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Note: For purposes of this SOW, the term “contractor” refers to each firm selected as a Primary Supplier (PS) or Secondary Supplier (SS). Unless otherwise noted, the provisions of SOW paragraphs #1 thru #14 shall apply to both the PS & SS and covers each Medical Treatment Facility’s (MTF) normal day-to-day requirements. The requirements of paragraphs #15 thru #18 apply only to the PS and cover the European Region’s Pre-Positioned Stock, Preplanned Surge & Air Expeditionary Force (AEF) requirements.

DSCP’s EUROPEAN PHARMACEUTICAL PRIME VENDOR SOW

1. Contract Scope.

(a) Primary Supplier (PS). The PS shall provide to the MTFs within the European Region “Program” items as defined in paragraph (c) below. The PS is responsible for providing each MTF’s normal day-to-day requirements as well as the European Region’s Pre-Positioned Stock, Preplanned Surge (“Surge”) & Air Expeditionary Force (AEF) requirements cited elsewhere in this SOW. The PS shall package each order and offer it for transportation to a Government-designated carrier who will pick up the ordered supplies at the contractor’s facility, which shall be located within CONUS (continental United States – excludes Alaska & Hawaii). The Government carrier will then transport and deliver the materiel to the Government’s receiving activities.

(b) Secondary Supplier (SS). The SS shall provide to the MTFs within the European Region, those normal day-to-day “Program” items, as defined in paragraph (c) below, which the PS cannot fill. The SS shall package each order and offer it for transportation to a Government-designated carrier who will pick up the ordered supplies at the contractor’s facility, which shall be located within CONUS (continental United States – excludes Alaska & Hawaii). The Government carrier will then transport and deliver the materiel to the receiving activities. It is estimated that the value of such sales under a secondary contract may range from zero to 5% of the total sales estimated for the region. Examples of complete or partial orders for which the SS may receive orders are:

- (i) items out of stock at the PS;
- (ii) items on manufacturer backorder;
- (iii) items for which usage data was not supplied to the PS;
- (iv) items for which partial shipments were made by the PS; and
- (v) items for which current demand exceeds prior usage.

The SS shall not be responsible to provide support to the PS on the pre-positioned stock or preplanned “Surge” requirements contained in this SOW.

(c) “Program” Items. For purposes of this contract “Program” items include pharmaceutical or pharmaceutical-related products, which appear on a:

- (i) **DSCP Pharmaceutical Distribution and Pricing Agreement (DAPA);** or a
- (ii) **DSCP Pharmaceutical National Contract;** or the
- (iii) **Contractor’s “Regional” DAPA** [see paragraph 5(g) below]; or a
- (iv) **Department of Veterans Affairs (DVA) Federal Supply Schedule (FSS) and/or National Contract,** for which the contractor has been authorized as a distributor.

All Program items are brand name specific or generic commercial products identified by a manufacturer’s commercial item description and conform to the manufacturer’s commercial specifications. At the time of contract award, the Government will provide the contractor with a listing of all applicable Program items, with the exception of those listed on the contractor’s Regional DAPA. The average pharmacy formulary at the larger activities cited under the contract consists of approximately 1600 line items.

(d) European Region. For purposes of this contract, the initial geographic scope of the Region covers MTFs located in Europe, including Turkey, the surrounding seas & oceans & the Middle East..

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(e) Ordering Activities.

(i) Normal Day-To-Day Requirements. The participating MTFs specified in enclosure # 1 will act as ordering activities for the normal day-to-day requirements, in accordance with the terms and conditions set forth in the contract.

(ii) Pre-Positioned Stock (applies only to the PS). The ordering activities for the Army's Pre-Positioned Stock requirements cited in the contract shall be USAMMCE (U.S. Army Medical Materiel Center Europe) located in Pirmasens, Germany, USAMMA (United States Army Medical Materiel Agency), located at Fort Detrick, Maryland or DSCP.

(iii) Preplanned Surge Requirements (applies only to the PS) The ordering activities for the Surge requirements cited in the contract shall be as follows:

Army Surge—USAMMA, USAMMCE or DSCP

Air Force Surge—AFMLO (Air Force Medical Logistics Office), located at Fort Detrick, Maryland or DSCP.

(iv) AEF Requirements (applies only to the PS). The initial ordering activities (sustaining bases) for the Air Force's AEF requirements shall be Wilford Hall Medical Center, Lackland AFB, Texas (DODAAC FM6923) and the Air Force Medical Logistics Office/OL-2, Fort Worth, Texas. During the contract term, the Government reserves the right to change or add sustaining bases for the ordering of the AEF requirements.

(v) Addition/Deletion of Facilities. The Government reserves the right to add MTFs to and/or delete MTFs from the contract. At the option of the Government, any MTF, which is located outside the continental United States (OCONUS) and is a customer of the Defense Logistics Agency, may be added to the contract. In such cases, the U.S. Government or its designated commercial carrier will be responsible for transportation & delivery to the additional MTFs. An equitable adjustment in the contract price will be negotiated with the contractor, as appropriate.

(f) Ordering Methods. Ordering will be accomplished as described in paragraphs either 6 or 7 of this SOW. The contractor must be able to accommodate either process.

(g) Other "Readiness" Needs and Developing Programs (applies only to the PS). Due to changing world conditions, during the contract term, including option periods, the Government reserves the right to add military facilities as ordering and receiving activities that have special readiness requirements other than the Preplanned Surge & Air Expeditionary Force (AEF) requirements cited in paragraphs 16 thru 18 below. In addition, existing facilities may need to fulfill new, special readiness requirements beyond the Surge & AEF requirements outlined in this contract.

In order to support new readiness needs or programs undertaken by a military facility, the Government may unilaterally add such requirements to the contract. The Government may also require significant changes in shelf life requirements, the use of a different ordering system (that is, phones/facsimile rather than EOE) or extended delivery. This is not an exhaustive list or prediction of what Government future readiness needs or programs may be. Any changes to the contract's readiness provisions will be negotiated separately with the PS and will include an equitable adjustment to the contract as appropriate.

2. Implementation Plan.

The contractor shall submit a plan to the DSCP Contracting Officer outlining how it intends to implement the Prime Vendor Program at each of the Medical Treatment Facilities (MTFs) listed under the contract within 15 days after receipt of award notification. The contracting officer shall approve, conditionally approve, or disapprove the plan within 10 days. The Government reserves the right to require additional plans if the initial submissions are not approved.

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3. Transition Period.

(a) Phase-In Process. In the event that this solicitation results in a PS award to a firm other than the incumbent Prime Vendor Supplier for the European region, the Government intends to: (i) make the award approximately 60 days prior to the expiration date of the incumbent contract and (ii) establish a time phased transition schedule during the incumbent contract's final 60 days. During the implementation period, the incumbent Prime Vendor Supplier shall remain the principal source of pharmaceuticals for the region's MTFs. Conversion must be accomplished within the transition period. Failure to complete the conversion within the transition period may result in the contract being terminated for cause.

(b) Effective Date of Contract. The effective date of the contract shall be the first day that one or more facilities can order under the contract. In order to take into account the phase-in process, the contract shall begin on the date of award. Notwithstanding the contract's date of award, the effective base ordering period shall begin on the date of first ordering under the contract and shall end 2 years later. This means that the contract's base period may exceed 2 years when the time permitted for the phase-in process is taken into consideration. Thereafter, each option period, if exercised, will begin on the anniversary of the base period ending date. Each option period will be a 2-year period.

(c) "Back-Up" by PS. From the approval of the PS's implementation plan until the effective date of the PS contract, the incoming PS may serve as a "back-up" to the incumbent Prime Vendor Supplier in those cases where the incumbent cannot fill an order.

(d) Ordering Under SS Contract. There shall be no ordering under the SS contract until the effective date of the PS contract.

(e) Transition Costs. All contract costs associated with the transition period shall be borne by the contractor.

4. Award Announcement. The Government reserves the right to require the contractor to participate in a ceremony to commemorate the award of the contract. The location, date and time of the ceremony will be coordinated with the contractor, DSCP and facilities within the region.

5. DAPA Database Requirements.

(a) Downloading of DSCP DAPA Database. The contractor shall "download" the DSCP DAPA database containing all "Program" items, with the exception of "Regional" DAPA items. The database shall be available for download on/about the 11th of each month. The effective date of any revisions to Program items shall be the first calendar day of the following month (e.g., the database prices existing on 11 April shall be available to the MTF on 1 May). The contractor agrees to implement either the ANSI X12 832 or 845 transaction set, which would allow for the electronic "downloading" of the DSCP DAPA database.

(b) DSCP DAPA Price Decreases. Notwithstanding the foregoing, a price decrease on a DSCP DAPA item may be effective sooner, provided the DAPA holder and the contractor agree. In this case, however, the DSCP DAPA database and other DOD data repositories will reflect the higher price; only the contractor's electronic catalog will display the correct, lower price. The price shown on the confirmation shall be the correct, lower price. Similarly, new items may be available through the contractor's distribution system before the effective date if:

- i) a DSCP Contracting Officer has added the item to the DAPA; and
- ii) the contractor and the DSCP DAPA holder agree.

(c) Chargebacks. Denied chargebacks between the contractor and a DSCP DAPA holder due to a conflict between the price shown in the DSCP DAPA database and the price alleged by the DSCP DAPA holder during the chargeback request are subject to resolution by DSCP within the meaning of FAR 33.2. In no event shall the contractor go back directly to the customer for the adjustment.

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(d) MTF's Usage Data. Usage data is that information provided by the MTF to the contractor, which will establish the contractor's inventory levels on individual products for that facility. Usage data shall be provided by the MTF, only, during the implementation period and will be reviewed by the MTF and the contractor periodically. For items inventoried by the contractor, the MTF shall notify the contractor at least 14 days before changes in its usage patterns. For newly marketed items of supply, the MTF shall notify the contractor at least 30 days before changes in its usage patterns. If requested, the contractor shall assist the MTF in conducting semi-annual reviews of usage data.

(e) MTF's Product Preference. For Program items listed in the DSCP DAPA database identified by a single NDC number, but available from more than one DSCP DAPA holder, the contractor shall recognize the DAPA number as denoting the MTF's preference.

(f) DAPA Holder Product Liability Limit. For those DSCP DAPA holders, which are identified as Small or Small Disadvantaged Business concerns by DSCP in the DSCP DAPA database, the contractor shall not require more than a maximum of \$1 million of product liability coverage per holder.

(g) Contractor's "Regional" DAPA. The contractor shall establish a Regional DAPA for all non-DSCP DAPA database products inventoried by the contractor and required by one or more MTFs in the region. The contractor's "Regional" DAPA can include any of its inventoried products, which are required by an MTF's pharmacy in the performance of its mission. The selling price for such items, exclusive of any contractor's distribution fee or the DSCP-Medical Cost Recovery Rate, **shall not exceed either:**

- (i) the Average Wholesale Price (AWP) * less 15%; or
- (ii) the price shown for the item in the contractor's Price & Product Catalog .

*Note that the AWP is that of First Data Bank's as published in the current edition of the Essential Directory of Pharmaceuticals" (the Blue Book).

6. Contractor Electronic Order Entry System (EOES) Requirements.

(a) EOES Capability. The contractor shall have an operational on-line EOES, which the MTFs under the contract can access. The contractor shall load its EOES on an MTF-provided PC (personal computer) unless the facility is part of the DMLSS (Defense Medical Logistics Standard Support) program (see paragraph 7(c)). The contractor will provide a toll free number for placing orders.

(b) Delivery Order Numbers. An individual delivery order number will be assigned to each delivery order by the MTF at time of placement of each order. Each delivery order number will contain 17 characters consisting of the 13-character contract number, e.g. SP0200-01-D-1677, plus a 4-character supplementary identification number, e.g. G001. The 13-character contract number will remain fixed for the entire term of the contract. The supplementary number will be unique for each delivery order and may be any combination of alphas and/or numerics. The contractor's EOES shall accommodate either the entire 17-character delivery order number, e.g. SP020001D1677G001, or the 4-character supplementary identification number, e.g. G001.

