



GSA Office of the Chief Acquisition Officer

January 4, 2008

Mr. Jan Frye  
Deputy Assistant Secretary  
Office of Acquisition and Logistics  
U.S. Department of Veterans Affairs  
810 Vermont Avenue, NW  
Washington, DC 20420

Mr. Craig Robinson  
Executive Director and Chief Operating Officer  
National Acquisition Center  
U.S. Department of Veterans Affairs  
P.O. Box 76, Building 37  
Hines, IL 60141

Re: VA OIG Report No. 05-01670-04, "Final Report - Special Review of Federal Supply Schedule Medical Equipment and Supply Contracts Awarded to Resellers"

Dear Messrs. Frye and Robinson:

This is in response to the subject VA Office of Inspector General's report (Report) dated October 15, 2007, which included a response from the VA's Executive Director, National Acquisition Center (NAC). This report proposed several corrective actions concerning the overall Multiple Award Schedules (MAS) policy, which is exclusive purview of the General Services Administration (GSA).

Title 40, U.S.C., Chapter 5, Property Management (formerly Title II of the Federal Property and Administrative Services Act of 1949), assigns to GSA the overall statutory authority to prescribe policies and methods of procurement and supply of personal property and non-personal services. This authority is not delegable. This statutory authority, along with provisions of the Competition in Contracting Act (CICA), provides the basis for GSA's management of the MAS program.

Among the NAC's proposed actions were concurrences to "incorporate in all FSS solicitations issued by the NAC, a Price Reductions Clause requiring the tracking of the manufacturer's commercial customers on contract awards made to resellers who do not have significant commercial sales of the items being offered" and to "establish criteria to determine what 'significant sales' are and what added value do 'resellers' provide" (pages 58-59 of the Report). These proposed actions directly affect the core of the MAS pricing policy as reflected in the Economic Price Adjustment clause (GSAR

U.S. General Services Administration  
1800 F Street, NW  
Washington, DC 20405-0002  
[www.gsa.gov](http://www.gsa.gov)

552.216-70), which includes the handling of the Commercial Sales Practice and the Price Reductions clause (GSAR 552.238-75).

With respect to identification of the appropriate party to be used as the "tracking customer" for price reduction purposes, GSA's policy has not changed since our previous determination on this issue transmitted to the NAC on February 28, 2003. GSA does not contemplate third party tracking for price reduction purposes. An MAS contractor who is a reseller does not control the discounts given by a manufacturer to other customers. There is, therefore, a lack of nexus between the pricing relationship negotiated between the manufacturer and its other customers, and the pricing relationship envisioned by the Price Reductions clause. For price reduction purposes, in cases where the reseller is the offeror, it is the pricing relationship that the offeror has with the manufacturer that must be maintained throughout the contract period.

The GSAR 515.408, Commercial Sales Practices Format (CSPF), paragraph (5), requires an offeror, who is a dealer/reseller without significant sales to the general public, to provide manufacturers' sales information if contract sales are expected to exceed \$500,000. This information can be obtained any time before award or before agreeing to a contract modification including price increases. Further, the CSPF informs the offeror that this information is required to enable the Government to make a determination that the offered price is fair and reasonable. Although the manufacturers' information is used for negotiation purposes, it is not intended that the manufacturer's customers be identified and used as "tracking customers" under the Price Reductions clause.

As to the treatment of resellers without "significant" commercial sales and the determination of the "added value" resellers provide in order to be eligible for MAS contract award, GSA's policy has not changed since our previous transmittal to the NAC dated March 21, 2003. In order to comply with the requirements of CICA, as set forth in 41 U.S.C. 259(b)(3), GSA must establish procedures in which participation in the MAS program is open to all responsible sources. The proposed corrective action appears to restrict the ability of resellers and distributors to participate in the VA's MAS contracts and, if so, such action would conflict with the statutory requirements of CICA and represent a deviation from GSA's established policies. MAS policies provide the contracting officer the flexibility and discretion to address issues, including those issues related to price, on an offer-by-offer basis. In particular, the policy recognizes that there are instances when the offeror is a reseller without significant commercial sales. Any program-wide clarification of "significant" sales, if necessary, would be the prerogative of GSA in coordination with the NAC.

Finally, it is important to note that, although GSA has delegated to VA the authority to contract for supplies and services under various Multiple Award Schedules, GSA has not delegated to VA the authority to prescribe the policies and procedures that govern the MAS program. Since the earliest known delegation of contracting authority to VA, the terms of delegation have indicated that the method of supply would be governed by

criteria established under GSA regulations. The issuance of procurement policies and methods necessary to implement the VA delegation are understood to be under GSA control. Accordingly, GSA must approve in advance any changes contemplated by VA which might impact the program from a policy standpoint.

I trust this information is helpful. Should you have any further questions or need additional information, please contact Mr. Al Matera at 202-501-0843 or [Al.Matera@gsa.gov](mailto:Al.Matera@gsa.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Molly Wilkinson', with a long horizontal flourish extending to the right.

Molly Wilkinson  
Chief Acquisition Officer, GSA

# Congress of the United States

House of Representatives

107th Congress

Committee on Small Business

1361 Rappahannock House Office Building

Washington, DC 20515-6115

July 29, 2002

The Honorable Anthony J. Principi

Secretary of Veterans Affairs

Department of Veterans Affairs

810 Vermont Avenue, N.W.

Washington, D.C. 20420

Dear Secretary Principi:

The Committee on Small Business has actively supported the entrepreneurial efforts of veterans, especially disabled veterans, to start and grow small businesses. This Committee in the 107<sup>th</sup> Congress has held two oversight hearings concerning the Small Business Administration's treatment of veterans and the success or failure of that agency's programs for veterans. In addition, the Committee has carefully followed the formation and growth of the National Veterans Business Development Corporation, whose success could greatly benefit veterans throughout this Nation. The legislation that created this Corporation was a cooperative effort between the House Committees on Veterans' Affairs and Small Business. We look forward in the future to working with the Committee on Veterans' Affairs and your Department in a continuing and cooperative effort to meet the needs of veterans.

We are writing to you today concerning a matter of importance to small businesses and the maintenance of fairness in the procurement process as administered by your Department. As we are sure you are aware, the House of Representatives last Monday passed H.R. 3645, a bill to provide for improved procurement practices by the Department of Veterans Affairs in procuring health-care items. The bill, as originally introduced, contained a provision, subsection (d)(2) of Section 2, which would have severely limited or eliminated the participation of distributors, a significant portion of whom are small businesses, from bidding on the procurement of health-care items covered by the legislation. Such an anti-distributor provision doesn't make sense from any viewpoint since it is in the interest of any buyer, whether the government or a private sector purchaser, to maximize rather than restrict competition.

