



DEPARTMENT OF VETERANS AFFAIRS
DEPUTY ASSISTANT SECRETARY FOR
ACQUISITION AND MATERIEL MANAGEMENT
WASHINGTON DC 20420

NOV 20 1992

Dear Manufacturer:

On November 4, 1992, the Veterans Health Care Act of 1992 (the Act), Public Law 102-585, was signed into law. Section 603 of the Act adds a new Section 8126 to Title 38, U.S.C. As a manufacturer of a "covered drug," as defined in Section 8126(h)(2) and Paragraph I.B. of the enclosed Master Agreement, you are required to execute the Master Agreement and Pharmaceutical Pricing Agreement and return both on or before January 1, 1993. Failure to enter into these Agreements with the Secretary of Veterans Affairs will preclude the entities identified herein from making payment to you for the purchase of a "covered drug." Specifically, the Act applies to payments made by:

- 1) a State plan under title XIX of the Social Security Act, except as authorized under Section 1927(a)(3) of such Act, and
- 2) the Department of Veterans Affairs, the Department of Defense, and the Public Health Service, including the Indian Health Service, and
- 3) any entity that receives funds under the Public Health Service Act.

Pursuant to the enclosed Agreements and in accordance with the Act, you must make available for procurement on the Federal Supply Schedule each of your "covered drugs," by package unit, as identified in the 11-digit NDC number of the drug. Also, you must provide to the Department of Veterans Affairs (VA), on or before December 7, 1992, the non-Federal Average Manufacturer Price (non-FAMP), as defined in Section I.J. of the Master Agreement, and the annual Federal ceiling price described in Section II.B.1. of the Master Agreement for each "covered drug," along with the non-FAMP data required to calculate the additional discount identified in Sections 8126(a)(2),(c)&(h)(1).

The required data is to be submitted in an electronic format identical to the format described and exemplified in Appendix A to the Master Agreement. The data is to be transmitted to (See Appendix A, page 1):

Drug and Pharmaceutical Product Management Section
Veterans Health Administration
P.O. Box 126
Hines, IL 60141

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The executed Master and Pharmaceutical Pricing Agreements are to be sent to (see Appendix A, page 1):

Chief, Pharmaceutical Products Division (904E)
VA National Acquisition Center
Building 17
Tripp & Crossman Circle
Hines, IL 60141

We are enclosing a copy of Section 603 for your use. VA has attempted to fully describe the requirements and implementation of the Act in the Master Agreement.

I realize that the time frames for implementing this program are short. This Department will cooperate with you to ensure that the Act is fully implemented. I look forward to working with you in the successful operation of this program. Questions should be referred to Ms. Arlyce S. Dubbin, Director, Acquisition Analysis and Liaison Staff (96), (202) 233-5257.

233-5275

Sincerely,

for Arlyce S. Dubbin
Gary J. Krump

Enclosures