

STATEMENT OF WORK

NOTE TO OFFERORS: The Government is hereby soliciting for the establishment of Primary and Secondary Suppliers of pharmaceutical products to the Government medical treatment facilities in Tricare Region #9, 10, and 11, which encompass facilities on the West Coast, as follows:

Tricare Region 9 - Southern California (former San Diego region)

Tricare Region 10 - Golden Gate (former San Francisco region)

Tricare Region 11 - Northwest (former Cascades region)

(See paragraph 3(d) below)

Offerors may submit proposals on the Primary and/or Secondary Suppliers segments of this solicitation. In the event that an offeror submits proposals for both segments and is selected for an award, it will be awarded only one of the two segments.

The Government will award one Primary Supplier (PS) contract as a result of this solicitation. A simultaneous award of a Secondary Source (SS) contract will be made if it is considered to be in the best interests of the Government based on evaluation of business and technical proposals.

The PS and SS contracts will be independent of each other, e.g., a termination of one contract will not automatically terminate or expand the scope of the other.

1. Scope.

a) The Primary Supplier (PS) shall provide the pharmaceutical products for which it has been authorized as a distributor under a DSCP Medical Distribution and Pricing Agreement (DAPA) or under an Indefinite Delivery Type Contract (IDTC). At the time of award of the PS contract, DSCP will provide the PS with a listing of all DAPAs and IDTCs. In the event a Secondary Supplier (SS) is also selected, the SS shall meet all of the requirements of this SOW and solicitation, except as noted herein, and the Government shall provide the SS all of the information furnished to the PS.

b) As stated previously, the schedule contains a provision to allow offers for a SS. Such an offer is optional. However, any proposal submitted on this "back-up" contract is subject to the same proposal evaluation as performed for the selection of the PS. An award for the back-up is not mandatory.

c) The function of SS is to fill orders or partial orders that cannot be filled by the PS. It is estimated that the value of such sales under the secondary contract may range from zero to 5% of the total sales estimated for this region. Examples of complete or partial orders for which the SS may receive orders are:

- (1) items out of stock;
- (2) items on manufacturer backorder;
- (3) items for which usage data was not supplied;
- (4) items for which partial shipments were made; and
- (5) items for which current demand exceeds prior usage.

d) The SS shall not be responsible for backing up PS on Surge.

e) The "Prime Vendor" phrase used throughout this SOW refers equally to both the PS and the SS.

2. Items Covered.

a) Only items appearing on a DSCP Medical Pharmaceutical DAPA or IDTC shall be ordered and delivered under this contract. The Prime Vendor shall furnish the product from the specified DAPA holder or IDTC awardee. All items are brand name specific or generic commercial products which are identified by the manufacturer's commercial item descriptions. All items conform to the manufacturer's commercial specifications. The average pharmacy formulary at the larger activities cited under the contract consists of approximately 1600 line items.

b) Price Stabilization.

(1) The Prime Vendor shall "download" the DSCP DAPA database on the 11th of each month; the effective date of any revisions to DAPA items granted to customers ordering under this contract shall be the first calendar day of the following month (e.g., prices downloaded on the 11th of June shall be available to the customer on 1 July).

(2) Notwithstanding the foregoing, a price decrease may be effective sooner, provided the DAPA holder and the Prime Vendor agree. In this case, however, the DAPA database and other DOD data repositories will reflect the higher price; only the Prime Vendor'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 Prime Vendor's distribution system before the effective date if:

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

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

d) Usage data is that information provided by the customer to the Prime Vendor which will establish the Prime Vendor's inventory levels on individual products for that customer. Usage data shall be provided by the ordering activity, only, during the implementation period and will be reviewed by the customer and the Prime Vendor at least periodically; a 30 day notification period is required for the Prime Vendor to stock a product. However, the Prime Vendor, in communication with the customer, is urged to consider, and to provide status, on a lesser period of time. If requested, the Prime Vendor shall assist the customer in conducting semi-annual reviews of usage data.

e) For those products in the DSCP DAPA database identified by a single NDC number, but yet available from more than one DAPA holder, the Prime Vendor shall recognize the DAPA number as denoting customer preference.