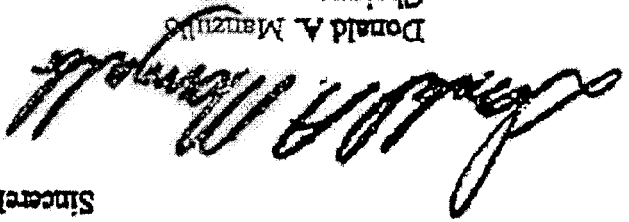
It is our understanding that this particular provision had its origin in a report done by the Inspector General of your Department. However, it would appear that the conclusions reached in this report did not meet with general acceptance in your agency since the Principal Deputy Assistant Secretary for Management, who testified on behalf of your

Department regarding H.R. 3645, opposed the strict mandates imposed by the legislation, including the anti-distributor provisions. Wisely, the House did remove the anti-distributor provisions and they are not in the bill passed last Monday. However, there remains concern within the small business community that there will be an effort in your Department to end run the recent efforts here in the House to maintain fairness in the procurement process. The President in his remarks to the Women Entrepreneurship Summit, in March of this year, sets forth the Administration's small business plan, a major tenet of which is that "government contracting must be more open and fair to small businesses." The language spoken here in the House would have had the opposite result.

Government has a genuine concern that goods and supplies purchased are delivered on time, at a competitive price, and of requisite quality. The procurement process is not designed to dictate to small and large businesses how they should be organized in doing business with the Federal Government or in the private sector. This country has achieved its success through a vigorous free enterprise system. Those nations that have relied upon government planners to manipulate their economies have failed. Now is the time to support our free enterprise system and to maintain equity in the government procurement process.

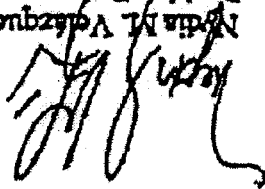
You may be assured that the Committee on Small Business will continue its effort on behalf of the veterans of this Nation. We are sure that under your leadership, the President's standard of more fairness to small businesses in government contracting will be followed.

Sincerely,



Donald A. Manzullo  
Chairman

Robin M. Vasquez  
Ranking Democrat



ROBERT F. BENNETT  
UTAH

COMMITTEES:  
APPROPRIATIONS  
BANKING, HOUSING, AND  
URBAN AFFAIRS  
RULES AND ADMINISTRATION  
JOINT ECONOMIC

## United States Senate

WASHINGTON, DC 20510-4403  
(202) 224-5444

January 25, 2008

The Honorable James B. Peake  
Secretary  
Department of Veterans Affairs  
810 Vermont Avenue NW  
Washington, DC 20420

Dear Secretary Peake:

As a Member of the Senate Appropriations Subcommittee on Military Construction and Veterans Affairs, I would like to request information from your office relative to a report issued by your agency's Office of Inspector General (OIG). I believe the "Final Report: Special Review of Federal Supply Schedule Medical Equipment and Supply Contracts Awarded to Resellers" threatens to significantly harm not only small businesses which provide goods and services to Department of Veterans Affairs' facilities across the nation but also the wounded warriors whose care is dependent upon such suppliers. The state of Utah is home to two VA medical centers as well as over 200,000 small businesses, thus this is an issue of concern to me.

Should the OIG succeed in implementing the recommendations contained within the report referenced above, a broad range of small businesses would be prohibited from participation in certain government contracts. I believe such a step would be unwise, as it would deprive the federal marketplace of the competition and variety of products which small business distributors contribute. In an efficiently operating process, agency contracting officers have the authority to consider a broad range of concrete factors when determining how to issue a contracting award. While making such decisions, if a distributor company provides the best products at the most cost effective prices, the contracting officer should not be prohibited from awarding a contract simply because that company is a distributor. Artificially removing competition from the market will accomplish little more than restrict the range of products available to treat our wounded servicemembers and require the expenditure of greater taxpayer resources. Conversely, by promoting competition, the Department of Veterans Affairs can maximize the efficiency with which funds are spent.

On behalf of my constituents who would be affected by the policies contained in the OIG's report, I request that you report to me what actions you, as secretary, will take to ensure that small businesses are treated in a fair manner when dealing with the Department of Veterans Affairs. I would also request that you ensure the above referenced policy prohibiting the participation of distributors in the procurement process is not implemented until it can receive the appropriate review from the Senate Appropriations Committee and other committees which may have interest and jurisdiction.

### STATE OFFICES:

- WALLACE BENNETT FEDERAL BUILDING  
125 SOUTH STATE, SUITE 4225  
SALT LAKE CITY, UT 84138-1188  
(801) 524-6933
- JAMES V. HANSEN FEDERAL BUILDING  
324 25TH STREET, SUITE 1410  
OGDEN, UT 84401-2310  
(801) 625-6676
- OLD COURT HOUSE BUILDING  
51 SOUTH UNIVERSITY AVENUE, SUITE 310  
PROVO, UT 84601-4424  
(801) 651-2525
- FEDERAL BUILDING  
196 EAST TABERNACLE, SUITE 21  
ST. GEORGE, UT 84770-3474  
(435) 628-5514
- 2390 WEST HIGHWAY 59  
SUITE 4B  
CEDAR CITY, UT 84720-2688  
(435) 865-1335

Thank you for your assistance in this matter. I look forward to receiving your response and working with you to continue to provide our veterans with the best benefits and services available.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert F. Bennett". The signature is written in dark ink and is positioned above the printed name.

Robert F. Bennett



THE SECRETARY OF VETERANS AFFAIRS

WASHINGTON

April 9, 2008

The Honorable Robert F. Bennett  
United States Senate  
Washington, DC 20510

Dear Senator Bennett:

This responds to your letter of January 25, 2008, requesting information regarding the Department of Veterans Affairs (VA) Office of Inspector General (OIG) *Final Report on Special Review of Federal Supply Schedule (FSS) Medical Equipment and Supply Contracts Awarded to Resellers*. I apologize for the delay in responding; however, we have no record of receiving the letter until your staff sent a copy which was received on April 1, 2008.

The VA OIG report contains recommendations which include one to change the FSS Price Reductions Clause and establish FSS criteria for determining significant reseller commercial sales. This recommendation affects existing General Services Administration (GSA) procurement policies and GSA must approve, in advance, any changes that would be contemplated by VA. Unless and until GSA were to approve any policy change, VA will continue to consider offers under existing policy from all appropriate vendors, large or small. VA reviews each offer in compliance with applicable acquisition laws and regulations.

VA recently formed a workgroup comprised of contracting, acquisition policy, General Counsel, and OIG staff. This workgroup will review each of the OIG's recommendations and determine what, if any, changes in policy may be recommended to GSA for its consideration.

I hope you find this information helpful. We will keep you informed and will notify you if any of the recommendations identified by the report are going to be adopted by GSA.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James B. Peake", is written over a large, stylized flourish that extends to the right and loops back under the signature.