(c) Contractor's Electronic Price & Product Catalog. The contractor's EOES shall include an electronic "price and product" catalog listing all Program items. This electronic catalog must be available 60 days following receipt of the DSCP DAPA database or the start of ordering under the contract, whichever is later. The contractor's price & product catalog must be viewable on each ordering activity's PC and must provide search capability based, at a minimum, on a generic product name, National Drug Code (NDC), 13-character DSCP DAPA/IDTC number and DVA FSS number. For items that do not have NDC identifiers, the Universal Product Number (UPN) or manufacturer's part number shall be available as a basis for an item search. As an alternate, non-program items, which are not part of the contractor's regional DAPA may be shown provided the contractor's electronic catalog distinguishes between program and non-program items. In addition, the electronic catalog must identify items that are drop shipped and items on its regional DAPA. The ordering facility must be able to place its order to a single order receipt point & shall not have to distinguish between the contractor's divisions when placing an order.

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(d) Updating of Contractor's Catalog. The contractor's price & product catalog updates must be transmitted electronically.

(e) Contractor's Catalog Prices. The prices cited in the contractor's on-line "price and product" catalog shall represent the "delivered" price for each product. The delivered price will consist of the following:

- (i) the price of the product itself, as negotiated & published on a DSCP Medical DAPA or National Contract (or DVA FSS/National Contract when authorized), plus
- (ii) the contractor's distribution fee, plus
- (iii) the DSCP-Medical Cost Recovery Rate (CRR) including Transportation

Example:

Product Price	\$ 50.00
Contractor's Distribution Fee (-1.2%)	- .60
Subtotal	\$ 49.40
DSCP CRR & Transportation (24.7%)	+ 12.20
Delivered Price	\$ 61.60

At the time of award, the contractor will be furnished the current DSCP-Medical CRR & Transportation fee. The contractor will be informed of changes in the DSCP Medical administrative fee during the term of the contract.

NOTE: All ordering facilities will provide their own PCs, modems and printers unless the contractor furnishes equipment to such ordering facilities at no additional cost. Maintenance and repair of non-contractor furnished hardware and software shall be the responsibility of the ordering facility.

(f) DSCP Access to Contractor's EOES. The contractor shall provide DSCP Medical with the ability to access the contractor's EOES, including its price and product catalog. DSCP Medical will provide the necessary computer hardware unless the contractor furnishes the necessary hardware at no additional cost.

NOTE: All participating ordering facilities and DSCP Medical will provide the dedicated telephone lines at their own expense.

(g) Contractor-Furnished Software/Hardware. If contractor-owned software and/or hardware is furnished to ordering facilities, the contractor shall be responsible for its installation and maintenance. All such software and/or hardware shall remain the property of the contractor and will be returned to it at the conclusion of the contract. At a minimum, the software must be compatible for use on an IBM compatible 486 computer. Any changes to the software must be provided to the Contracting Officer and the DMLSS Technical Integrator at least 90 days in advance of the planned implementation of such changes.

(h) Service/Repair of Contractor-Furnished Hardware. If contractor-owned hardware is furnished, emergency service & repair calls shall be made on an unlimited basis at no additional cost to the ordering activities. Upon receipt of notice that any part of the contractor-owned hardware is not functioning properly, the contractor shall, within 3 business days after notification by the ordering facility, furnish a qualified representative to inspect the equipment & perform all repairs and adjustments necessary to restore the hardware to normal and efficient operating condition. If repair is not feasible, the contractor shall provide replacement hardware. By either repair or replacement, the ordering facility shall not be without an on-line EOE system for more than 4 business days.

NOTE: The contractor shall not be responsible for any repairs or replacement parts caused by neglect of ordering activities' employees, such as improper application, maintenance, or alteration, or by factors external to the equipment such as deficiencies in air conditioning, humidity control or electrical power. Repairs necessitated by abuse, neglect, vandalism, and Acts of God shall be performed under separate purchase order issued by the ordering facility and shall not be performed under this contract.

(i) EOES Demonstration. The contractor agrees to conduct a demonstration of its EOES at DSCP in Philadelphia, at the Contracting Officer's discretion.

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(j) Selection of Items by the MTFs. As part of the ordering process, the MTF must be able to select its item based on a 13-character DSCP DAPA/IDTC number, 10-character DVA FSS number and an NDC/UPN/Part number. If a contractor's electronic order system requires a proprietary item identifier as a basis for item selection, within 30 days after award, the contractor shall create a database or spreadsheet cross-referencing the proprietary item code to its corresponding DAPA number and NDC/UPN/Part number.

This "table" shall be provided to the customers. Periodic updates, on at least a monthly basis, shall be provided to each customer using the EOES directly. To facilitate this update, the contractor may supply the revision in either an ASCII data file transmitted electronically or in any common spreadsheet or database suitable for copying to a diskette and mailed.

(k) SS Software. The SS shall be responsible for providing every MTF's ordering office with the necessary software to enable direct ordering via computer using the SS's proprietary electronic order entry system.

7. ANSI X12 – Electronic Data Interchange (EDI) Ordering Requirements.

(a) ANSI X12 Capability. In addition to its EOES, the contractor shall implement EDI ANSI X12 850 Purchase Order and 855 Order Acknowledgments as defined in the DMLSS Implementation Guidelines (DMLSS IG) version 4010, or within the definition expressed in any later DMLSS IG version as directed by the Contracting Officer. The 4010 version is currently described in DoD Medical Prime Vendor EDI Implementation Guidelines, version 4010-1. These standards require the following:

(i) Order Confirmation. The product number on the order confirmation shall match the product number on the purchase order. If an NDC is sent to the contractor on the 850, an NDC must be returned to the customer on the 855. In the case of a UPN, if a UCC (Uniform Commercial Code) is sent to the contractor, a UCC must be returned on the 855, and if a HIBC (Health Industry Business Council) number is sent on the 850, a HIBC number must appear on the 855. The only exception to this rule is for pre-authorized substitutes.

(ii) Product Number. Each product number (NDC, UCC, HIBC) may have a seven position alphanumeric DAPA number identified on the 850, as a further refinement of product identification. If this DAPA identifier appears on the 850, it shall appear on the 855.

(iii) 855 Transaction Set. The 855 will contain the delivered price of each item ordered, which consists of the price of the item, the contractor's distribution fee, and the DSCP cost recovery factor, as previously described in paragraph 6(e) of this Statement of Work.

(iv) Identifier Codes. The Implementation Guidelines require 2 types of customer identifier codes on the 850:

Senders code: The use of a DUNS number, where the DUNS is the unique number assigned by Dun & Bradstreet to the ordering facility.

Customer Identification code: The use of a 6-position alphanumeric identifies the ordering points within a single ordering facility.

Both the sender & customer identification codes will be provided to the contractor during site preparations.

(v) Line Item Number. Within the 850 Purchase Order, a separate line item number shall identify each product on the order. The contractor will maintain Line Item Number integrity on the corresponding 855 Order Acknowledgment.

(vi) Line Item Status Codes. Status codes identified in the DMLSS Implementation Guidelines shall be used on the 855 for each line item ordered on the 850.

(vii) Test Account. A test account for use by the Government's systems consultant and integrator for testing the ANSI X12 version 4010, 850 and 855 shall be provided by the contractor

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within 15 days after date of award. Testing will consist of actual transmission of "dummy orders" and the return of appropriate status codes in the order acknowledgment from the contractor.

(b) Transmission of Orders & Acknowledgments.

(i) Orders: The Government will transmit all orders to the contractor via the Defense Automatic Addressing System Center (DAASC) located in Dayton, Ohio. The contractor may connect to DAASC using FTP, asynchronous or bisynchronous modem dial-up. Alternatively, a contractor may connect to a commercial VAN/ISP (Internet Service Provider), which must connect to DAASC. A toll free number will be provided to the contractor for dialing into DAASC. If a contractor chooses to use a commercial VAN/ISP, the contractor shall be responsible for paying all set-up and recurring costs.

(ii) "Preplanned" Surge and Air Expeditionary Force (AEF) Requirements (applies only to the PS): The electronic orders from the Surge ordering point and the acknowledgments from the PS may be transmitted direct or through a Value Added Network (VAN). The direct connect options are asynchronous modem dial-up or FTP (File Transfer Protocol). For direct connects, all 850 order transmissions will be initiated by the Surge ordering point, and all 855 order acknowledgment transmissions will be initiated by the PS. This will require establishment and maintenance of user identifications (ID's) and passwords for both the MTF and the contractor. DoD will provide technical assistance to the PS in implementing direct connections. If a PS chooses to use a VAN, the services of DAASC will be provided on a no cost basis to the PS. The PS may connect to DAASC using FTP, asynchronous, or bisynchronous modem dial-up. DAASC will serve as the single Government VAN for all DoD MTFs. If the PS chooses to use a commercial VAN, the PS shall be responsible for paying all set-up and recurring costs. As an alternate to the DAASC VAN, the Government reserves the future right to select another Government electronic commerce infrastructure of its choice.

Note 1: Regardless of the location of the ordering point, a commercial VAN or ISP must be able to communicate with the ordering point through DAASC.

Note 2: The PS also agrees to accept Surge and AEF orders placed by the Government telephonically or by facsimile should conditions or urgency warrant it.

(c) DMLSS Requirements for Military MTFs. DMLSS (Defense Medical Logistics Standard Support).

(i) PS – MTFs with DMLSS Program. For those military facilities that participate in the DMLSS program, which is a tri-service standard medical logistics automated information system with enhanced ordering capability, the PS's proprietary electronic order entry system (EOES) will be unnecessary in the order process. However, while not a part of the DMLSS client server architecture, the EOES may continue to reside on PCs located at the military facilities, if requested by the facility. The requirement that the contractor supply and maintain proprietary software, described more fully in paragraph 7 of this SOW, equally applies to these optional EOE systems.

The PS shall implement the Defense Medical Logistics Standard Support (DMLSS) Program EDI Implementation Guidelines (IG) for the ANSI X12, version 4010, 850 Purchase Order and 855 Purchase Order Acknowledgment. The DMLSS EDI IG complies with the Federal Government's Implementation Convention (Fed IC) for version 4010. The document, incorporated by this reference, entitled "DoD Medical Prime Vendor EDI Implementation Guidelines Version 4010_1" dated April 1999 is hereby made a part of any resultant contract. Note that the word "acknowledgment" as used herein, is synonymous with the word "confirmation" as it appears in the contract.

The PS shall implement DMLSS Version 4010_1, 850 and 855 maps by the date ordering commences under the individual PS regional contract. The Government will provide the PS with 14-calendar day written notification of required 4010 map implementation on a site-by-site basis.

The DMLSS 4010_1 IG standards require:

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- (1) The product number on the order confirmation must match the product number on the purchase order. For example, if an NDC is sent to the Contractor, an NDC must be returned to the customer on the 855. In the case of a UPN, if a UCC is sent to the PS, a UCC must be returned to the MTF on the 855 and if a HIBC number is sent on the 850, a HIBC number must be returned on the 855. The only exception to this rule is for pre-authorized substitutes. Product number qualifiers can be found on page 2-15 of the referenced guidelines (please refer to the PO106 data element). Compliance with this paragraph applies to testing as well as to implementation.
- (2) Each product number (NDC, ISBN, UCC, HIBC, Vendor's Catalog Number) will have a seven position alphanumeric DAPA number (also referred to as a DAPA designator) identified on the 850 as a further refinement of product to source-of-supply identification. The DAPA designator shall be returned on the 855 for non-substituted product numbers.
- (3) The 855 will contain the delivered price of each item ordered; combining the DAPA price of the item, the Contractor's distribution fee and the DSCP cost recovery factor.
- (4) The 4010_1 IG requires three types of customer/delivery type identifier coding on the 850:
 - (i) Sender Code (segments ISA and GS)
The use of DUNS and DUNS Plus Suffix in ISA06 and GS02, where DUNS is the unique number assigned by Dun & Bradstreet to the ordering facility.
 - (ii) Delivery Type Code (segment N9)
The use of a three-position alpha character code in N902 when N90 is code "WF" identifies the delivery type.
 - (iii) Customer Identification Code (segment N9)
The use of a 6-position alphanumeric in N902 when N901 is code "CR" identifies an ordering point within a single ordering facility identified in ISA06 and GS02. The contractor must be able to concatenate these three values and cross reference to the contractor's internal system account number for the ordering point. Both the sender and customer identification codes will be provided to the contractor 14 calendar days prior to activation.
- (5) Within the 850 Purchase Order, a separate line item number shall identify each product on the order. The contractor will maintain Line Item Number integrity on the corresponding 855 Order Acknowledgment.
- (6) Status codes identified in the DMLSS IG shall be used on the 855 for each item ordered on the 850.