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

g) The Prime Vendor shall agree to establish a Regional DAPA after award. This will make available to the customers those commercial items inventoried by the Prime Vendor, but not on any other DSCP DAPA or IDTC.

The selling price for the item, exclusive of any Prime Vendor's distribution fee or DSCP Cost Recovery Factor, **shall be the lower of**

i - the Average Wholesale Price (AWP)* less 15%; or

ii - the price shown for the item in the Prime Vendor's Price and 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).

3. Ordering Offices.

a) The participating ordering activities, also referred to as "customers" in this SOW, specified in the attachment will act as ordering offices for the normal day-to-day requirements, in accordance with the terms and conditions set forth in the contract. The ordering offices for the Surge requirements cited in the schedule are listed in paragraph 16, and also may include the United States Army Medical Materiel Agency (USAMMA) or the Air Force Medical Logistics Office (AFMLO), both of which are located at Fort Detrick, Maryland. Orders may be placed up to and including the last day of the contract period for both the normal day-to-day requirements and the surge requirements.

b)Based on changing domestic conditions and realignment of the DoD, during the term of this contract and for any subsequent option periods thereof, DSCP reserves the right to add ordering activities to or delete ordering activities from those listed on Attachment # III. Any such additions or deletions made by DSCP will occur within the geographical area identified in this solicitation. Such additions or deletions may result in a significant increase or decrease in the Government's contract estimate.

c) Ordering will be accomplished as described in either paragraphs 7 or 8 of this statement of work. All Prime Vendors must be able to accommodate either process. The preferred method is described in paragraph 8, entitled "EDI Ordering". Prime Vendors may be required to allow both ordering techniques to be used concurrently on an individual contract.

d) As required by the alignment of tricare regions, the following ordering points will not be a part of this contract, even though they were previously on awards covered by this solicitation.

<u>Customer</u>	<u>formerly</u>	<u>To tricare</u>
Malmstrom AFB	Cascades	8
Naval Air Station Fallon	San Francisco	7
Luke AFB	San Diego	7
Fort Huachuca	San Diego	7
Nellis AFB	San Diego	7
Davis-Monthan AFB	San Diego	7
USPFO For Arizona	San Diego	7

4. Implementation Plan.

The Prime Vendor must submit a plan to the Contracting Officer outlining how it intends to implement the Prime Vendor Program at each of the activities 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 submission(s) are not approved.

5. Transition Period.

a) In the event this solicitation results in an award to a different Prime Vendor than the current Prime Vendor for this region, the Government intends to: (i) make the award approximately 90 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 shall remain the primary Prime Vendor. 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 default.

b) In order to take into account the transition period, the contract shall begin on the date of award. Notwithstanding the date of award, the effective date of the contract shall begin on the date of the first order and shall end 20 months later. This means the base period may exceed 20 months, in order to take the transition period into account, as set forth in paragraph 5a above. Thereafter, each option period, if exercised, will begin on the anniversary of the base period ending date. Each option period will be a 20 month period.

c) After award and approval of the implementation plan(s), and until the expiration of the incumbent contract, the Contracting Officer, the PS and the SS shall ensure that all hardware, software, usage data, and anything else needed to guarantee successful contract performance are in place.

d) From the approval of the implementation plan until the effective date of the contract, the incoming PS may serve as a "back-up" to the incumbent Prime Vendor in those cases where an incumbent cannot fill an order (cf. para 1(c)(1) above).

e) For the secondary source selected under this acquisition, there shall be no ordering until the effective date of the award.

f) All contract costs associated with the transition period shall be borne by the Prime Vendor.

6. Award Announcement.

The Government reserves the right to require the successful offeror 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 Prime Vendor, DSCP and facilities within the region.