James B. Peake, M.D.



DANIEL K. AKAKA, HAWAII  
CHAIRMAN  
JOHN D. ROCKEFELLER IV, WEST VIRGINIA  
PATTY MURRAY, WASHINGTON  
BARACK OBAMA, ILLINOIS  
BERNARD SANDERS, VERMONT  
SHERROD BROWN, OHIO  
JIM WEBB, VIRGINIA  
JON TESTER, MONTANA

WILLIAM E. BREW, STAFF DIRECTOR

RICHARD M. BURR, NORTH CAROLINA  
RANKING MEMBER  
ARLEN SPECTER, PENNSYLVANIA  
LARRY E. CRAIG, IDAHO  
JOHNNY ISAKSON, GEORGIA  
LINDSEY O. GRAHAM, SOUTH CAROLINA  
KAY BAILEY HUTCHISON, TEXAS  
ROGER F. WICKER, MISSISSIPPI

LUPE WISSEL,  
REPUBLICAN STAFF DIRECTOR

# United States Senate

COMMITTEE ON VETERANS' AFFAIRS

WASHINGTON, DC 20510

March 19, 2008

Mr. Harold Jackson  
Buffalo Supply, Inc.  
1650A Coal Creek Drive  
Lafayette, CO 80026

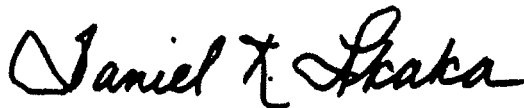
Dear Mr. Jackson,

In follow up to our recent meeting on resellers interaction with the Federal Supply Schedule, I asked VA's General Counsel to take a look at the General Services Administration letter on the subject.

General Counsel Hutter's response to me is enclosed. As you will see, VA has established a workgroup to review the recommendations made by the IG. I have asked that I be kept updated on the progress of the workgroup and on any policy or regulatory changes that the workgroup recommends.

Thank you for bringing this matter to my attention.

Sincerely,



Daniel K. Akaka  
Chairman

Cc: George W. Koch

Enclosures



**DEPARTMENT OF VETERANS AFFAIRS**  
**Office of the General Counsel**  
**Washington DC 20420**

In Reply Refer To: 025

The Honorable Daniel K. Akaka  
Senate Veterans' Affairs Committee  
United States Senate  
Washington, DC 20510

Dear Senator Akaka:

I am writing in response to your office's request for my analysis of General Services Administration's (GSA) January 4, 2008, letter to VA's Deputy Assistant Secretary Jan Frye. That letter raised GSA concerns regarding recommendations made in Department of Veteran Affairs (VA) Office of Inspector General (OIG) Report No. 05-01670-04, "Final Report – Special Review of Federal Supply Schedule Medical Equipment and Supply Contracts Awarded to Resellers."

In the letter, GSA's Chief Acquisition Officer reminded VA that Congress had assigned to GSA the overall statutory authority to prescribe policies and methods of procurement and supply of personal property for the Government. GSA asserted that this statutory authority, along with provisions of the Competition in Contracting Act, provide the basis for GSA's management of the Multiple Award Schedule (MAS) Program (also referred to as the Federal Supply Schedule or FSS Program). When GSA delegated several FSS healthcare-related schedules to VA to operate and manage, those delegations did not include the right to issue procurement policies and methods necessary to implement the delegations – these remained under GSA's control. "Accordingly, GSA must approve in advance any changes contemplated by VA which might impact the program from a policy standpoint." (GSA's January 4, 2008, letter at page 3.)

Although a review of the GSA delegation documents in VA files reveals that, over the years, all such documents were not worded as clearly as the January 4, 2008, letter, I do not question the assertions of GSA's authority over FSS contracting policy that are contained in the letter. Also, I recognize that the statements in the January 4, 2008, letter, regarding VA OIG's recommendations to change the FSS Price Reductions Clause and establish FSS criteria for determining significant reseller commercial sales, are statements of policy by GSA's Chief Acquisition Officer.

2.

The Honorable Daniel K. Akaka

The role of GSA as policy maker for the schedules is not open to debate. As Assistant Secretary Robert J. Henke stated in a letter responding to concerns on these matters expressed by the National Ombudsman of the Small Business Administration, VA has established a workgroup to review the OIG's report recommendations. "If the workgroup recommends any policy or regulatory changes that require action by GSA, they will be sent to GSA for review and appropriate action. GSA will take action it deems appropriate, including discussions with other agencies. Any regulatory changes would be announced in the Federal Register in accordance with the law." (See copy of Mr. Henke's February 6, 2008, letter enclosed hereto.)

If you have any further questions about VA's handling of the recommendations in the OIG Report, please do not hesitate to present them to me through your staff.

Sincerely yours,



Paul J. Hutter  
General Counsel

Enclosure

Congress of the United States  
U.S. House of Representatives  
Committee on Small Business  
2501 Rayburn House Office Building  
Washington, DC 20515-6515

April 17, 2008

The Honorable James B. Peake, M.D.  
Secretary  
Department of Veterans Affairs  
810 Vermont Avenue, N.W.  
Washington, D.C. 20420

Dear Mr. Secretary,

We are writing concerning a matter of importance to small business and the maintenance of fairness in the acquisition process as administered by the Department of Veterans Affairs. Recently, the Department's Inspector General made a recommendation that, if implemented, would severely limit or prevent the participation of distributors, a significant portion of whom are small businesses, from participating in Department acquisitions. In order to continue to do business with the Department, the distributors would be forced to either change their business model in order to qualify or be forced to stop doing business with the Department. See Veterans Affairs Office of Inspector General issued VA OIG Report Number 05-01670-04, "Final Report Special Review of Federal Supply Schedule Medical Equipment and Supply Contracts Awarded to Resellers," dated October 15, 2007.

In a July 29, 2002 letter to The Honorable Anthony J. Principi, Secretary of Veterans Affairs (enclosure 1), the committee voiced similar concerns to the Department concerning H.R. 3645, a bill to provide for improved procurement practices by the VA in procuring healthcare items. The bill, as originally introduced, contained a provision which would have severely limited or eliminated the participation of both large and small distributors from bidding on the procurement of healthcare items covered by the legislation.

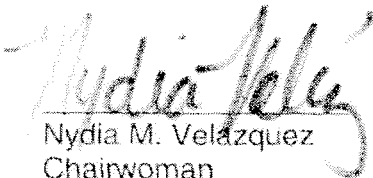
Molly Wilkinson, Chief Acquisition Officer of the General Services Administration has expressed similar concerns. On January 4, 2008, she sent a letter (enclosure 2) to Mr. Jan Frye, Deputy of Acquisition and Logistics of the Department of Veterans Affairs in response to OIG Report Number 05-01670-04. That letter stated that "the proposed corrective action in the report concerning the overall Multiple Award Schedules (MAS) policy is the exclusive purview of GSA.... [Also,] the proposed corrective action appears to restrict the ability of resellers and distributors to participate in the VA's MAS contracts, and, if so, such action would conflict with the statutory requirements of CICA [the Competition in Contracting Act of 1984] and represent a deviation from GSA's established policies."