(ii) PS – MTFs Without DMLSS Program. For those military facilities that do not participate in the DMLSS program, and for non-military MTFs, the PS shall provide to such MTFs the necessary software to enable direct ordering via computer using the PS's proprietary electronic order entry system.

(iii) SS. There are no DMLSS requirements for the SS. The SS shall provide to every MTF the necessary software to enable direct ordering via computer using the SS's proprietary electronic order entry system.

NOTE: Notwithstanding the preceding, during the term of the SS contract, the Government reserves the right to expand the use of the DMLSS medical logistics automated information system to orders placed under the SS contract. If the DMLSS system is expanded to the SS contract, the SS agrees to implement the necessary changes to its electronic system in line with those requirements cited above for the PS contract. The Government agrees to negotiate an equitable adjustment in the contract price, if appropriate.

8. Order Placement/Delivery/Invoice Requirements.

(a) Orders/Invoices for Program Items. The contractor shall only accept and invoice for delivery orders covering "Program" products.

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(b) Receipt of Routine Orders. The contractor shall accept receipt of routine orders on Monday through Friday (normal business days) between the hours of 8:00 A.M. and 5:00 P.M., local ordering facility time. Note: European time zones are normally 5 to 8 hours earlier than Eastern Standard Time (EST). For example, 9:00 AM in Keflavik, Iceland would be 4:00 AM EST, whereas 9:00 AM in Thumrait, Oman would be 1:00 AM EST.

(c) Receipt of Emergency Orders. The contractor shall accept receipt of emergency orders, 24 hours a day, 7 days per week.

(d) Timeframe for Order Placement. The contractor shall accept orders placed up to and including the last day of the contract period.

(e) Order Receipt Point. The contractor shall allow the ordering facility to be able to place their order to a single contractor order receipt point and not have to distinguish between the contractor's divisions when placing an order.

(f) Order Confirmation. The contractor shall return an electronic order confirmation via its EOES to the customer within two hours after receipt, when the customer places an order using the contractor's proprietary EOES. When the customer places an EDI ANSI X12 850 Purchase Order, the contractor will return an 855 Purchase Order Acknowledgment within 2 hours. At a minimum, the EOES confirmation shall include item identification, quantity to be delivered, unit of issue, delivered price, and delivery order number. The 855 confirmation shall be as specified in the implementation guidelines described in paragraph 8. Additionally, if a pre-approved substitute item is to be delivered, it shall be noted on the confirmation. Furthermore, all unfilled or partially filled items shall be listed. The confirmation shall be capable of being printed at the ordering office.

(g) Delivery of Orders (Other Than Schedule III, IV & V Controlled Substances). After receipt of an MTF's order, the contractor shall "package" and "offer" (see (i) below) all routine orders for transportation to the Government-designated air carrier by 5:00 PM, local U.S. time at the contractor's distribution facility, on the next business day following receipt of the order. The carrier will pick up the ordered supplies at the contractor's distribution facility, which shall be located within CONUS (continental United States – excludes Alaska & Hawaii). The carrier will then transport and deliver the materiel to the MTF or the receiving location for the MTF.

(h) Delivery of Schedule III, IV & V Controlled Substances. The contractor shall also make available and provide overseas delivery of Schedule III, IV, & V controlled substances to authorized ordering facilities in the European Region. Excluded from this requirement are refrigerated/frozen controlled substances. The substances shall be shipped through the U.S. Postal Service (USPS) to designated APOs/FPOs. The contractor shall assign the authorized ordering facilities separate account numbers for ordering controlled substances. The substances shall be appropriately packaged & shipped as registered priority mail (air parcel post) with return receipt requested. Parcels may not exceed 70 pounds in weight or 100 inches in length & girth combined. Maximum dollar value per shipment is \$25,000. Delivery shall be FOB destination. The contractor shall obtain appropriate postal insurance. Government inspection & acceptance will be at destination.

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(i) **“Package” and “Offer”**. For purposes of this SOW, the phrase “package and offer” includes the following actions that the contractor shall perform for each shipment that will be picked up by the Government carrier, in addition to the other requirements of this SOW:

- (i) **Consolidation of Items**. The contractor shall consolidate items for a single MTF into larger air shipment configuration in accordance with the regulations of the International Air Transportation Association;
- (ii) **Commercial Bill of Lading (CBL)**. The contractor shall prepare a CBL for each shipment;
- (iii) **Electronic AirFreight Bill of Lading (EBL)**. The contractor shall create & transmit an electronic air freight bill of lading, Transaction Set 858, Shipment Information;
- (iv) **Bar-Code Shipping Label**. For each shipment, the contractor shall create shipping labels and affix them to every handling unit of the shipment. The contractor may take one of the following three approaches:
 - It may produce shipping labels from its own corporate information system in accordance with the Government-designated carrier’s requirements; or
 - It may interface its corporate information system with a hardware/software solution provided by the Government-designated carrier, to produce the shipping label; or
 - It may use a stand-alone carrier hardware/software solution that produces the shipping label.

In each approach, the contractor will ensure that the shipment identifications and carrier tracking (PRO) numbers will match between the labeling system and the contractor’s corporate information system.

After the Government identifies the carrier to be used by the contractor, the contractor shall contact the carrier and determine the appropriate label to be created for each shipment, and then the contractor shall take the steps necessary to create the agreed-upon label; and

- (v) **Notification**. The contractor shall notify the Government-designated carrier for pick-up of cargo by the carrier.

Offers for transportation of routine orders will be made between the hours of 8:00 AM and 5:00 PM, local time at the contractor’s distribution facility, Monday through Friday, excluding holidays (normal US business days). Routine orders placed by an MTF on a Friday will be offered for transportation on the following Monday.

(j) **Transportation Arrangements**. In accordance with the “package and offer” provisions of this SOW, the contractor shall act as a Government transportation agent and shall prepare or create the following documents for each shipment:

(i) **CBL/Manifest** – the contractor shall prepare a CBL or manifest document. The document can be the same as or similar to one that the contractor uses for commercial shipments; however, the CBL/manifest must identify the critical shipment information as well as the contents of the shipment. The contractor, for shipment purposes, may combine multiple orders for the same MTF on the same day. The contractor shall provide a hard copy of the CBL/Manifest to the Government-designated carrier.

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(ii) **EBL** – After an order has been packed and before pickup of the shipment by the Government-designated carrier, the contractor shall create for each shipment an electronic air freight bill of lading in accordance with ASC X12 Transaction Set 858 Shipment Information (Version 004010). The contractor shall include the following information in each EBL:

- **Item Details.** The contractor shall detail all of the items included in the shipment; and
- **Weight & Cube.** The weight & cube of each shipment.

The contractor shall create the EDI transaction set in accordance with one of two DoD Implementation Conventions (ICs) depending on the shipment's weight as follows:

- DoD **858 AirFreight Bill of Lading** shall be used for shipments >150 lbs.
- DoD **858 Express Package Bill of Lading** shall be used for shipments <150 lbs.

By following these ICs, the contractor will populate the 858-transaction set with data that will enable visibility of shipments at the line item level.

Note—Item-Pallet Identification. During the contract term, the Government reserves the right to require the PS to identify for inclusion in the 858 the pallet on which an item is loaded and a cross-reference between the pallet and the shipment. An equitable adjustment in the contract price will be negotiated with the contractor, as appropriate.

After creating the EBL, the contractor shall transmit three copies of it to the Joint Electronic Commerce Program Office (JECPO) value-added network for subsequent forwarding by JECPO to: (i) the Global Transportation Network (GTN); (ii) the Government-designated carrier; and (iii) either the Military Traffic Management Command (MTMC) or DSCP. The contractor shall receive from JECPO an electronic acknowledgment for each EBL it transmits. Details of the 858 Transaction Set are available on the Internet at <http://alpha.lmi.org/lmi/dtedi/dvd.htm>. See Enclosure 2 for a concept diagram. DSCP will facilitate the interface design process between the contractor and MTMC & JECPO, but responsibility for all programming work and costs associated with creating and transmitting the 858 Transaction Set rests with the contractor.

Before placement of the first order under the contract, the contractor will be informed in writing of the Government carrier(s) assigned to the contract. The contractor will be informed of any change in the Government carrier(s) by DSCP at least 10 days before the change. During the term of the contract, the Government reserves the right to change the transportation arrangements cited above, either in whole or in part. An equitable adjustment in the contract price will be negotiated with the contractor, as appropriate.

(k) **Electronic Invoices.** The contractor shall electronically submit an invoice for each delivery order to the payment office cited in the contract in accordance with the ANSI X12 Transaction Set 810 Invoice. All electronic invoices must be transmitted through a VAN (Value-Added Network). Each trading partner (contractor & Government) shall be responsible for the costs of its VAN for invoicing purposes.

(l) **One Invoice Per Order.** The contractor shall submit only one electronic invoice per delivery order. The total dollar value cited on an invoice shall be based solely on the product prices, as cited in a DSCP Medical DAPA or National Contract (or DVA FSS/National Contract, if authorized) plus the contractor's distribution fee. The ordering office's assigned order number consisting of 17 alphanumeric characters, e.g. SP020000D7088G001, shall be cited in its entirety on the electronic invoice. The Government will make payment via electronic funds transfer to the contractor's financial institution 30 days after receipt of a confirmed invoice, or supplies, if drop shipped, whichever is later.

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9. Additional Requirements. The contractor agrees to do the following:

(a) “Just-In-Time” Orders (JITO). Fill JITO normal requirements, which can be either routine or emergency in nature. Routine orders are required the next business day. An emergency is any unforeseen need requiring an immediate use for direct patient care.

(i) “Fill-Or-Kill”. Furnish supplies on a "fill-or-kill" basis. If an order for an item cannot be filled by the contractor when ordered, the request for that particular item will be automatically "killed", i.e., canceled, unless the facility has previously approved delivery of a substitute. However, if the contractor can partially fill an order for an item, it shall do so and in such a situation, the remaining quantity will be automatically "killed";

(ii) Substitutes. Furnish only pre-authorized substitutes under the contract.

(iii) One Shipment Per Order. Make only one shipment per order, unless authorized by the ordering facility. If more than one delivery per order is authorized, these multiple shipments shall have the same delivery order number and invoice number.

(Note: As stated previously, the contractor shall only submit one invoice per delivery order. If more than one invoice is submitted by the contractor, a delay in payment of the extra invoice(s) may occur due to the need to reconcile and manually process the extra invoice(s) by the Government. In such a case, the Government will not be liable for the payment of interest on the extra invoice.)

(iv) Fill-Rates.

- (1) PS – The PS shall maintain, at a minimum, a 95% fill rate for all orders.
- (2) SS – The SS shall not be subject to a minimum fill rate level

(v) Fill-Rate Calculation (PS Only). The fill rate will be individually calculated on a monthly basis for each ordering facility and shall be based only on those products, ordered by an facility, for which the contractor has been authorized as a distributor. The Fill-Rate requirement is predicated upon ordering activities providing the contractor with usage data as set forth in paragraph 2(d). The Fill Rate for the first 60 days of the contract term for each individual ordering facility shall be computed, but is exempt from the 95% minimum for that initial 60 day period. The Fill-Rate level will be calculated as follows:

See next page

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FILL RATE = $\frac{\text{LINES TOTALLY FILLED} + 1/2 \text{ LINES PARTIALLY FILLED}}{\text{TOTAL LINES ORDERED} - \text{CONTRACTUAL EXCEPTIONS}}$

Example: LINES ORDERED = 2500
 LINES TOTALLY FILLED = 2370
 LINES PARTIALLY FILLED = 50
 LINES UNFILLED DUE CONTRACTUAL EXCEPTIONS = 50

$$\frac{2370 + 1/2(50)}{2500 - 50} = \frac{2395}{2450} = .977 \text{ (x100)} = 97.7\%$$

Definitions:

Lines Totally Filled: Includes any line item for which all materiel ordered was delivered and any partially filled line resulting from an order for which the contractor is not contractually bound to ship (refer to the Contractual Exceptions below);

Lines Partially Filled: Includes any line item where the quantity delivered is less than the quantity ordered, except where partial shipment results from an order for which the contractor is not contractually bound to ship.