7. On-Line Electronic Order Entry (EOE) System.

a) The Prime Vendor shall possess a fully operational on-line EOE system which the ordering facilities under the contract can access. The Prime Vendor will load the EOES on a customer provided PC. A toll free number will be provided by the Prime Vendor for placing orders.

b) The EOE system shall accommodate the ordering activities' assigned delivery order numbers.

NOTE: An individual delivery order number will be assigned to each order by the ordering activity at time of placement of each order. Each delivery order number will contain 17 characters consisting of the 13 character contract number, e.g. SP0200-96-D-7077, plus a 4 character supplementary identification number, e.g. B001. The 13 character contract number will remain fixed for the entire term of the contract. The supplementary number will be unique for each order and may be any combination of alphas & numerics. The Prime Vendor's EOE system may cite either the entire 17-character delivery order number (SP020096D7077B001) or only the last 4-character supplementary order number (B001).

c) The Prime Vendor's EOE system shall include an electronic "price and product" catalog listing all items under the DSCP Pharmaceutical Prime Vendor Program, i.e., all items appearing under a pharmaceutical DAPA or IDTC. This electronic catalog must be available within 60 days following receipt of a copy of DSCP Medical's pharmaceutical DAPA and/or IDTC database. The price and product catalog must be viewable on each ordering office's PC and must provide search capability based, at a minimum, on generic product name and National Drug Code (NDC). 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. Only Program items are to be listed on the Prime Vendor's electronic catalog available for viewing to the ordering activities. As an alternate, non-program items may be shown provided the Prime Vendor'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 activity must be able to place its order to a single Prime Vendor order receipt point and shall not have to distinguish between the Prime Vendor's divisions when placing an order.

d) The Prime Vendor's catalog updates must be transmitted electronically.

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

- (a) the price of the product itself, as negotiated and published on a DSCP Medical DAPA or IDTC, plus
- (b) the Prime Vendor's distribution fee, plus
- (c) the applicable DSCP administrative fee.

Example: Product Price	\$100.00
Prime Vendor's Distribution	
Fee (1.0%)	+ 1.00
Subtotal	\$101.00
DSCP Administrative Fee (1.3%)	+ 1.31
Delivered Price	\$102.31

At the time of award, the Prime Vendor will be furnished the current DSCP Medical administrative fee. The Prime Vendor 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 Prime Vendor furnishes equipment to such ordering activities at no additional cost. Maintenance and repair of non-Prime Vendor furnished hardware and software shall be the responsibility of the ordering facility.

f) The Prime Vendor shall provide DSCP Medical with the ability to access its EOE system, including its price and product catalog. DSCP Medical will provide the necessary computer hardware unless the Prime Vendor furnishes the necessary hardware at no additional cost.

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

g) If contractor-owned software and/or hardware is furnished to ordering activities, the Prime Vendor shall be responsible for its installation and maintenance. All such software and/or hardware shall remain the property of the Prime Vendor and will be returned to it at the conclusion of the contract. 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 at least 60 days in advance of the planned implementation of such changes.

h) 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 equipment is not functioning properly, the Prime Vendor shall, within 24 hours after notification by the ordering activity, furnish a qualified representative to inspect the equipment & perform all repairs and adjustments necessary to restore the equipment to normal and efficient operating condition. If repair is not feasible, the Prime Vendor shall provide replacement equipment. By either repair or replacement, the ordering facility shall not be without an on-line EOE system for more than 48 hours.

NOTE: The Prime Vendor 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) The Prime Vendor may be required to conduct a demonstration of its EOE system at DSCP in Philadelphia, before or after award, at the Contracting Officer's discretion. If the demonstration is required before award, the provisions of clause 52.215-9P10, entitled "Operational Capability Demonstration" will apply.

j) As part of the ordering process, the customers must be able to select their item based on both a 13 character DAPA number and an NDC/UPN/Part number. If a Prime Vendor's electronic order system requires a proprietary item identifier as a basis for item selection, within 30 days after award, the Prime Vendor 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 using the electronic order entry system. Periodic updates, on at least a monthly basis, shall be provided to each customer using the EOE system directly. To facilitate this update, the Prime Vendor 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) All SS Prime Vendors shall be responsible for providing every ordering office with the necessary software to enable direct ordering via the proprietary order entry system.