The goal of the federal government's acquisition process is to acquire goods and services needed by the federal government in a timely manner at a competitive price. This process is open to all responsible contractors and does not, nor should it, dictate the business model/structure of a small or large business as a prerequisite to do business with the federal government. It is intentionally designed to encourage both small and large businesses to compete for the goods and services of the federal government in an open marketplace. The better the competitive environment, the more efficiently the acquisition system meets the requirements of the federal government at competitive prices with on time delivery.

The House of Representatives Committee on Small Business has actively supported veterans' entrepreneurial efforts especially disabled veterans for many years. The Committee in the 110<sup>th</sup> Congress has held oversight hearings concerning 1. veteran entrepreneurship; 2. the Veterans Corporation's entrepreneurial development to support military women and men returning from Iraq and Afghanistan; and 3. the Small Business Administration's Entrepreneurial Development Programs including the Veterans Corporation. The Committee will continue its efforts to support the veterans of our Nation; and continue to work with the House of Representatives Committee on Veterans' Affairs and the Department of Veterans Affairs in a collaborative manner to meet their needs.

In summation, the Committee believes that any changes made to the Department's acquisition process should not severely limit or prevent the participation of a class of vendors from participating in Department acquisitions.

Sincerely,



Nydia M. Velazquez  
Chairwoman



Steve Chabot  
Ranking Member

Enclosures

JOHN F. KERRY, MASSACHUSETTS, CHAIRMAN  
OLYMPIA J. SNOWE, MAINE, RANKING MEMBER

CARL LEVIN, MICHIGAN  
TOM HARKIN, IOWA  
JOSEPH I. LIBERMAN, CONNECTICUT  
MARY LANDRIEU, LOUISIANA  
MARY MANTON, WASHINGTON  
EVAN BRYN, INDIANA  
MARK PRYOR, ARKANSAS  
BENJAMIN L. CARDIN, MARYLAND  
JEFF PETERSON, MONTANA

CHRISTOPHER S. BOND, MISSOURI  
RUFUS COLEMAN, MASSACHUSETTS  
DAVID VETTER, LOUISIANA  
ELIZABETH DOLE, NORTH CAROLINA  
JOHN THUNE, SOUTH DAKOTA  
BOB CORKER, TENNESSEE  
MICHAEL ENZ, WYOMING  
JOHNNY ISAKSON, GEORGIA

NACAR BAUM, DEMOCRATIC STAFF DIRECTOR  
WALLACE HOLZER, REPUBLICAN STAFF DIRECTOR

## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
WASHINGTON, DC 20510-6350

April 29, 2008

The Honorable James B. Peake  
Secretary  
U.S. Department of Veterans Affairs  
810 Vermont Avenue, NW  
Washington, DC 20420

Dear Secretary Peake:

On October 15, 2007, the Department of Veterans Affairs (VA) Office of Inspector General (OIG) published a report entitled, "Final Report: Special Review of the Federal Supply Schedule Medical Equipment and Supply Contracts Awarded to Resellers." The Senate Committee on Small Business and Entrepreneurship finds elements of this report to be of significant concern. As you are likely aware, Rule XXV(1)(o)(3) of the Standing Rules of the Senate provide this Committee with the authority to investigate all problems concerning America's small business enterprises, and this publication holds the potential to cause tremendous harm to a broad range of such companies. Small businesses are the backbone of our nation's economy providing not only competition in the federal contracting arena, but millions of American jobs as well.

The policy positions stated in the OIG report would exclude small business resellers from participating in the government procurement process at the VA. Moreover, we are concerned by the OIG's attempt to set procurement policy for programs over which they have no jurisdiction. Policy decisions concerning what type of companies are eligible to supply goods and services to the government fall within the jurisdiction of Congress and the General Services Administration (GSA) and that authority can not be usurped by the VA's OIG. It is our understanding that GSA in a January 4, 2008 letter to the VA made it abundantly clear that the VA has no authority to issue any changes with respect to Multiple Award Schedule (MAS) policy. Furthermore, the VA was previously apprised of this position by GSA in correspondence dated October 22, 1993, February 28, 2003, and March 21, 2003.

Even though these recommendations have not been implemented, the Inspector General's desired policy is already affecting the servicing of Federal Supply Schedule (FSS) contracts currently held by small business resellers. A quick resolution to this matter is in the best interests of small businesses and the Agency. To that end, we request that you address our following concerns by May 30, 2008:

1. Please tell us whether the VA is contemplating implementing the changes to MAS policy proposed by the OIG in its report of October 15, 2007. (VA OIG 05-01670-04, "Final Report: Special Review of Federal Supply Schedule Medical Equipment and Supply Contracts Awarded to Resellers.")

The Honorable James B. Peake

April 29, 2008

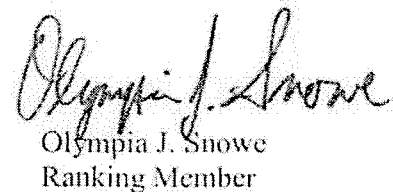
Page 2

2. Please provide us with the number of contracting actions and task orders and the total dollar amount of contracts that were let by small business resellers that will be impacted if the OIG's recommendations are implemented. Please provide information for FY 2003, FY 2004, FY 2005, FY 2006, and FY 2007.
3. Please tell us whether your Agency has received and analyzed the January 4, 2008, GSA opinion letter concerning the recommendations of the VA OIG in its report of October 15, 2007.
4. Please tell us whether it is your opinion that the VA is subject to Title 40, U.S.C., Chapter 5, Property Management (formerly Title II of the Federal Property and Administrative Services Act of 1949) and if not, what is the basis for the VA's exemption? (Please provide citations for any statutory basis for exemption.)
5. Please tell us whether the VA agrees with GSA's position that Title 40 assigns to GSA solely the overall statutory authority to prescribe methods of procurement policy for the supply of personal property and non-personal services. If not, under what authority does the VA hold the position that it can prescribe policy changes under this Title? (Please provide citations for any statutory basis for VA's authority to write policy under Title 40.)
6. Please explain whether VA understands and agrees with GSA's position stated in GSA's January 4, 2008 letter that, "... GSA has not delegated to VA the authority to prescribe the policies and procedures that govern the MAS program," and if not, under what statutory or legal basis does VA hold a different view? (Please provide citations for VA's belief that delegation of authority has occurred.)