Contractual Exceptions:

- (i) Lines not shipped due to manufacturer's backorder, manufacturer's recall, or manufacturer's discontinued items;
- (ii) Lines ordered for items for which usage data was not supplied by the ordering facility;
- (iii) Lines for which the quantity ordered during the current month exceeds the prior month's usage by more than 150%, unless increased usage data on the item was submitted to the contractor by the ordering facility;
- (iv) Lines for which delivery is excusable as set forth in FAR 52.212-4(f);

(b) Expiration Date/Shelf Life. Provide only dated/shelf life products bearing an expiration date/shelf life with at least 12 months remaining upon delivery to the Government. For those products, which have an initial expiration/shelf life of 12 months or less, provide at least 75% of the dating.

(c) Product Recall Notification. Provide product recall notification, regardless of level, to the following activities within 2 business days of notification from the manufacturer or its supplier:

- (i) each ordering facility;
- (ii) DSCP Pharmaceutical Products Group (DSCP-MGB),
700 Robbins Avenue,
Philadelphia, PA 19111
(fax 215-737-2828 or -8050);
- (iii) Defense Medical Standardization Board
Ft. Detrick, Frederick, MD 21702-5013; (mail only)
- (iv) Naval Medical Logistics Command, Code 6
Ft. Detrick, Frederick, MD 21702-5013
(fax # 301-619-3087);
- (v) Air Force Medical Logistics Office
Attn: FOM-P, Ft. Detrick, Frederick, MD 21702-5013
(fax # 301-619-2557);
- (vi) U.S. Army Medical Materiel Agency
Attn: MCMR-MMO-TC, Ft. Detrick, Frederick, MD 21702-5013
(fax # 301-619-2938).

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(d) Manufacturer-Backordered Items. Notify each ordering facility of any manufacturer backordered item on its usage reports, along with an anticipated back order release date, if known.

(e) Substitutions. Provide a substitute or different brand or generic product for the specified product ordered only with permission from the ordering facility or the DSCP Contracting Officer.

10. Packing Lists/Slips.

(a) Packing List/Slip Information. A packing list/slip shall be enclosed with each order packaged and offered for transportation. At a minimum, the packing list/slip shall contain the following information: Contractor's name, delivery order number, date of order, itemized list of supplies included in the shipment, quantity ordered, quantity shipped, delivered unit price, and total amount of the shipped order. The product number used in the order and confirmation shall be duplicated on the packing slip. The prices shown on the packing list/slip must be identical to the delivered prices confirmed back to the ordering activity.

Note to contractor: Discrepancies between the delivered prices confirmed to the ordering activity and invoice prices may result in a delay in payment.

(b) Special Handling & Storage Items. When an order contains items requiring special handling and storage, the contractor shall annotate such items on its packing list with the following statement: "REQUIRES SPECIAL HANDLING AND/OR STORAGE." Examples of the special handling and storage requirements needing such a statement include the following: "STORE BETWEEN 2 degrees - 8 degrees C (35 degrees - 46 degrees F)"; "KEEP FROZEN"; "FLAMMABLE".

(c) Controlled Substances. When an order contains a Controlled Substance, the contractor shall annotate such items on its packing list with the following statement:

"CONTROLLED SUBSTANCE REQUIRES _____*_____ STORAGE."

- Contractor will enter the words "VAULT" or "LIMITED ACCESS". In accordance with federal regulations, these drugs are identified by a distinctive Controlled Substance Schedule Symbol. This symbol appears only on the immediate container or carton. "VAULT" is to be used for items bearing Symbol C-II; "LIMITED ACCESS" is to be used for items bearing Symbol C-III, C-IV or C-V. Use of the word "narcotics" on shipping containers or packing slip is prohibited.

11. Preservation, Packaging, Packing, Labeling and Marking.

(a) Over-Pack. Shipment of product to overseas customers requires material to be over-packed for international movement. The contractor will be responsible for packing and over-packing the materiel. Unless otherwise specified, preservation, packaging and packing shall be sufficient to preclude damage to containers and/or contents thereof under normal commercial practices, and shall comply with applicable carrier regulations involving shipment from the contractor to the overseas receiving facility via air shipment. Exterior (shipping) containers shall be substantial commercial export containers of the type, size and kind commonly used for the purpose, so constructed as to insure acceptance and safe delivery to destination.

Over-pack containers shall be sealed and shall comply with the National Motor Freight Classification (NMFC), Uniform Freight Classification (UFC) and the International Air Transportation Association (IATA).

(b) Consolidation. When appropriate, consolidate items for a single ordering office into unitized loads in accordance with IATA regulations. Current configurations are as follows:

- (i) Shipments weighing less than 70 lbs.: Consolidate into suitable boxes.
- (ii) Shipments weighing 70 lbs. – 299 lbs.: Consolidate into suitable boxes or unitize on commercial pallets, 40" by 48", and shrink-wrap the load.
- (iii) Shipments weighing 300 lbs. or more: Unitize on commercial pallets, 40" by 48", and shrink-wrap the load.

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(c) Labeling. Material shall be labeled and marked in accordance with applicable commercial standards, and as specified herein.

(d) Perishable Items. Perishable items requiring refrigeration or freezing shall be packed in thermal shipping containers with a quantity of ice (water/wet, chemical, or dry, as applicable) sufficient to maintain preservation for up to 96 hours from time of pack. In addition, for frozen items, an irreversible indicator will be placed inside each container as evidence that material has not thawed during transit. The applicable, completed DD Form 1502 series label, shall be affixed to the exterior (shipping) container adjacent to the DD Form 1387.

(e) Flammable Items. Flammable items shall be packaged and marked in accordance with industry standards.

(f) Biohazardous Items. Package all biohazardous drugs, pharmaceuticals, and chemicals as required by law and mark as a biohazard. Such items shall be shipped in a separate container.

(g) Signature Service. For shipments of sensitive, controlled and pilferable items, signature service shall be used.

(h) Hazardous Items. Definition: Hazardous items include any material defined as hazardous under the latest version of Federal Standard 313 (including versions adopted during the life of this contract). The following special requirements shall apply to hazardous items:

(i) Packaging. Packaging for hazardous items shall comply with applicable regulations, i.e., 49 CFR, International Civil Aviation Organization (ICAO) Technical Instructions (excluding para. 1.4 of Chapters 1 and 3), and International Maritime Dangerous Goods (IMDG) Code. In addition, when an order requires shipment through a military aerial port via military aircraft, packaging shall comply with DLAI 4145.3, Preparing Hazardous Materials for Military Air Shipment.

(ii) Labeling & Marking. Labeling and marking of hazardous items shall comply with the requirements of 49 CFR, 29 CFR, and either ICAO Technical Instructions (excluding para. 1.4 of Chapters 1 and 3) or IMDG Annex 1, as appropriate.

(iii) Material Safety Data Sheet (MSDS). MSDSs are required for all hazardous material delivered under this contract. MSDSs must meet the requirements of 29 CFR 1910-1200(g) and the latest version of Federal Standard 313.

(iv) Hazard Warning Labels (HWLs). The contractor shall label the item package (unit container) of any hazardous material to be delivered under this contract in accordance with the HWL requirements of the Hazard Communication Standard (29 CFR 1910-1200 et seq.) unless the material is subject to the labeling requirements of one of the following statutes:

- i) Federal Insecticide, Fungicide, and Rodenticide Act
- ii) Federal Food, Drug, and Cosmetics Act
- iii) Consumer Product Safety Act
- iv) Federal Hazardous Substances Act or
- v) Federal Alcohol Administration Act.

(v) Furnishing of MSDSs & HWLs. The contractor shall obtain MSDSs and HWLs (if required) for any hazardous material it provides under this contract. At a minimum, the contractor shall furnish MSDSs to the ordering activities and receiving points upon initial delivery of any hazardous material; copies shall be furnished to the Contracting Officer, upon specific request. The contractor shall maintain a file of all MSDSs and HWLs (if required) from suppliers providing hazardous material. The contractor shall also assure that all hazardous material is labeled correctly.

(i) Over-pack Markings. Over-pack container markings shall include the delivery point's 6-position (alpha and/or numeric) Department of Defense Activity Address Code (DoDAAC) and an in the clear "Ship To" address. The Government will provide the DoDAAC for each delivery point at time of award of the contract. Commercial markings not interfering with the clarity or positioning of required markings on containers need not be obliterated.

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12. Training and Sales Visits.

(a) Training Program. The contractor shall conduct a training program before ordering commences and within 30 days of being placed on the contract for any new ordering facility added to the contract. If orders are being placed in accordance with paragraph 7 of this SOW, each ordering facility's staff shall be provided with adequate training on the contractor's electronic order entry system, including electronic price and product catalog. Adequate training is defined as: "Training sufficient for the participating ordering facility staff to use the order entry system without assistance". Training will be for a minimum of 4 employees at each ordering facility. The training shall include all aspects of the contractor's EOE system. A contact person and telephone number must be provided in the event additional instruction is necessary.

(b) Training Manuals. For those ordering sites using a proprietary electronic order entry system, described in paragraph 7, the contractor shall provide 2 sets of any/all existing and available printed training manuals to each ordering facility or provide on-line context-sensitive help capability as an integral part of your electronic Price and Product Catalog and EOE system.

(c) PS Sales Representatives/Visits. A representative of the PS shall make a minimum of one scheduled visit to each European ordering facility during the start-up period of the contract, then once 90 days later. Thereafter, a representative of the PS shall make semi-annual visits to each European ordering facility either in person or via a video teleconference, if both the PS and facility agree. The PS shall provide a point of contact and telephone number to each of the MTFs to use for customer support problems. A summary list of these points of contact shall be provided to the Contracting Officer.

(d) PS "Preplanned" Surge Representative. The PS shall designate a single representative for matters relating to preplanned surge requirements. The PS, ordering facility and the DSCP Medical Contracting Office shall coordinate additional administrative details to ensure the effective and timely submission and processing of these orders.

(e) SS Sales Representatives/Visits. A representative of the SS shall make a minimum of one scheduled visit to each European ordering facility during the start-up period of the contract, then once more during the base ordering period. Thereafter, during each 2-year option period, a representative of the SS shall make a minimum of one visit to each European ordering facility either in person or via a video-teleconference, if both the SS and facility agree. The SS shall provide a point of contact and telephone number to each of the MTFs to use for customer support problems. A summary list of these points of contact shall be provided to the Contracting Officer.

(f) "In-Process Review" (IPR) Meetings. At the option of the Government, the contractor agrees to participate in IPRs to discuss its performance under the contract. An IPR will be conducted during both the base ordering period and the first & second option periods of the contract. The IPR will be held at a location within the geographical scope of the contract, with representatives of the customers identified on the contract and DSCP. Other stakeholders (such as the Service Representatives, systems consultants, etc.) may also be invited to attend. The contractor's presence shall include its customer sales representative(s).

(g) Additional Visits/Meetings. The contractor agrees to provide additional visits or attend meetings that may be requested at the discretion of the ordering facility or DSCP Contracting Officer.

(h) Cost of Training, Meetings & Visits. All costs incurred by the contractor to comply with the SOW's training, visits & meetings requirements shall be borne by the contractor.

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13. Discrepant Orders & Credit Accounts.

(a) Conditions. In accordance with paragraph 11, shipment of product to overseas customers requires material to be over-packed for international movement by the contractor. If requested by the ordering facility, the contractor will accept returns for replacement under the following conditions:

- i) products inside the over-pack that were shipped in error;
- ii) products inside the over-pack that were damaged in shipment; this denotes that there was no visible damage to the over-pack;
- iii) products inside the over-pack with concealed shipping damages;
- iv) products that did not meet the expiration/shelf life dating requirements of the contract, unless otherwise authorized by the ordering facility or DSCP Contracting Officer.
- v) products that were recalled, regardless of level of recall, except when the manufacturer's policy states otherwise, in which case the manufacturer's disposition instructions shall be followed;
- vi) excess expiration dated merchandise with either a potent shelf life remaining or an expired shelf life, from the customer's inventory. Any fee for such a service shall be in accordance with the contractor's published commercial policy. The fee may be a percentage of the purchase price of the item;
- vii) products where the shelf life has expired and the contractor has an ongoing return goods program with the manufacturer of those products. The contractor shall provide the ordering offices with a list of these manufacturers; and
- viii) other conditions consistent with the contractor's normal return policy.