8. EDI Ordering.

a) All Prime Vendor contractors will implement EDI ANSI X12 850 Purchase Order and 855 Order Acknowledgments defined in the Federal Implementation Convention (FIC), version 3050, or within the definition expressed in any later FIC version as directed by the Contracting Officer. The 3050 version is currently described in DoD Medical Prime Vendor EDI Implementation Guidelines, version 3.1. These standards require:

i - The product number on the order confirmation match the product number on the purchase order. If an NDC is sent to the Prime Vendor on the 850, an NDC must be returned to the customer on the 855. In the case of a UPN, if a UCC is sent to the Prime Vendor, a UCC must be returned on the 855, and if a HIBC 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 - Each product number (NDC, UCC, HIBC) may have a seven position alpha-numeric 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 - The 855 will contain the delivered price of each item ordered, which consists of the price of the item, the Prime Vendor's distribution fee, and the DSCP cost recovery factor, as previously described in paragraph 7(e) of this statement of work.

iv - The Implementation Guidelines require 2 types of customer identifier coding on the 850:

Senders code

The use of DUNS + 4 number, where the DUNS is the unique number assigned by Dun & Bradstreet to the ordering activity and the "plus 4" identifies the type of order submitted. The types and "plus 4" definitions are

JITO (next day delivery)	0001
EDO* (extended delivery)	0002
surge	0003
drop shipment	0004

*not applicable to pharmaceutical contracts

Customer Identification code

The use of a 6 position alpha-numeric identifies the ordering points within a single ordering activity. This number may also be known as a DODAAC, as stated elsewhere in this contract.

Both the sender code and customer identification codes will be provided to the Prime Vendor during site preparations.

v - Within both the 850 purchase order and the 855 order acknowledgment, a separate line item number shall identify each product on the order.

vi - Status codes identified on page 3-18 of the Implementation Guidelines shall be used on the 855 for each line item ordered on the 850; Some proposed ANSI X12 codes are included; they should be provided by the Prime Vendor if possible, but are not mandatory at this time.

vii - A test account for use by the Government's systems consultant and integrator for testing the ANSI X12 version 3050 850 and 855 shall be provided within 15 days after date of award. Testing will consist of actual transmission of "dummy orders" and the return of appropriate confirmations from the Prime Vendor.

b) Within the Continental United States (CONUS), Hawaii, and Alaska, the electronic orders from the ordering point and the acknowledgments from the Prime Vendor 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 MTF (ordering point), and all 855 order acknowledgment transmissions will be initiated by the Contractor. 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 Prime Vendor in implementing direct connections. If a Prime Vendor chooses to use a VAN, the services of the Defense Automatic Addressing System Center (DAASC) located in Dayton, Ohio, will be provided on a no cost basis to the Contractor. The Prime Vendor 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 a Prime Vendor chooses to use a commercial VAN, the Prime Vendor shall be responsible for paying all transmission costs. As an alternate to the DAASC VAN, the Government reserves the future right to select another Government electronic commerce infrastructure of its choice.

For ordering points outside CONUS, the Government will transmit all orders to the Prime Vendor via DAASC. The Prime Vendor may connect to DAASC using FTP, asynchronous or bisynchronous modem dial-up. Alternatively, a Prime Vendor may connect to a commercial VAN/ISP (Internet Service Provider), which must connect to DAASC. A toll free number will be provided to the Prime Vendor for dialing into DAASC. If a Prime Vendor chooses to use a commercial VAN/ISP, the Prime Vendor shall be responsible for paying all transmission costs.