Finally, we urge you to investigate this matter and report to us what steps you will take to ensure that current FSS policies are followed and that broad groups of small businesses are not subjected to ineligibility for federal contracts. We are concerned that the VA is contemplating actions that would be clearly outside of its statutory and legal authority. Additionally, the Committee requests that the VA stays any effort to implement the policy recommendations of the October 15<sup>th</sup> OIG's report. If you have any questions please do not hesitate to contact us or have your staff contact Gregory A. Willis, for Chairman Kerry, or Erik T. Necciai, for Ranking Member Snowe, at 202-224-5175.

Sincerely,

  
John F. Kerry  
Chairman

  
Olympia J. Snowe  
Ranking Member

CHAMBER OF COMMERCE  
OF THE  
UNITED STATES OF AMERICA

R. BRUCE JOSTEN  
EXECUTIVE VICE PRESIDENT  
GOVERNMENT AFFAIRS

1615 H STREET, N.W.  
WASHINGTON, D.C. 20062-2000  
202/463-5310

November 20, 2007

The Honorable Jan R. Frye  
Deputy Assistant Secretary  
U.S. Department of Veterans Affairs  
810 Vermont Ave., NW  
Washington, DC 20420

Dear Mr. Frye:

The U.S. Chamber of Commerce, the world's largest business federation representing more than three million businesses and organizations of every size, sector, and region, would like to express its concern regarding policy recommendations issued by the Department of Veterans Affairs Office of Inspector General (VA OIG) in a recent report titled, "Final Report, Special Review of Federal Supply Schedule Medical Equipment and Supply Contracts Awarded to Resellers." Implementation of the policies would be contrary to established congressional intent, usurp the policymaking authority delegated to the General Services Administration (GSA), and threaten the existence of a significant number of small businesses and the jobs they create.

The right to promulgate regulations and policies governing Federal Supply Schedule (FSS) contracts remains exclusively with GSA in the absence of written consent from GSA prior to promulgation of such policies or regulations. Any attempt by the Department of Veterans Affairs (VA) to implement the policies proffered by the VA OIG's report would exceed the VA's statutory authority.

Furthermore, the recommendations made in the report are effectually *de facto* regulations requiring strict adherence to the Administrative Procedure Act and the Regulatory Flexibility Act. Efforts by the VA OIG to circumvent this aspect of the rulemaking process by encouraging the VA to adopt regulatory policy changes thwarts the safeguards that Congress has put in place to provide adequate deliberation and comment. Bypassing this process would greatly expand the powers of the VA OIG and undermine the system of checks and balances which is vital to the separation of powers within federal institutions. Simply put, the VA OIG should submit this report to GSA or Congress for proper disposition and action. In fact, the VA OIG requested Congress enact similar policies in 2002, a suggestion the House specifically rejected during its consideration of procurement reform legislation.

The Chamber strongly opposes the ongoing efforts of the VA OIG to eliminate and restrict the ability of small business resellers to compete in fair and open-market competition for medical equipment and supply contracts awarded by the VA through the GSA's FSS program.



In addition to bringing increased competition to the federal marketplace, resellers or aggregators add valuable services to the government contracting process – services manufacturers are often unwilling or unable to provide. Elimination of resellers from consideration would have the unintended consequences of higher prices though fewer competitive bidders and a less than robust marketplace for contracting officers to procure items for our veterans with the additional level of service they may require. For these reasons, the Chamber strongly urges you to reconsider your position regarding the adoption of the proposals made by the VA OIG.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten". The signature is fluid and cursive, with a large initial "R" and "B".

R. Bruce Josten

Cc: Mr. Craig Robinson, Executive Director and Chief Operating Officer, National Acquisition Center (049A1), Department of Veterans Affairs

## Administrative Report Card

Contractor        BUFFALO SUPPLY INC  
 Contract         GS-27F-0018N  
 Schedule         07103  
 Date Report Card was        10/22/2007

### Contractor Assessment

EXCEPTIONAL		
Category 1		
1.	Did the contractor demonstrate compliance with the scope of their contract?	Yes
2.	Did the contractor demonstrate compliance with the Trade Agreements Act?	Yes
3.	Is the pricelist being used by the contractor the current approved pricelist?	Yes
4.	Does the contractor have a system in place that substantially identifies, tracks and reports GSA sales accurately and completely?	Yes
5.	Is the contractor meeting or exceeding minimum contract sales requirement in accordance with the Contract Sales Criteria clause?	Yes
6.	Does the contractor have a system in place to monitor the "basis of award" customer discount relationship?	Yes
7.	Did the contractor charge customers the contract price or lower?	Yes
8.	Is the contractor complying with the Economic Price Adjustment clause of the contract?	NA
9.	If a Commercial or Individual Subcontracting Plan is required, did the contractor meet the goals specified in the plan or is the contractor progressing toward meeting the goals specified in the plan?	NA
Category 2		
10.	Since the issuance of the most recent Report Card but no more than 36 months back, are the contractor's Reports of Sales on time?	Yes
11.	Since the issuance of the most recent Report Card but no more than 36 months back, has the contractor remitted the Industrial Funding Fee on time?	Yes
12.	Is the contractor up-to-date on GSA Advantage!?	Yes
13.	Is the contractor delivering timely based upon a sampling of orders?	Yes
14.	Is the contractor honoring warranty terms of the contract?	Yes
15.	Is the contractor capable of accepting the Government wide Commercial Purchase card?	Yes
16.	Is the contractor's records location and administrative representative information correct? (e.g., address, phone, fax, e-mail, etc.)	Yes
17.	Has the contractor complied with Change of Name and/or Novation Agreement requirements?	NA
18.	Since the issuance of the most recent Report Card but no more than 36 months back, is the contractor free of cure notices issued by the Schedule Contracting Officer (PCO or ACO)?	Yes
19.	If there are participating dealers, are the dealers listed and current in the contract pricelist and GSA Advantage!?	NA
20.	If the contract has prompt payment discounts, are the prompt payment terms shown on the invoices?	Yes
Category 3		
21.	Is the contractor being proactive in proposing to add and delete items from the contract?	Yes
22.	Does the contractor accept credit cards over the micro-purchase threshold?	Yes
23.	Is the contractor using all applicable e-contracting tools (e.g., eMod, eBuy, ePay)?	Yes
24.	Does the contractor offer second tier pricing discounts on blanket purchase agreements issued against this contract?	NA
25.	If there are contractor teaming arrangements, do these arrangements address how customer service and warranty issues will be resolved?	Yes
26.	Is the contractor free from bankruptcy proceedings?	Yes

Please contact Administrative Contracting Officer(ACO), GARY MAASS # 415-522-2859, E-mail: gary.maass@gsa.gov, with any questions regarding your Administrative Report Card.