Discrepant goods will be held by the receiving point subject to contractor's disposition instructions for not more than 15 days, after which the discrepant merchandise will be returned to the contractor's address at the contractor's expense. Expenses incident to the examination and testing of materials or supplies that have been rejected will be the responsibility of the contractor.

If the ordering facility does not need replacement of the returned products, the contractor shall issue an "open credit" which can be used for any subsequent orders in accordance with applicable laws and regulations. The ordering facility must coordinate the application of this "open credit" with the contractor. The contractor will not include this "open credit" amount in its invoice.

(b) Shortages/Other Discrepancies.

- (i) The contractor shall be responsible for any shortage, if the over-pack has not been opened prior to receipt by the ordering facility.
- (ii) The contractor shall be responsible for any missing materiel misdirected due to an error on the Bill of Lading, which it has prepared or in the "Ship To" marking on the shipping container prepared by the contractor.
- (iii) The Government-designated carrier shall be responsible for any missing over-packed container and its contents, which is picked up by the carrier and is not received by the ordering facility.
- (iv) The Government-designated carrier shall also be liable for any internal damaged item in a shipment when there is visible damage to the over-pack.

(c) Payment of Contractor. DSCP will pay the contractor only for material the ordering facility has received and accepted. Customers shall report all discrepancies to the contractor.

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(d) Credit Accounts.

(i) Notification of Credit Account Balances. Based upon discrepancies in shipments, the receipt of incentive rebates or credits from manufacturers, credit accounts are expected to be created for each ordering facility on the contract. The contractor shall notify both the customer and the DSCP Contracting Officer on at least a monthly basis of the amount contained in its account. Customer orders using the credit amount shall be of sufficient value to expend its total value at one time. The customer is expected to communicate its order in such a manner as to ensure an efficient processing of such a credit purchase. This transaction is a business matter between the contractor and the customer and does not involve the DSCP invoicing and payment system. The contractor is cautioned that credit purchases shall not result in any ANSI 810 Invoice transaction set, except for those amounts of any order that are not sufficiently covered by the credit amount.

(ii) Unliquidated Credit Account Balances. In the event that any credit amount remains unliquidated for 91 days, the contractor shall refund this amount in the form of a check payable to the United States Treasury. The check shall be made to the DFAS office shown on the resulting award document; copies of the check or vouchers shall be provided to both the ordering facility and the DSCP Contracting Officer.

(iii) Unliquidated Credit Account Balances—Interest. In the event either the ordering facility or the contractor fails to liquidate the credit account, described in either paragraph above, the contractor shall pay interest to the ordering facility's credit account, commencing on the 100th day, at the Renegotiation Act (P.L. 92-14) interest rates in effect on any outstanding credit balance.

(iv) "Reverse Distributor" Program Credits. During the term of this contract, the Government expects to award a "Reverse Distributor" (RD) contract for the return of expired pharmaceuticals owned by MTFs covered by the DSCP pharmaceutical prime vendor program. DSCP's RD contract will include a fee to cover the RD's costs for processing returnable pharmaceuticals to the manufacturer or for their disposal if the materiel is non-returnable. Returns processed by the RD on behalf of a European MTF, may result in the granting of credits by pharmaceutical manufacturers to the MTF or may result in the assessment of disposal costs by the RD.

Manufacturers' Credits. If credits are granted in accordance with DSCP's RD contract, the manufacturers will advise the European pharmaceutical PS or SS of the amount of the credit. The European PS and SS are authorized and agree to post such credits to the customer's credit account, less the applicable RD's fee cited in DSCP's RD contract, as billed by the reverse distributor.

If a contractor receives a sales-volume based allowance from a manufacturer, paid in lieu of out-of-date returned goods credits, then the PV contractor shall allocate a pro rata portion of that allowance to every MTF that purchased the manufacturer's products during the relevant allowance period. A reasonable administrative fee, not to exceed one quarter of the allocable allowance, may be charged by the contractor for its distribution of returned goods allowance.

RD Disposal Costs. If the pharmaceuticals are non-returnable, the RD will dispose of the materiel and advise the contractor of the amount of the disposal costs. For materiel disposed of under DSCP's RD contract, the European PS or SS are authorized and agree to deduct such disposal costs from the customer's credit account, as billed by the reverse distributor,

Note: It is anticipated that most, if not all, of the credits and/or disposal costs/fees incurred as a result of DSCP's RD contract will involve the credit accounts established under the PS' contract.

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(e) Reimportation of Drugs—FDA Authorization. In accordance with FDA authorization, dated November 6, 1997, overseas customers are authorized to reimport prescription drugs to the contractor in the United States under the following conditions:

- i) Drugs to be reimported are excess, mispicked, short dated or recalled prescription drugs returned to the contractor for credit.
- ii) Reimported prescription drugs are shipped and stored in compliance with section 501 (a)(2)(B) of the Federal Food, Drug & Cosmetic Act as interpreted under Title 21 of the Code of Federal Regulations Part 205.
- iii) Return shipments are examined by a DoD health care professional (pharmacist, nurse, physician) to verify the identity of the drugs and certify that the drugs meet the conditions for returns as set forth in this modification. The health care professional will ensure that contaminated, adulterated and misbranded prescription drugs are not returned because they are unfit for distribution. Expired drugs are adulterated and therefore unfit for distribution. Records of inspections shall be maintained by ordering offices and made available for FDA review as the FDA deems necessary.
- iv) Drugs that are damaged, deteriorated, misbranded or adulterated, outside of drugs subject to recall, shall not be returned, but shall be quarantined, physically separated from other prescription drugs and destroyed. Records of such action shall be maintained by ordering offices.
- v) Scheduled drugs are not included in this reimportation authorization.
- vi) Only drugs purchased from the contractor are authorized under this program.

(f) Reimportation of Drugs—Contractor Responsibilities. The contractor:

- i) Shall provide credit and pay shipping charges for materiel being reimported due to the conditions described in paragraph 13 (a)(i) through 13 (v) of the SOW. In addition, at the contractor's expense, it may authorize destruction of materiel, eligible for reimportation, but not reimported because it is not deemed cost effective.
- ii) May accept for credit materiel offered for return for conditions other than those described in paragraph 13 (a)(i) through 13 (a)(v). However, Government ordering facilities shall be responsible for paying shipping charges for materiel being returned to the contractor, which was not due to a contractor caused discrepancy. The contractor, only after coordinating with the appropriate ordering facility, is to subtract the appropriate shipping charges from the ordering facility's credit account.
- iii) Shall provide authorization and shipping instructions for materiel to be reimported.
- iv) Shall assume ownership of all reimported drugs following reimportation.
- v) Shall follow the requirements of 21 CFR Part 205 concerning prescription drug storage, handling, disposition and record keeping.

(g) Reimportation of Drugs—Ordering Facility Responsibilities. Ordering facilities shall:

- i) Perform examination of discrepant materiel as prescribed by paragraph 13 (d)(iii) distinguishing between drugs eligible for reimportation and drugs not eligible for reimportation.
- ii) Report receipt of all discrepant materiel to the contractor within 96 hours of its receipt. If drugs are eligible for reimportation, provide the following information:
 - (1) Item number or NDC;
 - (2) Quantity to be returned;
 - (3) Dollar Value of items being returned;
 - (4) Expiration date of each item;
 - (5) Reason for intended return (mispick, short-dated, etc.)

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iii) Destroy drugs not eligible for reimportation in accordance with paragraph 13 (d)(iv). Also, destroy upon authorization from the contractor those drugs eligible for reimportation, but which due to its dollar value, have been determined by the contractor not cost effective to reimport.

iv) Maintain documentation for file, indicating drugs destroyed and drugs scheduled for reimportation.

v) Follow the contractor's instructions for preparing commercial bills of lading, packaging of the materiel and contacting the carrier. Mail an information copy of the bill of lading to: FDA Import/Investigation Branch, Attn: Mr. Frank Roberts, 60 Eighth Street, N.E., Atlanta, GA 30309.

14. Reporting Requirements. The PS & SS, unless otherwise noted, shall provide or participate in the following:

(a) Studies/Surveys. The contractor agrees to cooperate in studies or surveys in order to allow the Government to determine the extent of subcontracting opportunities identified under the contract.

(b) Subcontracting Reports. The contractor shall submit semi-annual performance reports to the DSCP contracting officer regarding its subcontracting support of small, small disadvantaged and women-owned small business concerns as well as JWOD entities.

(c) Monthly Usage Data. The following data shall be provided as described below:

FIELD DESCRIPTION	LENGTH
Prime Vendor Contract Number	13
Delivery Order Number (call number)	4
Order Date (DDMMMYYYY)	9
Delivery Date (DDMMMYYYY)	9
Department of Defense Activity Address Code (DODAAC)	6
Contractor-Assigned Account/Customer Number	v20
National Drug Code (NDC)	11
Universal Product Number (UPN) ¹ (including any + sign) NOTE: The UPN in the 850 and 855 will not contain the + sign.	v20
Manufacturer's Part Number	v17
DAPA or IDTC Number	13
Unit Sold	2
Quantity Ordered in Unit Sold	8
Quantity Ordered in Unit Sold ²	8
Manufacturer's Backorder ³	1
Total Price (charged customer) ⁴	9
Special Order Designator D = Drop Shipment S = Stockless R = Surge	1
Delivery Requirement (in business days; less than one business day = 0)	3
Advance Customer Usage Data Provided on Item (Y/N) ⁵	1

¹ UPN includes UCC/EAN (of which the Universal Product Code (UPC) is a subset) or HIBC number.

² Negative value if inventory adjustment.

³ Indicates manufacturer is unable to supply the quantities ordered by the contractor.

⁴ Total Price of the line item including the contractor Distribution fee and the DSCP-Medical Cost Recovery Rate.

⁵ Medical/Surgical contracts only; does not apply to Pharmaceutical Prime Vendor contracts.

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(d) Quarterly Usage Report. In order to establish a military readiness posture, for all NDCs under this contract, the contractor shall provide on a quarterly basis the average individual monthly usage (based on the quantity of units sold) for both commercial and Government sales. An ANSI file containing the NDC and quantity shall be provided to the DSCP Contracting Officer within 30 days of the initial request.

(e) Detailed Monthly Fill-Rate Report (PS only).

In accordance with the fill rate formula cited in this SOW, the contractor shall furnish a monthly fill-rate report to each ordering facility indicating fill-rate percentages for the specific ordering facility. The report shall include for each such facility the total lines ordered, lines filled, lines partially filled, lines not filled (cf., paragraph 9 a) of this SOW), backordered lines, and the calculated fill rate. This report shall also be provided to the three Service Representatives (Army, Navy & Air Force). The points of contact and office codes for the Service Representatives will be provided at time of award. This detailed report shall be submitted to the DSCP Contracting Officer when so requested.

(f) Abbreviated Monthly Fill-Rate Data (PS only). The following shall be provided by the PS to the DSCP Contracting Officer as described below:

Field Description	Length
Prime Vendor Contract Number	13
Beginning of Reporting Period (DDMMMYYYY)	9
End of Reporting Period (DDMMMYYYY)	9
DODAAC (none if for contract rate overall)	6
Calculated Fill Rate ⁶	5
Contractor-Assigned Customer Account Number (none if for contract overall)	20

(g) Data Requirements (PS only). The data required in paragraphs (e) & (f) above shall be provided as follows:

(i) Data shall be submitted on a monthly basis no later than the 20th day of the month following the month for which the data is being provided (e.g., data for the month of March 2000 shall be provided by April 20, 2000).

(ii) Both data sets shall be provided the Contracting Officer via electronic data transmission (e.g., via FTP over the Internet or via DSCP's Medical modem pool). Communications protocol shall be provided to the contractor prior to the initial transmission.

