



November 4, 2011

RE: Public Law Price 2012 Updates and PPA Submission

Dear Federal Supply Schedule Manufacturer:

The following information is provided in order to assist your firm in updating its Pharmaceutical Pricing Agreement (PPA) – Addendum A and the Federal Supply Schedule (FSS) contract pricing for covered drugs. These revisions are mandated by Section 603 of the Veterans Health Care Act of 1992, Public Law 102-585.

You recently received instructions from VHA Pharmacy Benefits Management Strategic Health Group (PBM) to assist in calculating the 2012 Federal Ceiling Price (FCP) for each covered drug available under your FSS contract. This is the first step in the process, and your annual NFAMP report must be completed and sent in to PBM by November 15, 2011, prior to updating your current FSS contract.

Request for Modification (RFM) Submission:

In order to modify your firm's FSS contract to incorporate updated pricing for covered drug (SIN 42-2A) line items, you must submit a properly prepared Request for Modification (RFM) form to our office for consideration no later than close of business December 5, 2011. If your firm maintains dual pricelists, you will need to update both Big 4 and OGA pricing. Please be forewarned, if the RFM is received after December 5, 2011, and we are unable to process the request for an effective date of January 1, 2012, your firm will be required to honor the updated 2012 FCP calculations if these recalculations result in a lower price than currently awarded under the FSS contract.

Please note there are two significant changes to how you and our office will initially communicate during this Public Law (PL) season. To better manage the workflow and issues related to PL, we have created a separate and distinct PL Core Team composed of select members of the FSS Service. This team, led by Gregory Madden, Senior Contract Specialist, will work up all PL related modification requests and facilitate issues such as pricing disputes, etc. Although you were recently assigned a permanent contract specialist (PCS), please do not correspond with your PCS about PL issues.

The PCS will manage all other contract issues or concerns. Please send any PL related questions to the email address below:

AmmhinPLCoreTeam@va.gov

In addition, we have changed the submission route for Public Law RFMs. You are now required to submit Public Law RFMs via our new portal:

VAFSSMOD@va.gov.

At this time, the email address above is to be used only for Public Law RFMs. To ensure receipt of the RFM, the Subject Line must have the following identifying information: RFM-Contract Number--PL 2012, (e.g. "RFM-V797P-5555X-PL2012."). You will continue to send all non-PL RFMs to our helpdesk email address (helpdesk.ammhinFSS@va.gov). When submitting a PL modification request to the email address noted above, please make sure to also copy the contract specialist who has been assigned to work up your firm's 2012 Public Law pricing update modification.

Database Update:

Similar to last year, we will be employing an electronic method to update our databases using pre-populated Microsoft Excel spreadsheets. These pre-populated spreadsheets will also be utilized to prepare the actual 2012 Public Law pricing update modifications to FSS contracts with covered drugs. After PBM calculates 2012 FCPs for the covered drug line items on your FSS contract that are subject to the annual pricing update process, and under separate cover, you will be receiving an email from the contract specialist assigned to work up your 2012 PL modification. This email will include a detailed discussion of the 2012 Public Law update process, and have attached to it your firm's 2012 PL pricing update price proposal spreadsheet, instructions for completing the spreadsheet, a sample completed spreadsheet, and a 2012 PL RFM. Please note that the spreadsheet will contain those covered drug products and related pricing information current as of November 15, 2011.

Please note that the RFM form used for public law (PL) is different from our standard forms accepted during the months of January through October. Only the prescribed PL forms will be accepted. The updated forms and other reference materials will be available on the website below by November 18, 2011.

<http://www.va.gov/oamm/oa/nac/fsss/publiclaw.cfm>

Note: Changes to the spreadsheet received after December 5, 2011 or modification requests that have been submitted with missing and/or inaccurate information may have an adjusted effective date of January 15, 2012 or later.

Addendum A:

Enclosed please find a copy of the Pharmaceutical Pricing Agreement (PPA) Addendum A form for 2012 to be completed and returned to your PL Core Team Contract Specialist **as soon as possible, but not later than December 5, 2011** to coincide with your submitted RFM. The Addendum A should reflect only the established 2012 FCP for each covered drug line item, without inclusion of the Industrial Funding Fee (IFF). The authorized official who signed your company's PPA (or an authorized successor) must complete and sign the new Addendum A to the PPA for 2012. Please note: **Our office must receive an original hard copy with signature.** (If additional space is needed, please provide an attachment using the same format as the Addendum A Form).

Deletions

We will only agree to delete covered drugs from your FSS contract when all stock of the product has been depleted from your warehouse(s) and the Government's prime vendor distribution network. We will no longer delete products based on an expected expiration dating or anticipated depletion date. There must be zero products available in the aforementioned supply chain before a product deletion modification request will be considered.

Dear Manufacturer Letter

If you would like to review VA's Public Law polices, you will find the collection of Dear Manufacturers Letter on the VA Public Law webpage under the heading Regulations & Resources: <http://www.va.gov/oamm/oa/nac/fsss/publiclaw.cfm>

To reiterate, the RFM must be submitted to our new portal VAFSSMOD@va.gov by December 5, 2011.

If you have any questions or need additional information, please contact us at (708) 786-5180 or email AmmhinPLCoreTeam@va.gov

We appreciate your cooperation in providing your request(s) to modify your current FSS contract and your updated Addendum A for the year 2012.

Sincerely,

William R. (Bob) Satterfield, III
Assistant Director -- Contracting Branch
Federal Supply Schedule Service (001AL-A2-2)

Enclosures: PPA 2012 Addendum Form

**PHARMACEUTICAL PRICING AGREEMENT
ADDENDUM A
2012 ANNUAL**

<u>PRODUCT BRAND NAME</u>	<u>NDC NUMBER</u>	<u>FEDERAL CEILING PRICE PER PACKAGE UNIT (NDC)</u>
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- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
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- 8.
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- 11.
- 12.
- 13.
- 14.
- 15.

****Please do not include IFF in the price provided. This should represent your calculated FCP price only.**

Manufacturer and Contract Number:	V797P-
Name and Title of Signatory:	
Signature and Date:	