## Administrative Report Card

Contractor      BUFFALO SUPPLY INC  
 Contract        GS-24F-0068N  
 Schedule        066  
 Date Report Card was      10/26/2007

### Contractor Assessment

EXCEPTIONAL		
<b>Category 1</b>		
1.	Did the contractor demonstrate compliance with the scope of their contract?	Yes
2.	Did the contractor demonstrate compliance with the Trade Agreements Act?	Yes
3.	Is the pricelist being used by the contractor the current approved pricelist?	Yes
4.	Does the contractor have a system in place that substantially identifies, tracks and reports GSA sales accurately and completely?	Yes
5.	Is the contractor meeting or exceeding minimum contract sales requirement in accordance with the Contract Sales Criteria clause?	Yes
6.	Does the contractor have a system in place to monitor the "basis of award" customer discount relationship?	Yes
7.	Did the contractor charge customers the contract price or lower?	Yes
8.	Is the contractor complying with the Economic Price Adjustment clause of the contract?	NA
9.	If a Commercial or Individual Subcontracting Plan is required, did the contractor meet the goals specified in the plan or is the contractor progressing toward meeting the goals specified in the plan?	NA
<b>Category 2</b>		
10.	Since the issuance of the most recent Report Card but no more than 36 months back, are the contractor's Reports of Sales on time?	Yes
11.	Since the issuance of the most recent Report Card but no more than 36 months back, has the contractor remitted the Industrial Funding Fee on time?	Yes
12.	Is the contractor up-to-date on GSA Advantage!?	Yes
13.	Is the contractor delivering timely based upon a sampling of orders?	Yes
14.	Is the contractor honoring warranty terms of the contract?	Yes
15.	Is the contractor capable of accepting the Government wide Commercial Purchase card?	Yes
16.	Is the contractor's records location and administrative representative information correct? (e.g., address, phone, fax, e-mail, etc.)	Yes
17.	Has the contractor complied with Change of Name and/or Novation Agreement requirements?	NA
18.	Since the issuance of the most recent Report Card but no more than 36 months back, is the contractor free of cure notices issued by the Schedule Contracting Officer (PCO or ACO)?	Yes
19.	If there are participating dealers, are the dealers listed and current in the contract pricelist and GSA Advantage!?	NA
20.	If the contract has prompt payment discounts, are the prompt payment terms shown on the invoices?	Yes
<b>Category 3</b>		
21.	Is the contractor being proactive in proposing to add and delete items from the contract?	Yes
22.	Does the contractor accept credit cards over the micro-purchase threshold?	Yes
23.	Is the contractor using all applicable e-contracting tools (e.g., eMod, eBuy, ePay)?	Yes
24.	Does the contractor offer second tier pricing discounts on blanket purchase agreements issued against this contract?	Yes
25.	If there are contractor teaming arrangements, do these arrangements address how customer service and warranty issues will be resolved?	Yes
26.	Is the contractor free from bankruptcy proceedings?	Yes

Please contact Administrative Contracting Officer(ACO), GARY MAASS # 415-522-2859, E-mail: gary.maass@gsa.gov, with any questions regarding your Administrative Report Card.



Louis Stokes  
Cleveland Department of  
Veterans Affairs Medical Center  
10701 East Boulevard  
Cleveland, OH 44106

July 6, 2006

To All VA Hospitals:

Recently, the Cleveland VAMC learned of an FSS contract with Buffalo Supply Inc that provides Stryker Spinal Implants. We began the process of evaluating Stryker products by looking at some of the recent cases which had been done at the hospital. We asked the Stryker representative to provide their equivalent items and contract pricing in order to conduct a cost analysis. The average savings Buffalo Supply could provide came in at 36%. This number did not take into account the loaner and transportation fees that the VA was being charged at the time. The decision was made to approach our surgical team to discuss the possibility of switching vendors.

The Chief of Surgery was impressed by the cost analysis and approached the spine team. After a thorough discussion regarding the spinal implants, they determined they were clinically equal or superior to other implants already on the market. The decision was then made to switch to the Stryker products by purchasing through Buffalo Supply. The Stryker representative was available at all times, providing information, training, and in-services as necessary.

It is my understanding that purchasing tiers are built into the contract which allow all VA Hospitals to receive discounts as more VA's utilize it. Also, since these implants are on FSS contract, we are able to support the agency's socioeconomic goal regarding woman-owned small businesses.

Since the change has been made, the Cleveland VAMC has seen a reduction in cost while at the same time experiencing a higher level of service than had been seen in the past. If you have any questions concerning this process at the VAMC Cleveland, please contact me at (216) 791-3800 x 5130 or by e-mail [william.precht@med.va.gov](mailto:william.precht@med.va.gov).

Sincerely,

William Precht  
Louis Stokes VAMC  
10701 East Blvd  
Cleveland, OH 44106  
Tel 216-791-3800 Ext. 5130  
Fax 216-707-590

## Expense Budget for VA Augusta Spinal Implants - Danek

02/10/2006	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Allograft (1 EA)	6183-2-006	3106259	\$1,060.20	\$950.00	\$ (110)	-10.4%
Allograft (1 EA)	6183-2-007	3057567	\$1,060.20	\$950.00	\$ (110)	-10.4%
02/13/2006	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Bone Plate (1 EA)	48610118	876-125	\$1,367.10	\$1,076.23	(291)	-21.3%
Screws (4 EA)	48624014	876-013	\$799.80	\$834.96	35	4.4%
02/16/2006	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Allograft (1 EA)	6183-2-008	3154079	\$1,060.20	\$950.00	\$ (110)	-10.4%
03/02/2006	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Allograft (1 EA)	6183-2-006	3154079	\$1,060.20	\$950.00	\$ (110)	-10.4%
02/05/2006	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Bone Putty	653002	004-601	\$279.00	\$160.00	(119)	-42.7%
01/29/2006	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Screws (2 EA)	03821645	7576545	\$2,325.00	\$3,858.00	1,533	65.9%
Screws (2 EA)	03821635	7576535	\$2,325.00	\$3,858.00	1,533	65.9%
Rod (1 EA)	48218040	8672040	\$399.90	\$646.00	246	61.5%
Rod (1 EA)	48218045	8672045	\$399.90	\$646.00	246	61.5%
Guide Wire (1 EA)	48230230	8670002	\$45.57	\$77.00	31	69.0%
Spacer (1 EA)	48355090	2961232	\$2,962.05	\$5,101.00	2,139	72.2%
01/20/2006	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Allograft (1 EA)	6183-2-007	345541	\$1,060.20	\$950.00	(110)	-10.4%
Allograft (1 EA)	6183-2-007	345741	\$1,060.20	\$950.00	(110)	-10.4%
Plate (1 EA)	48610228	Y866-142	\$1,548.45	\$1,834.00	286	18.4%
Screws (5 EA)	48624014	876-613	\$999.75	\$1,795.00	795	79.5%
Screw (1 EA)	48624514	876-643	\$213.90	\$440.00	226	105.7%
01/20/2006	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Allograft (1 EA)	6183-2-007	345741	\$1,060.20	\$950.00	(110)	-10.4%
Allograft (1 EA)	6183-2-007	345641	\$1,060.20	\$950.00	(110)	-10.4%
Allograft (1 EA)	6183-2-007	345641	\$1,060.20	\$950.00	(110)	-10.4%
01/20/2006	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)

