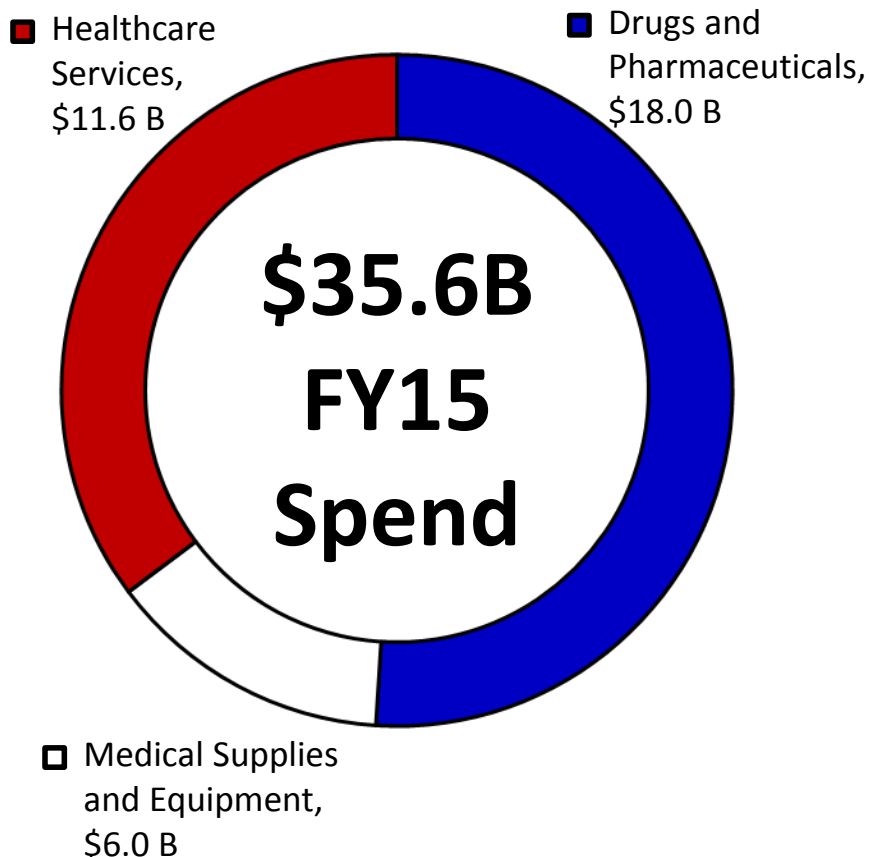
- OMB launched Category Management to better manage ~\$270 billion of government spend
- The objective is to unify approaches and maximize cost savings/avoidance across agencies
- Ten “categories” were identified across the federal government (e.g. IT, Travel, Medical). Each category is managed by a team of category experts like its own business unit
- Efforts include examining the data and buying practices of agencies for similar goods and recommending common, consistent strategic actions to drive cost or efficiency gains



The Medical Category and Medical CM

Medical Spend by Sub-Category:

The Medical Category includes three sub-categories.



Objectives:

- Act as one business unit across agencies
- Avoid costs and improve service quality
- Increase Spend Under Management (SUM)

Activities:

- Strategic Planning
- Creating Initiatives
- Defining KPIs and Targets
- Reporting Results

Leadership:

- VA, DoD, HHS comprise 96% of spend
- GSA and OMB provide inputs
- Medical Category Management Team (MCMT)
- HEC and AMMMWG oversight (VA/DoD co-chairs)



Medical CM Strategic Plan Version 2.0 Initiatives

Version 2.0 of the Medical CM Strategic Plan contains 7 initiatives that the Medical CM leadership will agree to pursue and monitor over the next 3 years

Initiative	Activity
1. Healthcare Services Outside Facilities	Exploring opportunities in consolidation of service contracts and in special programs that agencies may be rolling out separately
2. Healthcare Services Inside Facilities	
3. Award Joint National Contracts	Continuing consolidation of spend between services and agencies under Joint National Contracts for Drugs and Pharmaceuticals
4. Expand Electronic Catalog (ECAT) Usage	Determining how to expand usage of ECAT from DoD to VA and HHS
5. Focus on Medical Specialty Supplies	Exploring opportunities in to consolidate specialty supply contracts
6. VA Med/Surg Prime Vendor Program	Standing up MSPV-NG in FY17 will provide cost avoidance in future years
7. Include Others in VA Hearing Aid Program	Expand VA Hearing Aid program to include DoD and HHS participation



Key Performance Indicators for Medical CM

The results of Medical CM initiatives will be tracked using the following KPIs:

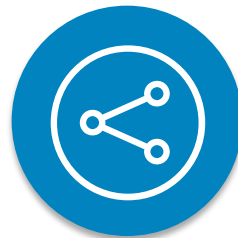
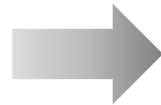
KPI	Definition	Unit
Achieve Savings (Avoid Cost)	Reduce the amount spent on goods/services	Cost Avoidance in \$
Increase SUM	Utilize CM strategies on as many goods/services and across as many agencies as possible	% of Spend
Reduce Contract Duplication	Minimize number of contracts for similar/same items	# of contracts
Small Business Utilization	Engage small businesses to supply medical goods and services to federal customers	% of SB participation
Increase Acquisition Gateway Usage	Utilize GSA's web-based portal for coordination and knowledge sharing	# of Purposeful Visits

Small Business Utilization Targets in Medical CM Strategic Plan



Target

Small Business Utilization at 11.8% on non-pharmaceutical medical categories through FY18



Plan

Continue SB/VOSB/SDVOSB programs at the VA, explore ways they could be applied across Medical CM



Verification

MCMT will submit results to GSA/OMB and publish yearly updates

Medical Category will always have difficulty meeting targets because majority of spend is on drugs, pharmaceuticals, and medical equipment produced by large industrial manufacturers



CM Impact on Small Business Programs

Potential Negative Impact

Consolidating spend and volume may expand customer needs outside of capabilities of small businesses

Medical CM seeks to consolidate spend, leverage volume and buying power, and create the best terms for as many agencies buying medical goods and services.

Niche services cannot have contracts rolled up and away

Small-business components of MSPV-NG already formed

Potential Positive Impact

CM
Strategies



How Should SBs Respond to Medical CM?

- Understand basic CM principles
- Determine if/where CM principles may pose risk to business
- Identify opportunities where CM and SBs can align
- Communicate through formal VA SB channels

How Will VA Secure Future for SBs/VOSBs/SDVOSBs in CM?

- The Medical CM team “SHALL” abide by the SCOTUS decision on Kingdomware
- Medical CM will weigh impact of future initiatives on category’s ability to engage SBs



Q & As