(iii) Data shall be provided in an up-caret (^) delimited format without dashes or hyphens (-) in the fields. All fields not marked as being variable (letter "v" with a suggested length) shall be of the length specified. All of the fields shall be completed except for the following:

- (1) If an NDC or a UPN cannot be supplied, then the contractor's catalog number will be supplied.
- (2) Special Order Designator shall only be completed if one of the special order cases, defined by the field entry, applies. If none applies, the field shall be left blank.

NOTE: Submission of data to DSCP in a hard copy printed form and/or via diskettes is unacceptable. During the term of the contract, if there is a change in either the data or the mode of transmission to DSCP, an equitable adjustment will be negotiated with the contractor, as appropriate.

⁶ Computed in accordance with the formula contained elsewhere in this contract. Field shall contain one character before the decimal point (i.e., 0 or 1), an explicit decimal point, and three characters after the decimal point (e.g., 0.985). Note that a number expressed as 98.5% is not acceptable because it contains a percent sign and more than 1 whole number before the decimal point.

SOW--Europe

15. ARMY's PRE-POSITIONED STOCK REQUIREMENTS (applies only to the Primary Supplier and only if Option #1 of the Schedule of Supplies/Services is exercised by the Government)

(a) Purpose. The Government intends to use this contract as a vehicle for the acquisition of pharmaceutical items for use in the pre-positioning of materiel for eventual use during wartime and/or humanitarian operations.

(b) Applicability. All other provisions of paragraphs 1 through 14 of this SOW shall apply to orders for Pre-positioned Stock requirements with the exception of the following:

(i) Primary Supplier (PS). Only the PS shall be required to provide the Army's Pre-Positioned Stock Requirements set forth in the contract.

(ii) Delivery Timeframes. Within 15 calendar days after receipt of an order for pre-positioned materiel, the PS shall package each order and offer it for transportation to a Government-designated carrier who will pick up the ordered supplies at the PS's facility, which shall be located within CONUS (continental United States – excludes Alaska & Hawaii).

(iii) Expiration Date/Shelf Life. For pre-positioned requirements, the PS shall provide dated/shelf life products bearing an expiration date/shelf life with at least 18 months remaining upon delivery to the Government. For those products, which have an initial expiration/shelf life of less than 18 months, the PS shall provide at least 75% of the initial dating.

(iv) Ordering Points. The PS shall only process Army Pre-positioned Stock Requirements Orders placed by USAMMCE, USAMMA or DSCP. If the PS receives a pre-positioned order from other than the preceding activities, the PS shall contact USAMMCE, USAMMA or the DSCP Contracting Officer and request validation.

(c) List of Pre-Positioned Stock Requirements. Contract attachment # 1 contains a list of the individual products, which the Government may order and pre-position under this contract. The Government reserves the right at any time to add, change or delete the contract's pre-positioned requirements. The PS will receive 60 days notification of any change in the list of potential pre-positioned requirements. An equitable adjustment in the contract price will be negotiated with the PS, as appropriate.

Note: The Army's requirements cited on the above attachment may include products not normally handled by commercial pharmaceutical distributors, e.g. intravenous injection solutions, military unique items etc. The Primary Supplier shall only be required to provide those products normally handled by a pharmaceutical distributor on the commercial market.

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16. Army's "PREPLANNED" SURGE REQUIREMENTS (applies only to the Primary Supplier and only if Option #2 of the Schedule of Supplies/Services is exercised by the Government)

(a) Purpose. The Government intends to use this contract as a vehicle for the rapid acquisition of pharmaceutical items by the Army to respond to contingency, wartime, and humanitarian operations. For purposes of this contract, "Preplanned" denotes that the PS will receive 60 days notification of any change in the Surge requirements.

(b) Applicability. All other provisions of paragraphs 1 through 14 of this SOW shall apply to orders for the Army's "Preplanned" Surge requirements with the exception of the following:

(i) Primary Supplier (PS). Only the PS shall be required to provide the Army's "Preplanned" Surge requirements set forth in the contract.

(ii) Delivery Timeframes. Within 72 hours after receipt of an order for one or more of the Army's Unit Assemblages (UA's) listed below, the PS shall package each order and offer it for transportation to a Government-designated carrier who will pick up the ordered supplies at the PS's facility, which shall be located within CONUS (continental United States – excludes Alaska & Hawaii).

(iii) Timeframe for Order Placement—Army Surge. The PS agrees to accept receipt of the Army's Surge requirements, 24 hours a day, 7 days per week.

(iv) Ordering Points. The PS shall only process Army Preplanned Surge Orders placed by USAMMCE or USAMMA. If the PS receives a surge order from other than the preceding activities, the PS shall contact the DSCP Contracting Officer or the USAMMA Prime Vendor Surge Contracting Officer Representative at Fort Detrick, MD at telephone # (301) 619-4347 and request validation.

(v) Fill-Rate. All Army UA's must be able to be ordered as individual sets. Modules will be individually packaged by the PS and may be ordered by the Government as a separate line item or as part of a set. The PS shall package and pack the assemblies as individual sets and shall provide a 100% fill-rate on all orders

(vi) List of Army's Preplanned Surge Requirements—UA's. . Below is a list of the type and quantity of UA's comprising the Army's pharmaceutical Surge requirements. During the contract term, the Government reserves the right at any time to add, change or delete the Army's preplanned surge requirements. An equitable adjustment in the contract price will be negotiated with the PS, as appropriate.

All Army UA's will consist of "Program" items (see paragraph 1(c) of this SOW). Listed below are the types of Surge requirements, which could be ordered by the Army from the PS. The quantities given represent the maximum number of UA's the Army anticipates ordering within a 20-day period. The PS shall ensure that the UA's are packaged and offered to the Government-designated transportation carrier within 72 hours after receiving the order, unless a longer timeframe is specified by the Army. The PS shall have the capability to assemble the following quantities of pharmaceutical UA's: See Table on next page.

(vii) Component Breakdown. . Details concerning the Army UA's, which are listed on the next page, are contained in the following Attachments to this Statement of Work & shall apply to the resultant contract:

#2 Army Surge Requirements—Basic Document – list of components for each UA.

#3 Army Surge Requirements by Unit Assembly – lists the components for each UA along with the quantities required in 3, 5, 10, 15 & 20 days and the estimated dollar value.

#4 Army Surge Requirements—Total Quantity Time Phased by NSN – lists the total quantity for each component in the UA. by timeframe.

#5 Army Surge Requirements—NSN vs. NDC – lists each Army component by the Government's National Stock Number (NSN) with its corresponding National Drug Code (NDC). The Army has provided a recommended NDC along with up to 4 alternates.

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Army

Unit Assemblage (UA) Planning Document Time Phased Concept of Support—Europe

UA	UA Nomenclature	NSN	Total UA's	Fill Rate	Time Phase (in Days)				
					1	5	10	15	20
0246	Surgical Instrument Supply Set Individual	6545-01-141-9470	96	100%	50	0	20	10	16
0249	MES Chemical Patient Treatment Set	6545-01-141-9469	17	100%	10	0	5	0	2
0256	MES Ground Ambulance	6545-01-141-9476	60	100%	25	0	25	0	10
0261	MES Patient Holding Squad Light	6545-01-192-1900	15	100%	6	0	6	0	3
0264	MES Trauma Field (2)	6545-01-228-1887	60	100%	25	0	25	0	10
0265	MES Sick Call (2)	6545-01-228-1886	60	100%	25	0	25	0	10
1207	Medical Equipment Set Epiderm Ser	6545-00-935-9882	4	100%	2	0	1	0	1
1324	Optometry Equipment Set (R-1)	6545-01-131-2633	4	100%	2	0	1	0	1
1725	DES Operating Field Lightweight	6545-01-191-8973	4	100%	2	0	1	0	1
7009	Medical Equipment Set Flight Surgical	6545-00-297-0033	4	100%	2	0	1	0	1
7035	Dental Supply Emergency Repair	6545-00-753-4875	14	100%	8	0	4	0	2
7079	Dental Instrument Emergency Field	6545-00-927-4840	7	100%	4	0	2	0	1
7124	Entomological Kit Field	6545-00-982-4121	4	100%	2	0	1	0	1
7300	MES Combat Lifesaver	6545-01-254-9551	450	100%	100	100	100	100	50

A. For Example: The Primary Supplier is required to have after receipt of first order no more than 25 Sets of UA 0256 ready for shipment by Day 1 (72 hours), and another 25 sets ready by Day 10, and 10 sets ready by Day 20 for a Total Minimum UA quantity of 60 sets.

B. The above quantities are for the **Primary Supplier's work planning purposes**, and reflect **maximum daily** requirements that the Primary Supplier shall be held accountable for on any given day.

C. In each case, the Army or DSCP may order less than the maximum daily quantities referenced above.

D. The Primary Supplier shall have 72 hours to build the UA's and prepare them for shipment from the time it receives the order.

Note: The Army Surge requirements cited on the previously listed attachments may include products not normally handled by commercial pharmaceutical distributors, e.g. intravenous injection solutions, military unique items etc. The Primary Supplier shall only be required to provide those products normally handled by a pharmaceutical distributor on the commercial market.

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(viii) Surge Verification & Substitution. Once the PS receives a Surge Request, the PS shall verify that the request complies with the terms of the current SOW, including all contract modifications. The PS shall report any discrepancies to the DSCP Contracting Officer. While awaiting verification from the DSCP Contracting Officer concerning discrepancies or substitutions, the PS should continue to make progress in filling the Surge order, so as not to jeopardize the delivery date(s). Once verified, the PS shall complete the filling of the order using specific materiel available under DSCP Medical DAPAs/National Contracts or the PS' "Regional" DAPA or under a DVA FSS/National Contract. If the PS cannot fully support the surge requirement using the specific item, the contractor may use similar DAPA/National Contract/FSS materiel after coordination and approval from the ordering facility. In the event, only non-authorized materiel is available to support the Surge requirement, the PS shall contact DSCP for guidance.

(ix) Surge Packaging. . In addition to the requirements of paragraph 11, the PS shall do the following for Army Surge orders:

1. Package the Army's UA's as complete, individual sets. The exterior of the set package shall be marked with the "Package, Set or UA NSN" and "Package, Set or UA Nomenclature". In cases where the Package, Set or UA comprises more than one box, the contractor shall mark each box with the "Package, Set or UA NSN", "Package, Set or UA Nomenclature", and "Box Number" (i.e. 1 of 4).
2. Pack the UA's in "tri-wall" containers provided by the Government, either in advance for storage at the PS' facility or at the time the surge materiel is ordered.
3. Affix a re-sealable, watertight envelope to the exterior of each box, which contains a packing list of materiel specific to the box to which it is attached. A second packing list shall be placed inside each tri-wall container. At a minimum, the packing list will contain the NSN, Substitute NSN if applicable with cross-reference to the original NSN being replaced, Nomenclature, NDC, Manufacturer, Unit of Issue, and Total Quantity.
4. In addition to the above, the PS may be required to affix one or more of the following Department of Defense Forms (DD Form) to the shipment depending on the nature of the products being shipped:

- DD Form 1384 "Transportation Control Movement Document (TCMD)"
- DD Form 1387-2 "Military Shipment Special Handling" Label
- DD Form 1502 "Frozen Medical Materiel" Warning Label
- DD Form 1502-1 "Chilled Medical Materiel" Warning Label
- DD Form 1502-2 "Perishable Materiel" Warning Label
- DD Form 1750 "Packing List"

The Government will be responsible for providing the PS with blank copies of the above forms for use with Surge shipments.

(x) Surge Testing.

1. The Army may test the PS' responsiveness by placing orders against the contract, with or without prior notification, either as a simulated Surge (also called a paper test) or by actually ordering materiel for shipment. When a "paper" test is conducted, the PS must provide projected materiel availability results of the simulation, without the physical movement of the materiel in accordance with the required delivery timeframes. When the Army actually purchases materiel, the PS must respond as if it were a true military operation and all Army Surge provisions of the SOW will be in effect.
2. Testing (of any type) will be limited to twice a year. This testing requirement includes, but is not limited to, PS participation in Joint Chiefs of Staff (JCS) and Commander-in-chief (CINC) exercises. Paper tests will be conducted at no additional cost to the Army. If a test requires actual draw down and delivery of materiel, the PS will only be paid for the cost of the delivered materiel.