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

The Contracting Officer shall identify the Contracting Officer Technical Representative (COTR) responsible for providing technical information on connections to the DAASC VAN.

c) EDI ordering will be used by those sites that have implemented DMLSS (Defense Medical Logistics Standard Support) Release 2, which is a tri-service standard medical logistics automated information system with enhanced ordering capability. For these sites, the Prime Vendor's proprietary electronic ordering 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 in military pharmacies and at other locations, as requested by the ordering point. The requirement that the Prime Vendor supply and maintain proprietary software, described more fully in paragraph 7 of this SOW, equally applies to these optional EOESs.

9. Additional Requirements. The Prime Vendor(s) shall:

a) Fill "Just-in-time Ordering" (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. An order due to lack of planning by the customer need not be processed as an emergency by the Prime Vendor.

i - Supplies shall be furnished on a "fill-or-kill" basis. If an order for an item cannot be filled by the Prime Vendor when ordered, the request for that particular item will be automatically "killed", i.e., canceled, unless the activity has previously approved delivery of a substitute. However, if the Prime Vendor can partially fill an order for an item, it shall do so and in such a situation the remaining quantity will be automatically "killed", unless the activity has previously approved delivery of a substitute.

ii - Only pre-authorized substitutes can be made under this program.

iii - Unless authorized by the ordering activity, the Prime Vendor shall make only one shipment per order. If more than one delivery per order is authorized, these multiple shipments shall have the same call number and invoice number.

iv - The PS shall maintain, at a minimum, a 95% fill rate for all orders. The SS shall not be subject to a minimum fill rate level. Both PS and SS shall submit monthly fill rate reports as required by paragraph 15 of this SOW.

v - For the purposes of this contract, the fill rate is defined below. The fill rate will be individually calculated on a monthly basis for each ordering activity and shall be based only on those products, ordered by an activity, for which the Prime Vendor has been authorized as a distributor. The Fill Rate requirement is predicated upon ordering activities providing the Prime Vendor 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 activity 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:

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

EXAMPLE: LINES ORDERED = 2500

LINES TOTALLY FILLED = 2370

LINES PARTIALLY FILLED = 50

LINES UNFILLED DUE CONTRACTUAL EXCEPTIONS = 50

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

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 Prime Vendor 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 Prime Vendor is not contractually bound to ship.

Contractual Exceptions:

1) Lines not shipped due to manufacturer's backorder, manufacturer's recall, or manufacturer's discontinued items;

2) Lines ordered for items for which usage data was not supplied by the ordering activity;

3) 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 Prime Vendor by the ordering activity;

4) Lines for which delivery is excusable as set forth in FAR 52.212-4(f);

b) Provide only dated/shelf life products bearing an expiration date/shelf life with at least 6 months remaining upon delivery to CONUS ordering activities. For those products which have an initial expiration/shelf life of 6 months or less, provide at least 75% of the dating. See paragraph 16 for required dating of surge requirements.

c) Accept delivery orders and invoice only for products which are part of the DSCP Medical Prime Vendor Program. Except as described in paragraph 2, the Prime Vendor shall only deliver DSCP Prime Vendor Program items that are on DAPA.

d) Accept receipt of routine orders between the hours of 8:00 A.M. and 5:00 P.M., local (customer) ordering office time, Monday through Friday (normal business days).

e) Accept receipt of either emergency orders or surge requirements, 24 hours a day, 7 days per week.

f) Allow the ordering activity to be able to place their order to a single Prime Vendor order receipt point and not have to distinguish between the Prime Vendor's divisions when placing an order.

g) Return an electronic order confirmation via the EOES to the customer within two hours, when the customer places an order using the Prime Vendor's proprietary EOES. When the customer places an EDI ANSI X12 850 Purchase Order, the Prime Vendor will return an 855 Purchase Order Acknowledgment within 1 hour. 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.

h) Deliver all routine orders for an ordering activity's normal day-to-day requirements to the receiving location cited on Attachment # III by 5:00 P.M., local ordering office time, on the next business day following placement of the order (normally Monday through Friday) unless the ordering facility has requested an earlier delivery time during the implementation period or has authorized a longer delivery timeframe for a specific delivery order.