Plate (1 EA)	48610116	Y866-130	\$1,367.10	\$1,667.00	300	21.9%
Allograft (1 EA)	6183-2-007	345641	\$1,060.20	\$950.00	(110)	-10.4%
Screws (4 EA)	48624012	876-814	\$799.80	\$1,436.00	636	79.5%
<b>11/16/2006</b>	<b>Styker/BSI Part #</b>	<b>Solano Dental Part #</b>	<b>Styker/BSI Extended \$</b>	<b>Actual Govt. Purchase Price</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>
Plate (1 EA)	48610116	Y866-125	\$1,367.10	\$1,667.00	300	21.9%
Allograft (1 EA)	6183-2-008	3154679	\$1,060.20	\$950.00	(110)	-10.4%
Screws (4 EA)	48624012	876-614	\$799.80	\$1,648.00	848	106.1%
<b>11/16/2006</b>	<b>Styker/BSI Part #</b>	<b>Solano Dental Part #</b>	<b>Styker/BSI Extended \$</b>	<b>Actual Govt. Purchase Price</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>
Plate (1 EA)	48610232	Y866-140	\$1,548.45	\$1,834.00	286	18.4%
Allograft (1 EA)	6183-2-006	3866284	\$1,060.20	\$950.00	(110)	-10.4%
Allograft (1 EA)	6183-2-007	3866278	\$1,060.20	\$950.00	(110)	-10.4%
Screws (6 EA)	48624012	876-613	\$1,199.70	\$2,472.00	1,272	106.1%
<b>Total Expenses</b>			<b>Styker/BSI</b>	<b>Actual</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>
			\$ 28,862	\$ 35,546	\$ 6,685	23.2%

# Buffalo Supply FSS Pricing vs. Sofamor Danek's Open-Market Pricing at VA Tampa

Case #	Date	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Case #1	9/29/05						
Rod (1 EA)		48552240	6900240	\$323.00	\$379.00	\$ 56	17.3%
Screws (6 EA)		48552314	6955714	\$6,156.00	\$7,656.00	\$ 1,500	24.4%
Case #2	9/29/05						
Rod (1 EA)		48552240	6900240	\$323.00	\$379.00	\$ 56	17.3%
Screws (6 EA)		48552314	6955714	\$6,156.00	\$7,656.00	\$ 1,500	24.4%
Blockers (6 EA)		48551000	6950305	\$684.00	\$864.00	\$ 180	26.3%
Crosslink (1EA)		48551070	7002527	\$1,064.00	\$1,200.00	\$ 136	12.8%
Case #3	1/26/06						
Blocker (4 EA)		03756230	7540020	\$532.00	\$712.00	\$ 180	33.8%
Screws (3 EA)		03821550	7576550	\$3,342.90	\$5,787.00	\$ 2,444	73.1%
Screws (1 EA)		03821540	7576540	\$1,114.30	\$1,929.00	\$ 815	73.1%
Rod (2 EA)		665040	8690035	\$541.50	\$756.00	\$ 215	39.6%
Case #4	3/25/05						
Screws (2 EA)		48684016	876716	\$551.00	\$662.00	\$ 111	20.1%
Screws (2 EA)		48674016	876816	\$551.00	\$662.00	\$ 111	20.1%
Plate (1 EA)		48650237	976-137	\$1,387.00	\$1,594.00	\$ 207	14.9%
Case #5	8/22/05						
Screws (4 EA)		03756230	8670855	\$532.00	\$912.00	\$ 380	71.4%
Rod (1 EA)		48218050	8672050	\$408.50	\$646.00	\$ 238	58.1%
Rod (1 EA)		48218045	8672045	\$408.50	\$646.00	\$ 238	58.1%
Screws (4 EA)		48231645	86746545	\$6,650.00	\$7,716.00	\$ 1,066	16.0%
Spacers (2 EA)		48355090	2960822	\$6,051.50	\$6,990.00	\$ 939	15.5%
Case #6	12/2/04						
Plate (1 EA)		48650114	976-140	\$1,320.50	\$1,394.00	\$ 74	5.6%
Screws (2 EA)		48674014	876-714	\$551.00	\$662.00	\$ 111	20.1%
Screws (2 EA)		48684014	876-814	\$551.00	\$662.00	\$ 111	20.1%
Drill Bit (1 EA)		48510614	876-455	\$218.50	\$247.00	\$ 29	13.0%
Case #7	12/30/05						
Spacers (2 EA)		48345124	2961226	\$6,051.50	\$10,202.00	\$ 4,151	68.6%
Screws (4 EA)		03821650	7576550	\$4,457.20	\$7,716.00	\$ 3,259	73.1%