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17. Air Force's "PREPLANNED" SURGE REQUIREMENTS (applies only to the Primary Supplier and only if Option #3 of the Schedule of Supplies/Services is exercised by the Government)

(a) Purpose. The Government intends to use this contract as a vehicle for the rapid acquisition of pharmaceutical items by the Air Force to respond to contingency, wartime, and humanitarian operations. For purposes of this contract, "Preplanned" denotes that the PS will receive 60 days notification of any change in the Surge requirements.

(b) Applicability. All other provisions of paragraphs 1 through 14 of this SOW shall apply to orders for the Army's "Preplanned" Surge requirements with the exception of the following:

(i) Primary Supplier (PS). Only the PS shall be required to provide the Army's "Preplanned" Surge requirements set forth in the contract.

(ii) Delivery Time frames. Within 72 hours after receipt of an order for one or more of the Army's Unit Assemblages (UA's) listed below, the PS shall package each order and offer it for transportation to a Government-designated carrier who will pick up the ordered supplies at the PS's facility, which shall be located within CONUS (continental United States – excludes Alaska & Hawaii). Hazardous items and materiel, which require additional handling and may extend the delivery time frame must be identified to the Air Force by the PS and the PS must provide the Air Force with an estimated delivery time frame.

(iii) Timeframe for Order Placement—Air Force Surge. The PS agrees to accept receipt of the Air Force's Surge requirements, 24 hours a day, 7 days per week.

(iv) Ordering Points. The PS shall only process Air Force Preplanned Surge Orders that have been approved by the Air Force Medical Logistics Office (AFMLO) located at Fort Detrick, MD. If the PS receives a surge order from other than the preceding activities, the PS shall contact the DSCP Contracting Officer or the AFMLO Prime Vendor Surge Contracting Officer Representative at Fort Detrick, MD at telephone # (301) 619-4015 and request validation.

(v) Expiration Date/Shelf Life. For the Air Force's Surge requirements, the PS shall provide dated/shelf life products bearing an expiration date/shelf life with at least 6 months remaining upon delivery to the Government. For those products, which have an initial expiration date/shelf of less than 6 months, the PS shall provide at least 75% of the initial dating.

(vi) Fill-Rate. The PS shall provide a 100% fill-rate on all of the Air Force's Surge orders. There will be no requirement for the building or identification of Air Force kits or assemblies. Only components will be ordered.

(vii) List of Air Force's Preplanned Surge Requirements. During the contract term, the Government reserves the right at any time to add, change or delete the Air Force's preplanned surge requirements. An equitable adjustment in the contract price will be negotiated with the PS, as appropriate. All Air Force Surge components will consist of "Program" items (see paragraph 1(c) of this SOW). The pharmaceutical components that comprise the Air Force's Surge requirements are listed in the following Attachments to this Statement of Work & shall apply to the resultant contract:

#6 Air Force Surge Requirements—Total Quantity Time Phased By NSN – lists each AF component along with the quantities required for Day 3, 5, 10, 15 and 30.

#7 Air Force Surge Requirements—NSN vs. NDC – lists each AF component by the Government's National Stock Number (NSN) with its corresponding National Drug Code (NDC). A primary NDC is listed along with various acceptable alternates.

Note to PS: The above-cited Air Force requirements may include products not normally handled by commercial pharmaceutical distributors, e.g. intravenous injection solutions, military unique items etc. The Primary Supplier shall only be required to provide those pharmaceutical products normally handled by a pharmaceutical distributor on the commercial market.

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(viii) Surge Verification & Substitution. Once the PS receives a Surge Request, the PS shall verify that the request complies with the terms of the current SOW, including all contract modifications. The PS shall report any discrepancies to the DSCP Contracting Officer. While awaiting verification from the DSCP Contracting Officer concerning discrepancies or substitutions, the PS should continue to make progress in filling the Surge order, so as not to jeopardize the delivery date(s). Once verified, the PS shall complete the filling of the order using specific materiel available under DSCP Medical DAPAs/National Contracts or the PS' "Regional" DAPA or under a DVA FSS/National Contract. If the PS cannot fully support the surge requirement using the specific item, the contractor may use similar DAPA/National Contract/FSS materiel after coordination and approval from the ordering facility. In the event, only non-authorized materiel is available to support the Surge requirement, the PS shall contact DSCP for guidance.

(ix) Surge Preservation, Packaging, Packing, Labeling and Marking Requirements. In addition to the requirements of paragraph 11, the PS shall do the following:

1. Package & pack all Air Force Surge orders in commercially standard shipping container(s) used for transport by land, sea or air carriers to protect from damage and breakage and ensure safe delivery.
2. Affix a re-sealable, watertight envelope to the exterior of each box, which contains a packing list of materiel specific to the box to which it is attached. A second packing list shall be placed inside each commercial shipping container. At a minimum, the packing list will contain the NSN, Substitute NSN if applicable with cross-reference to the original NSN being replaced, Nomenclature, NDC, Manufacturer, Unit of Issue, and Total Quantity.
3. Affix a Military Shipment Label (DD Form 1387 – white label) to each container when specifically requested by the Air Force.
4. In addition to the above label, the PS may be required to affix one or more of the following Department of Defense Forms (DD Form) to the shipment depending on the nature of the products shipped:

- DD Form 1384 "Transportation Control Movement Document (TCMD)"
- DD Form 1387-2 "Military Shipment Special Handling" Label
- DD Form 1502 "Frozen Medical Materiel" Warning Label
- DD Form 1502-1 "Chilled Medical Materiel" Warning Label
- DD Form 1502-2 "Perishable Materiel" Warning Label
- DD Form 1750 "Packing List"

The Government will be responsible for providing the PS with blank copies of the above forms for use with Surge shipments.

(x) Surge Testing.

1. The Air Force may test the PS' responsiveness by placing orders against the contract, with or without prior notification, either as a simulated Surge (also called a paper test) or by actually ordering materiel for shipment. When a "paper" test is conducted, the PS must provide projected materiel availability results of the simulation, without the physical movement of the materiel in accordance with the required delivery timeframes. When the Air Force actually purchases materiel, the PS must respond as if it were a true military operation and all Air Force Surge provisions of the SOW will be in effect.
2. Testing (of any type) will be limited to twice a year. Joint Chiefs of Staff (JCS) and Commander-in-chief (CINC) exercises are expected to be part of this testing. Paper tests will be conducted at no additional cost to the Air Force. If a test requires actual drawdown and delivery of materiel, the PS will only be paid for the cost of the delivered materiel.

(xi) Surge Cost of Coverage. If the PS proposed and the contract includes additional charges covering the Air Force's Preplanned Surge requirements (contract line items #0001GA,

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#0001GB, #0001GC or #0001GD), the following additional conditions shall apply:

1. The Air Force will have access to the Surge materiel for a 2-year period. If the Air Force draws the materiel down during this period, the PS shall replenish the materiel within 30 days of draw down at no additional cost. The cost of coverage does **not** include the purchase price of the materiel, which will be separately paid for at time of order. The effective date for the Air Force provision election is the date that the Air Force invokes the option for a continuous 2-year period. For example, if the option is invoked on November 12, 2000 the Air Force Surge coverage will continue through November 11, 2002.

2. The Air Force shall have the right to inspect any materiel specifically stocked by the PS in its inventory to meet this contract's Air Force Surge requirements. The PS will be given 24 hours advance notice by the Government before inspection. The PS agrees to provide the inspection team(s) with reasonable and timely access to the materiel at no additional cost to the Government.

(xii) Surge Reporting. The PS agrees to provide the Air Force with a detailed report indicating the distribution center(s) holding the listed pharmaceutical components comprising the Air Force's Surge, within 60 days from the time the Air Force Surge option is invoked. In addition, during the contract term, if there are any changes in the availability of the listed Surge components (i.e., item has been discontinued) a status reports concerning the changes shall be provided electronically to the following e-mail addresses:

Air Force:	sourcing.sustainment@ft-detrick.af.mil
Navy & Marines:	mreading@nml10.med.navy.mil
Army:	michael.ryan@det.amedd.army.mil

18. AIR FORCE'S AIR EXPEDITIONARY FORCE (AEF) REQUIREMENTS (applies only to the Primary Supplier and only if Option #4 of the Schedule of Supplies/Services is exercised by the Government).

(a) Purpose. The Government intends to use this contract as a vehicle for the rapid acquisition of pharmaceutical items to provide urgent contingency support for the Air Force's AEF. The intent of this pharmaceutical AEF support provision is to provide RECURRING supply requirements to deployed AEF units (such as Air Transportable Hospitals & Expeditionary Medical Support), 24 hours per day; 7 days per week, IF REQUIRED. There may be an estimated six deployments per 2-year period and their spacing cannot be predicted. Multiple, concurrent AEF deployments are possible. Each AEF deployment will generate on-going daily AEF orders from the items identified on the attached spreadsheet (see paragraph (o) below).

(b) Applicability. The Primary Supplier (PS) for the European Region may be required to be the primary supplier of urgent contingency support for the AEF European deployments. However, if for any reason the Contractor can not meet the requirements to support an AEF deployment, the Government reserves the right to exercise the AEF support clause contained in any other Pharmaceutical Prime Vendor contract.

All other provisions of paragraphs 1 through 14 of this SOW shall apply to orders for the Air Force's AEF requirements unless otherwise revised by one of the following parts of this paragraph 18.

(c) Ordering: The PS will be required to accept orders electronically, however, orders will first be coordinated telephonically by the Air Force's AEF sustaining base. The PS will be required to package and label all requirements according to commercial and/or military specifications as indicated by the sustaining base at time of order placement. All transportation arrangements and military air clearances will be performed by the sustaining base. Air Force personnel, located at the designated AEF sustaining base, will place all orders.

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The sustaining base for the European Region, as defined in this solicitation, has not yet been identified. Until a sustaining base within the geographic definition of the European Region is so identified, the Air Force will use the sites listed below as the interim AEF sustaining bases.

Wilford Hall Medical Center
Lackland AFB, TX
DODAAC: FM6923
DEA: AW5333303

Air Force Medical Logistics Office/OL 2
Fort Worth, TX
DODAAC: FM9133
DEA: BA4429937

The PS shall furnish its proprietary EOES, described fully in paragraph 6 of this SOW, to the 2 sustaining bases listed above, so that orders may be placed using its EOES, even during this interim period. Orders may also be placed using the EDI process described in paragraph 7. Upon identification of a permanent sustaining base for the European Region, the interim sustaining bases listed above will be deleted from the European contract.

The PS will be required to receive and process requirements 24 hours a day, 7 days a week, including holidays. Orders must be packaged and ready for shipment within 8 hours of order placement. The sustaining base will provide 24 hours advance notification prior to order placement. Contractor must provide a designated representative at its designated distribution center. The PS can expect to process incoming daily orders for any combination of items from the spreadsheet over an extended period. The spreadsheet AEF quantities are estimated quantities needed for each of six deployments. Items will be ordered by NDC, not as a whole assemblage, up to the limit established by the contract for six deployments. If the estimated total quantities (spreadsheet quantities times six deployments) for the 2-year period are exceeded in less than 2 years, then the fill rate for orders above the estimated total quantities will revert to the 95 % fill-rate in the basic SOW for a 14 day refresh period. The PV will be required to have a 100 percent fill rate for all subsequent orders after the 14-day refresh period. The maximum number of deployments covered by this paragraph is 12. In the event that the Government requires more than 12 deployments during an ordering period, the Government will negotiate separately with the Primary Supplier for an equitable adjustment in the contract's AEF's distribution fee and/or additional charges.

Orders will be placed by Air Force personnel located at a designated sustaining base using a unique combination of DODAAC and PV Customer Account Number. The PS must deliver each shipment to its distribution center's dock on an FOB Origin basis for pick up by a Government supplied carrier. For military orders, the customer will have to provide their TAC code. For commercial air shipments, DSCP-Distribution will advise the sustaining base in writing of the assigned Government designated carrier(s). In accordance with standard industry practice, the Primary will assist in the preparation of the Commercial Bill of Lading (CBL). The PS is required to consolidate and mark materiel as specified, and prepare the CBL, prior to presentation for shipment. The sustaining base will provide a prepared Government Bill of Lading to the supplier's distribution center prior to commercial air shipment, for those countries where a GBL is required. The Air Force will be the payee on the transportation bills; the customer must provide us with a chargeable appropriation or TAC code.