i) Deliver all emergency orders for the receiving locations cited on Attachment # III within 6 hours following placement of the order. However, if both the ordering activity and the Prime Vendor agree, the ordering activity shall have the ability to pick up an emergency order at the Prime Vendor's distribution center.

j) Mark the shipping containers on emergency orders to indicate that it is an emergency delivery. Provide each ordering office with the telephone number and/or pager number of the Prime Vendor's representative responsible for providing this service. The PS will provide a minimum of two (2) emergency shipments per month with no additional transportation/handling charges to each of the ordering activities. Any additional emergency shipments requested by the ordering activity in excess of two (2) per month can be charged to the activity, including all applicable transportation and handling costs, as agreed to between the ordering activity and the Prime Vendor. For the SS, the ordering activity may be responsible for all transportation/handling incurred by the SS in processing all emergency orders;

k) Deliver all surge requirements within the timeframes cited in paragraph 16 of this SOW. Surge deliveries shall be made on weekends and/or holidays, if necessary, to meet the required delivery times.

l) Electronically submit an invoice for each delivery order to the payment office cited in the contract in accordance with the ANSI X12 810 Invoice transaction set. All electronic invoices must be transmitted through a VAN. Each trading partner (Prime Vendor & Government) shall be responsible for the costs of its VAN for invoicing purposes.

m) 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 IDTC, plus the Prime Vendor's distribution fee. The ordering office's assigned order number consisting of 17 alpha/numeric characters, e.g. SP020096D7077B001, shall be cited in its entirety on the electronic invoice. The Government will make payment via electronic funds transfer to the Prime Vendor's financial institution 15 days after receipt of a confirmed invoice, or supplies, if drop shipped, whichever is later.

n) Accept drop shipments of items from the DAPA/IDTC holder directly to the ordering activity, provided:

- i - the ordering activity, Prime Vendor and DAPA holder agree to the use of a drop shipment and a delivery timeframe;
- ii - a separate delivery order is placed with the Prime Vendor for the
item that will be drop shipped;
- iii - only one delivery per order is made (partial shipments are prohibited);
- iv - only one invoice per delivery order is transmitted by the Prime Vendor and only after confirmation that the materiel has been received by the ordering office; and
- v - the confirmation price shall equal the price actually invoiced.

"Drop Shipments" are goods available through, but not inventoried by, the Prime Vendor. Contractor is alerted to the fact that the ordering activity is prohibited by law from beginning the payment process before the material is actually received.

o) 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 activity;

ii - DSCP Pharmaceutical Products Group (DSCP-MGB),
2800 South 20th Street, Philadelphia, PA 19145
(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, MD
21702-5013; (fax # 301-619-3087);

v - Air Force Medical Logistics Office, Attn: FOM-P, Ft. Detrick,
MD 21702-5013; (fax # 301-619-2557);

vi - U.S. Army Medical Materiel Agency, Attn: MCMR-MMO-TC,
Ft. Detrick, MD 21702-5013; (fax # 301-619-2938).

p) Notify each ordering activity of any manufacturer backordered item on its usage reports, along with an anticipated back order release date, if known.

q) Provide a substitute or different brand or generic product for the specified product ordered only with permission from the ordering activity or the Contracting Officer.

r) When neither the PS nor the SS are able to supply an item because the manufacturer is "limiting" distribution of the item and the orders are both sequentially killed, the activity may, at its discretion, reorder the item from the primary Prime Vendor under a new call for drop shipment. In this case, all conditions of the drop shipment provision in this Statement of Work applies.

s) For the purposes of establishing a military readiness posture, the Prime Vendor shall be required to provide on a quarterly basis the average monthly usage (based on the quantity of units sold) for both commercial and sales under this contract, individually, for all NDCs. An ANSI file containing the NDC and quantity shall be provided to the Contracting Officer within 30 days of the initial request.