Set Screws (4 EA)	03756230	7570855	\$532.00	\$703.00	\$	171	32.1%
Rod (1 EA)	665040	8690030	\$270.75	\$409.00	\$	138	51.1%
Rod (1 EA)	665040	8690035	\$270.75	\$409.00	\$	138	51.1%
<b>Case #8 - 01/30/05</b>	<b>Stryker / BSI Part #</b>	<b>Solomon Dampak Part #</b>	<b>Stryker/BSI Extended \$</b>	<b>Actual Govt. Purchase Price</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>	
Screws (2 EA)	03821550	7575550	\$2,228.60	\$3,858.00	\$	1,629	73.1%
Screws (2 EA)	03821640	7576540	\$2,228.60	\$3,858.00	\$	1,629	73.1%
Set Screw (4 EA)	03756230	7570855	\$532.00	\$703.00	\$	171	32.1%
Rod (1 EA)	665040	8690030	\$270.75	\$409.00	\$	138	51.1%
Rod (1 EA)	665040	8690035	\$270.75	\$409.00	\$	138	51.1%
<b>Case #9 - 02/30/05</b>	<b>Stryker / BSI Part #</b>	<b>Solomon Dampak Part #</b>	<b>Stryker/BSI Extended \$</b>	<b>Actual Govt. Purchase Price</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>	
Screws (4 EA)	03821550	7575550	\$4,457.20	\$7,716.00	\$	3,259	73.1%
Set Screw (4 EA)	03756230	7570855	\$532.00	\$703.00	\$	171	32.1%
Rod (1 EA)	665040	8690040	\$270.75	\$409.00	\$	138	51.1%
Rod (1 EA)	665040	8690045	\$270.75	\$409.00	\$	138	51.1%
Spacers (2 EA)	48345124	2961226	\$6,051.50	\$10,202.00	\$	4,151	68.6%
<b>Case #10 - 03/31/05</b>	<b>Stryker / BSI Part #</b>	<b>Solomon Dampak Part #</b>	<b>Stryker/BSI Extended \$</b>	<b>Actual Govt. Purchase Price</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>	
Cage (1 EA)	48345084	2960826	\$3,025.75	\$5,100.00	\$	2,074	68.6%
Screw (1 EA)	03821540	86745540	\$1,114.30	\$1,929.00	\$	815	73.1%
Screws (4 EA)	03821540	7575540	\$4,457.20	\$7,716.00	\$	3,259	73.1%
Rod (1 EA)	665040	8672030	\$270.75	\$646.00	\$	375	138.6%
Screws (4 EA)	03756230	7570955	\$532.00	\$984.00	\$	452	85.0%
Rod (1 EA)	665040	8672040	\$270.75	\$646.00	\$	375	138.6%
<b>Case #11 - 04/30/05</b>	<b>Stryker / BSI Part #</b>	<b>Solomon Dampak Part #</b>	<b>Stryker/BSI Extended \$</b>	<b>Actual Govt. Purchase Price</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>	
Set Screw (7 EA)	03756230	7570955	\$931.00	\$1,722.00	\$	791	85.0%
Screws (2 EA)	03821650	7576550	\$2,228.60	\$3,858.00	\$	1,629	73.1%
Screws (3 EA)	03821655	7576555	\$3,342.90	\$5,787.00	\$	2,444	73.1%
Rod (2 EA)	48218040	8672045	\$817.00	\$1,292.00	\$	475	58.1%
Spacer?? (1 EA)	48370144	2961432	\$4,275.00	\$5,101.00	\$	826	19.3%
<b>Case #12 - 05/29/05</b>	<b>Stryker / BSI Part #</b>	<b>Solomon Dampak Part #</b>	<b>Stryker/BSI Extended \$</b>	<b>Actual Govt. Purchase Price</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>	
Rod (1 EA)	48552240	6900240	\$323.00	\$379.00	\$	56	17.3%
Screws (6 EA)	48552314	6955714	\$6,156.00	\$7,656.00	\$	1,500	24.4%
<b>Total Expenses</b>			<b>BSI PSS Contract Price</b>	<b>Actual</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>	
			\$ 95,857	\$ 141,042	\$ 45,185	47.1%	



## Buffalo Supply FSS Pricing vs. Sofamor Danek's Open-Market Pricing at VA Baltimore

Case #1 - 4/21/06		Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Plate (1 EA)	48650118	979-0025	\$1,292.70	\$1,784.00	\$ 491	38.0%
Screws (4 EA)	48694016	979-0315	\$1,134.60	\$1,560.00	\$ 425	37.5%
Case #2 - 5/10/06	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Plate (1 EA)	48650237	979-0045	\$1,357.80	\$1,951.00	\$ 593	43.7%
Screws (6 EA)	48644014	979-0325	\$1,992.06	\$2,688.00	\$ 696	34.9%
Case #3 - 5/12/06	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Plate (1 EA)	48650118	979-0025	\$1,292.70	\$1,784.00	\$ 491	38.0%
Screws (2 EA)	48644012	979-0323	\$664.02	\$896.00	\$ 232	34.9%
Screws (2 EA)	48644014	979-0325	\$664.02	\$896.00	\$ 232	34.9%
Case #4 - 5/26/06	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Plate (1 EA)	48650118	979-0025	\$1,292.70	\$1,784.00	\$ 491	38.0%
Screws (4 EA)	48694016	979-0315	\$1,134.60	\$1,792.00	\$ 657	57.9%
Case #5 - 5/26/06	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Set Screws (6 EA)	48551000	6950315	\$669.60	\$864.00	\$ 194	29.0%
Screws (2 EA)	48552312	6955712	\$2,008.80	\$2,552.00	\$ 543	27.0%
Rod (1 EA)	48552240	6900240	\$316.20	\$379.00	\$ 63	19.9%
Screws (1 EA)	48552314	6955714	\$1,004.40	\$1,276.00	\$ 272	27.0%
Screws (3 EA)	48552316	6955716	\$3,013.20	\$3,828.00	\$ 815	27.0%
Screws (1 EA)	48552318	6955718	\$1,004.40	\$1,276.00	\$ 272	27.0%
Case #6 - 5/2/06	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Plate (1 EA)	48650351	979-0060	\$1,460.10	\$2,414.00	\$ 954	65.3%
Screws (8 EA)	48644014	979-0325	\$2,656.08	\$3,584.00	\$ 928	34.9%
Plate (1 EA)	48650348	979-0057	\$1,460.10	\$2,414.00	\$ 954	65.3%
Case #7 - 8/7/06	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Screws (4 EA)	48694018	979-0317	\$1,134.60	\$1,560.00	\$ 425	37.5%
Plate (1 EA)	48650234	979-0042	\$1,357.80	\$1,951.00	\$ 593	43.7%
Case #8 - 8/7/06	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)
Plate (1 EA)	48650120	979-0027	\$1,292.70	\$1,784.00	\$ 491	38.0%

Screws (4 EA)	48644014	979-0325	\$1,328.04	\$1,792.00	\$	464	34.9%
Screws (1 EA)	48684516	979-5325	\$334.80	\$499.00	\$	164	49.0%
Case #9 - 7/13/06	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)	
Plate (1 EA)	48650228	979-0035	\$1,357.80	\$1,915.00	\$	557	41.0%
Screws (3 EA)	48644014	979-0325	\$996.03	\$1,344.00	\$	348	34.9%
Screws (1 EA)	48654016	979-0225	\$316.20	\$448.00	\$	132	41.7%
Case #10 - 7/13/06	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)	
Plate (1 EA)	48650116	979-0023	\$1,292.70	\$1,784.00	\$	491	38.0%
Screws (4 EA)	48694016	979-0315	\$1,134.60	\$1,560.00	\$	425	37.5%
Case #11 - 9/25/06	Stryker/BSI Part #	Sofamor Danek Part #	Stryker/BSI Extended \$	Actual Govt. Purchase Price	Difference (\$)	Difference (%)	
Plate (1 EA)	48650114	979-0021	\$1,292.70	\$1,784.00	\$	491	38.0%
Screws (4 EA)	48644012	979-0323	\$1,328.04	\$1,792.00	\$	464	34.9%
<b>Total Expenses</b>			<b>ESI/SS Contract Price</b>	<b>Actual</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>	
			\$ 29,866	\$ 41,308	\$ 11,442	38.3%	