(d) Type of Products: All of the AEF components provided by the PS shall be "Program" items (see paragraph 1(c) of the SOW) and shall be commercial in nature.

(e) 100% Fill-Rate: The Prime Vendor will be required to provide either commercial or military packaging as directed and shall provide a 100% fill-rate on all orders.

(f) Military Packaging Requirements: Shipments that qualify for WorldWide Express must be packaged in 150 lb. boxes or less. Therefore, the Primary Supplier will make every effort to package shipments in 150 lb. boxes or less. It is mandatory that all shipments to Air Mobility Commands (AMC/Military Air Terminals) obtain shipment clearance from the Service Air Clearance Authority prior to its arrival. The sustaining base will be responsible for obtaining shipment clearance. A list of Government Air Ports of Embarkation is attached (see paragraph (o) below).

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(g) Instructions for Military Air Clearance and Transportation Control Movement Document (TDMD) Preparation (The responsibilities of the Air Force [AF] & Primary Supplier [PS] are listed below):

1. **AEF Shipments.** All AEF shipments intended for military air transportation (AMC transportation) must be cleared for movement by the appropriate Air Clearance Authority (ACA) at least 24 hours prior to shipping. Shipping must be done at regular intervals, in order to meet the scheduled Military Flights.
AF. The sustaining base must obtain clearance prior to shipping to the aerial port (Port of Embarkation).
PS. After packaging and labeling of the order, the PS will provide the sustaining base with the number and type of containers, weight and cube, and notify of any special handling.
2. **AF—Shipment Clearance.** Shipment clearance will be performed by Air Force personnel at the designated sustaining base and consists of completing a Transportation Control and Movement Document (TCMD) (DD Form 1384). The sustaining base must complete a TCMD for every shipment going by military air. The TCMD must be typed. Written copies will not be accepted. Fields which need to be completed are as follows:
 - a. Block 1: DOC ID (Document Identification)
 - b. Block 3: Consignor: (SP0200 – All Medical shipments and Vendor's Name)
 - c. Block 4: Commodity Special Handling
 - d. Block 5 Air Dimensions
 - e. Block 6: POE (Port of Embarkation) (Available from DoD 4500.32R)
 - f. Block 7: POD (Port of Debarkation) Destination (Available from DoD 4500.32R)
 - g. Block 8: Mode
 - h. Block 9: Pack (Two letter code how packed)
 - i. Block 10: Transportation Control No.
 - j. Block 11: Consignee
 - k. Block 12: PRI (Priority)
 - l. Block 13: RDD (Required Delivery Date)
 - m. Block 14: Proj (Project Code)
 - n. Block 15: Date Shipped (3 digit Julian date of the year (i.e. Jan 1=001)
 - o. Block 16: ETA (Estimated Time of Arrival)
 - p. Block 17: TR Account (TAC Code)(Customer will provide)
 - q. Block 18: Carrier
 - r. Block 21: Remarks
 - s. Block 22: Pieces
 - t. Block 23: Weight
 - u. Block 24: Cube
 - v. Block 32: Doc ID (Document Identification)
 - w. Block 34: Consignor Comm Abbr other
 - x. Block 40 Transportation Control Number

PS—TCMD. The PS must place a copy of the TCMD on the outside of each package.

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3. **AF—Clearance Information.** The sustaining base, when calling for shipment clearances, will be asked to provide the following information:

- a. Transportation Control Number (TCN).
- b. Date of shipment, Mode and Number of day's enroute.
- c. Number and type of containers, Weight and Cube.
- d. Special Handling instructions (Refrigerated; Hazardous)

AF—Controlled Substances. The sustaining base will make arrangements for shipping all Schedule III, IV and V controlled substances via traceable means to CONUS ports of embarkation.

AF—TCN. The sustaining base will provide the Primary Supplier with the TCN.

PS—TCN Marking. The PS is to place the TCN on all outer containers. The Transportation Control Number (TCN) is an extremely important piece of data and is a complete transportation address in itself.

PS—Labeling. For each shipment to a Military Air Terminal, the PS is required to complete a DD Form 1387, Military Shipment Label and affix it to the shipment. Shipments other than General Cargo will require additional shipment labels as described below. Shipment labels will be provided to the PS at time of contract award.

Each shipping container shall contain at least one copy of the PS's shipping forms, invoice, or other documents that it uses when initiating shipments. These documents are to be placed inside the shipping container and shall list the items being shipped and the Government contract and delivery order number as a minimum.

SHIPPING AND SPECIAL HANDLING LABELS

- a. DD Form 1387 – White Label. This label is used on all shipments to Military terminals. A completed copy of this label shall be affixed to each exterior (shipping) container.
- b. DD Form 1387-2 Red & White Label. In addition to the white DD Form 1387, this label shall be affixed to each exterior (shipping) container of non-hazardous materiel, which requires special handling, i.e. refrigerated, frozen keep from freezing, or any other special handling etc. Note: DD Form 1387-2 is no longer required for hazardous items.
- c. Shipper's Declaration for Dangerous Goods – Standard commercial Form with a red border, which is available from commercial vendors specializing in hazardous materiel transportation supplies. The form must meet the format, size and color specifications outlined in IATA Dangerous Good Regulation, Section 8-documentation. Each shipment of hazardous items shall be accompanied by a completed Shipper's Declaration for Dangerous Goods.
- d. DD Forms 1502, 1502-1, 1502-2 – These labels are required for all perishable materiel, regardless of where it is shipped. A completed copy of the appropriate label shall be affixed to each exterior (shipping) container adjacent to the DD Form 1387.
 1. DD Form 1502 – Green Label. This label shall be used for perishable medical materiel that must be kept frozen (below 32F). Applicable icing and time date shall be inserted on the label at the time of shipping.
 2. DD Form 1502-1 – Orange Label. This label shall be used for Perishable medical materiel that requires constant refrigeration (Between 35-46F). Applicable icing and time data shall be inserted on the label at the time of shipment.
 3. DD Form 1502 – Red Label. This label shall be used for perishable medical materiel, which has a limited unrefrigerated time period permitted (receipt of shipment by consignee is assured within a specified number of days). Applicable removal from/return to refrigeration data shall be inserted on the label at the time of shipping.

AF—Training. Air Force personnel will be responsible for providing training to the PS on proper labeling procedures.

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(h) PS—Commercial Preservation, Packaging, Packing, Labeling and Marking.

1. Shipment of product to overseas customers requires materiel to be over-packed for international movement. The PS will be responsible for packing and over-packing the materiel in accordance with this paragraph (h). Unless otherwise specified, preservation, packaging and packing shall be sufficient to preclude damage to container and/or contents thereof under normal commercial practices, and shall comply with applicable carrier regulations involving shipment from the PS to the overseas receiving activity via air shipment. Exterior (shipping) containers shall be substantial commercial export containers of the type, size and kind commonly used for the purpose so constructed as to insure acceptance and safe delivery to destination.
2. Overpack containers shall be sealed and shall comply with the National Motor Freight Classification (NMFC), Uniform Freight Classification (UFC) and the International Air Transportation Association (IATA).
3. When appropriate, consolidate items into unitized loads in accordance with the IATA. Recommended configurations are as follows:
 - a. **Shipments weighing less than 70 lb.:** Consolidate into suitable boxes.
 - b. **Shipments weighing 70 lb. – 299 lb.:** Consolidate into suitable boxes or unitize on commercial pallets, 40" by 48" and shrink-wrap the load.
 - c. **Shipments weighing 300 lb. or more:** Unitize on commercial Pallets 40" by 48", and shrink-wrap the load.
4. Materiel shall be labeled and marked in accordance with applicable Commercial standards and as specified herein.
5. Perishable items requiring refrigeration or freezing shall be packed in thermal shipping containers with a quantity of ice (water/wet, chemical, or dry, as applicable) sufficient to maintain preservation for up to 96 hours from time of pack. In addition, for frozen items and irreversible indicator will be placed inside each container as evidence that materiel has not thawed during transit. Temperature sensors shall be provided to the Prime Vendor by the ordering activity.
6. For shipments of sensitive, controlled and pilferable items, shipment will be made by premium carrier/traceable means.
7. Packaging for hazardous item shall comply with applicable Regulations, i.e., 49 CFR, International Civil Aviation Organizations (ICAO) Technical Instructions (excluding para. 1.4 of Chapters 1 and 3), and International Maritime Dangerous Goods Code (IMDG). In addition, when an order requires shipment through a military aerial port via military aircraft, packaging shall comply with DLA14145.3, Preparing Hazardous Materiels for Military Air Shipment.
8. Labeling and marking of hazardous items shall comply with the requirements of 49 CFR, and either ICAO Technical Instructions (excluding para. 1.4 of Chapters 1 and 3) or IMDG Annex 1, as appropriate.
9. Each shipment of hazardous items shall be accompanied by a current Materiel Safety Data Sheet (MSDS). In addition, a copy of the MSDS, annotated with either the National Stock Number (if applicable) or commercial part number, and item name, shall be provided to the ordering activity.
10. Over-pack container markings shall include the delivery point's 6-Position (alpha and/or numeric) Department of Defense Activity Address Code (DODAAC) and an in-the-clear "Ship To" address. The Government will provide the "Ship To" address at time of order placement. Commercial markings not interfering with the clarity or positioning of required markings on containers need not be obliterated.

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(i) **AF—Shipping and Delivery:** Shipping and delivery of non-Scheduled/non-controlled Substances will be by an authorized express shipper. The express shipper must be able to deliver within 24 hrs. CONUS and 48 hrs. OCONUS.

(j) **PS—Expiration Date/Shelf Life:** The PS shall provide only dated/shelf life products bearing an expiration date/shelf life with at least 6 months remaining upon delivery to the Government. For those products, which have an initial expiration/shelf life of less than 6 months, provide at least 75% of the dating.

(k) **Scheduled/Controlled Substances:** Method of shipment shall depend on the sustaining base's required delivery point and shall be in accordance with Federal law and current DEA regulations.

(l) **AEF Items:** An AEF increase or change of ten percent, calculated on the awarded AEF dollar value, may result during the term of the contract. The PS shall have the items available within 30 days from notification. Other than replacement items for discontinued items, the Air Force additions and deletions to the AEF list (up to ten percent) are restricted to two times during each 2-year period as follows:

2-YEAR BASE PERIOD: the 6th and 18th month

FIRST AND SECOND 2-YEAR OPTION PERIODS: at the start of the 2-year period and once during the 2-year period at the 12 month point. The Primary Supplier may waive this restriction.

(m) **PS—AEF Status Reports/Feedback:** Status reports (i.e. DAPA item changes, recalls etc.) for AEF materiel will be provided electronically to the following e-mail address:

Air Force for AEF: sourcing.sustainment@ft-detrick.af.mil

(n) **AEF Testing:**

1. **AF** — The Air Force may test the PS's responsiveness by placing orders against the contract, with or without prior notification, either as a simulated surge (also called a "paper" test) or by actually ordering materiel for shipment.
PS — When a "paper" test is conducted, the PS must provide projected materiel availability results of the simulation without the physical movement of the materiel in accordance with the required delivery timeframes. When the Air Force actually purchases materiel, the PS must respond as if it were a true military operation and all AEF provisions of the SOW will be in effect.
2. **AF** — Testing (of any type) will be limited to twice a year. Joint Chiefs of Staff (JCS) and Commander-in-Chief (CINC) exercises are expected to be part of this testing.
PS — The PS agrees that "paper" tests will be conducted at no additional cost to the Government over and above the additional charges, if any, cited in the contract.

(o) **The following list of contracts attachments is included:**

#8 – Air Force AEF Item Listing.

Note to PS: The Air Force requirements may include products not normally handled by commercial pharmaceutical distributors, e.g. intravenous injection solutions, military unique items etc. The Primary Supplier shall only be required to provide those pharmaceutical products normally handled by a pharmaceutical distributor on the commercial market.

#9 – AEF Ports of Embarkation

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