10. Packing Lists.

a) A packing list/slip shall be enclosed with each shipped order containing the following information, as a minimum: Prime Vendor'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 will be duplicated on the packing slip. The prices shown on the packing list/slip must be identical to the price confirmed back to the ordering office. Discrepancies between the confirmed and invoice prices may result in a delay in payment.

b) When an order contains items requiring special handling and storage, the Prime Vendor 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) When an order contains a Controlled Substance, the Prime Vendor shall annotate such items on its packing list with the following statement:

"CONTROLLED SUBSTANCE REQUIRES _____*_____ STORAGE."

* Prime Vendor 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, and Marking.

a) Unless otherwise specified, preservation, packaging, and packing shall be to a degree of protection to preclude damage to containers and/or contents thereof under normal shipping conditions and handling and which conforms to normal commercial practices, and applicable carrier regulations involving shipment from the Prime Vendor to the receiving locations cited in the contract. Commercial markings not interfering with the clarity or positioning of required markings on containers need not be obliterated.

b) Refrigerated, flammable and other material requiring specialized packaging and marking shall be appropriately packaged and marked in accordance with industry standards. Items requiring refrigeration will be packed with ice sufficient to maintain preservation for up to 96 hours from time of pack. Such packages shall be annotated with the date/time of pack and the date/time that the material must be received into refrigeration.

c) Package all biohazardous drugs, pharmaceuticals, and chemicals as required by law and marked as a biohazard. Such items shall be shipped in separate container.

d) All products discussed in 11(b) & 11(c) above shall be separately shipped as required by statute, regulation, or industry standard.

12. Material Safety Data Sheets and Hazardous Material.

a) Hazardous Material includes any material defined as hazardous under the latest version of Federal Standard 313 (including versions adopted during the life of this contract)

b) Material Safety Data Sheets (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.

c) Hazard Warning Labels (HWLs): The Prime Vendor 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.

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

13. Training and Sales Visits. The Prime Vendor shall:

a) 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 Prime Vendor's electronic order entry system, including electronic price and product catalog. Adequate training is defined as: "Training sufficient for the participating ordering activity staff to use the order entry system without assistance". Training will be for a minimum of 4 employees at each ordering activity. The training shall include all aspects of the Prime Vendor's EOE system. A contact person and telephone number must be provided in the event additional instruction is necessary.

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

c) Have a Prime Vendor's representative make a minimum of one scheduled sales visit per month to each customer cited as an ordering activity on the contract. The Prime Vendor shall provide a point of contact and phone number to each of the ordering activities to use for customer support problems. A summary list of these points of contact shall be provided to the Contracting Officer.

d) Appoint an individual to designate a surge point of contact, as described in paragraph 16 (c)(6) of this SOW.

e) At the option of the Government, agree to participate in an annual In-Process Review (IPR), at a location within the geographical scope of this 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 Prime Vendor's presence shall include the customer service representative(s), required by paragraph 13(c) above.

f) Attend additional visits or meetings that may be requested at the discretion of the ordering facility or Contracting Officer.

g) Pay the Prime Vendor costs associated with all training, meetings and visits.

14. Discrepant Orders and Returned Goods.

a) As requested by the customer, the Prime Vendor will accept returns for replacement under the following conditions, if the ordering activity still requires the product(s):

- i - products were shipped in error;
- ii - products were damaged in shipment;
- iii - products had concealed shipping damages;
- iv - products did not meet the expiration/shelf life dating requirements of the contract, unless otherwise authorized by the ordering facility or Contracting Officer.
- v - products 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 shelf life remaining from the customer's inventory. Any fee for such a service shall be in accordance with the Prime Vendor'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 Prime Vendor has an ongoing return goods program with the manufacturer of those products. The Prime Vendor shall provide the ordering offices with a list of these manufacturers; and
- viii - other conditions consistent with the Prime Vendor's normal return policy.

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

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

b) DSCP will pay the Prime Vendor only for material the ordering activity has received and accepted. Customers must report all discrepancies to the Prime Vendor.

c) Credit accounts.

i - Based both upon discrepancies in shipments and the receipt of incentive rebates from manufacturers, credit accounts are expected to be created for each ordering office on the contract. The Prime Vendor shall notify both the customer and the 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 Prime Vendor and the customer and does not involve the DSCP invoicing and payment system. The Prime Vendor 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 - In the event that any credit amount remains unliquidated for 91 days, the Prime Vendor shall refund this amount in the form of a check payable to the United States Treasury. Check shall be made to the DFAS office shown on the resulting award document; copy of the check or vouchers shall be provided to both the ordering activity and the Contracting Officer.

iii - In the event either the ordering activity or the Prime Vendor fails to liquidate the credit account, described in either paragraph above, the Prime Vendor shall pay interest to the ordering activity's credit account, commencing on the 100th day, at the Renegotiation Act (PL 92-14) interest rates in effect on any outstanding credit balance.

15. Reporting Requirements.

The Prime Vendor shall provide the following:

a) Detailed Monthly Fill-Rate Report:

In accordance with the fill rate formula cited in this SOW, the Prime Vendor shall furnish a monthly fill-rate report to each ordering activity indicating fill-rate percentages for the specific ordering activity. The report shall include for each such activity 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. 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 Contracting Officer when so requested.

b) 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 (DDMMYYYY)		9
Delivery Date (DDMMYYYY)		9
Department of Defense Activity Address Code (DODAAC)	6	
Prime Vendor-Assigned Account/Customer Number	v20	
National Drug Code (NDC)		11
Universal Product Number(UPN) ¹ (including any + sign)	v20	
NOTE: The UPN in the 850 and 855 will not contain the + sign.		
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) ^{2,4}	9	
Special Order Designator		1
D = Drop Shipment		
S = Stockless		

R = Surge
 Delivery Requirement (in business days; less than one business day, = 0) 3
 Advance Customer Usage Data Provided on Item (Y/N)⁵ 1

Legends:

- 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 Prime Vendor
- ⁴ Total Price of the line item including the Prime Vendor Distribution fee and the DSCP Medical Cost Recovery Factor (surcharge)
- ⁵ Medical Surgical contracts only

c) Abbreviated Monthly fill rate data. The following shall be provided to the 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) ¹	6
Calculated Fill Rate ²	5
Prime Vendor-Assigned Customer Account Number (none if for contract overall)	20

NOTE: See above.

Legend

¹May be a Dun & Bradstreet number or any other Government assigned identifier

² 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.

d) The data required in paragraphs (b) and (c) above shall be in this manner:

(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 December 1999 shall be provided by January 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 Prime Vendor 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 Prime Vendor'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 Prime Vendor, as appropriate.

The following section of the SOW (16. Surge Requirements) contains information on required sets/assemblies. For a breakdown of components, prospective offerors are requested to contact the Contracting Officer at (215) 737-2806.

UNIVERSAL PRODUCT NUMBER (UPN)

The UPN is a unique number that identifies a specific medical/surgical item that is universally recognized.

The DSCP Medical Pharmaceutical Prime Vendor program will include some non-pharmaceuticals, e.g. prescription vials and bottles, which are not identified by a National Drug Code (NDC).

As of July 1996, in order to adequately identify non-NDC assigned items under the Pharmaceutical Prime Vendor Program, DSCP Medical will require all DAPA holders to furnish UPN's for any non-NDC assigned item listed under their DAPA's.

Currently, the UPN may be one of three different structures:

- (1) the Labeler Identification Code and Part Number; or
- (2) the Manufacturer Code and Part Number; or
- (3) the National Health Related Item Code (HNRIC) and Part Number.

As only one number will be used by a manufacturer, this will provide a unique number for each manufactured item. The UPN is intended to provide a common identification number for non-pharmaceutical medical/surgical items, thereby simplifying all distribution processes from ordering to receipt. It will allow our customers to identify such items in both human readable and scanner readable barcodes. **PRIME VENDORS SHOULD NOTE THAT THE UPN IS SPECIFIC TO THE PACKAGE SIZE.**

DSCP Medical will provide the applicable UPN's to the Prime Vendor for all non-NDC assigned items.

(End)