

STANDARDIZATION OF SUPPLIES AND EQUIPMENT

- 1. REASON FOR ISSUE:** This Veterans Health Administration (VHA) Directive establishes policy for the national standardization of supplies and equipment utilized in VHA.
- 2. SUMMARY OF MAJOR CHANGES:** It is VHA policy to standardize to the maximum extent possible the types and kinds of supplies and equipment it purchases, consistent with clinical and practitioner needs. Standardization is expected to facilitate best-value product pricing through volume purchasing and should facilitate the delivery of high-quality health care.
- 3. RELATED HANDBOOK:** VHA Handbook 1761.1.
- 4. RESPONSIBLE OFFICE:** The VHA Office of Finance (17) is responsible for the contents of this directive. Questions may be referred to (202) 273-5680.
- 5. RESCISSIONS:** VHA Directive 99-024, Standardization of Supplies of Equipment, is rescinded.
- 6. RECERTIFICATION:** This Directive will be recertified on or before the last working day of January 2006.

Thomas L. Garthwaite, M.D.
Under Secretary for Health

DISTRIBUTION: CO: E-mailed 1/30/2001
FLD: VISN, MA, DO, OC, OCRO, and 200 - FAX 1/30/2001

STANDARDIZATION OF SUPPLIES AND EQUIPMENT

1. PURPOSE: This Veterans Health Administration (VHA) directive establishes policies and procedures for the national standardization of supplies and equipment utilized in VHA.

2. BACKGROUND: VHA Directive 99-024, Standardization of Supplies and Equipment, was issued on June 8, 1999, assigning responsibility for the VHA Standardization Program to the VHA Chief Financial Officer, and mandating the use of standardized items by facilities throughout VHA. As a result of changes in the VHA Directives Management System, this directive is being reissued in accordance with the new requirements. The basic intent and purpose of the directive remain the same; however, this directive encompasses the comprehensive VHA Standardization Program, including Inventory Management practices and policies that will be detailed in an accompanying handbook.

3. POLICY

a. It is VHA policy to standardize to the maximum extent possible the types and kinds of supplies and equipment it purchases, consistent with clinical and practitioner needs. **NOTE:** *Standardization is expected to facilitate best-value product pricing through volume purchasing and should facilitate the delivery of high-quality health care.*

b. Items designated as VHA standard items are considered mandatory for use by all VHA activities.

c. Standardization User Groups

(1) The VHA Chief Financial Officer (CFO) shall establish User Groups, as appropriate, for the purpose of identifying items for system-wide standardization.

(2) These User Groups shall be established by clinical and administrative product lines. Group membership will consist of, but not be limited to, a representative from the Office of Patient Care Services, a Veterans Integrated Services Network (VISN) Clinical Manager, VHA field representatives of the respective product line, and a representative from the Department's Office of Acquisition and Materiel Management (OA&MM). **NOTE:** *Representation from OA&MM will include appropriate contracting staff.*

(3) User Groups shall utilize their expertise in identifying, evaluating, and recommending candidate items for standardization. Items for review will be selected in priority order based on the greatest potential for dollar savings, as determined by the VHA CFO, the Chief Patient Care Services Officer, and the User Groups.

(4) With guidance from the Contracting Officer membership, User Groups shall determine an appropriate contracting approach for each commodity under review.

(5) User Group recommendations shall be distributed for comment and review to each VISN prior to final standardization action. Appropriate network staff and management, including VISN Clinical Managers, should review the proposals. If VISNs identify problems associated with group recommendations, such issues will be resolved by the User Group whenever possible, prior to final recommendation.

(6) Final User Group recommendations shall be coordinated by the VHA CFO and reviewed

through a concurrence process that will include the appropriate chief officers and the Chief Network Officer (CNO).

(7) Once items have been selected for standardization, the VHA CFO and the Deputy Assistant Secretary (DAS) for OA&MM shall ensure that procurement action will be effected by the appropriate contracting office.

(8) Complementary to the VHA User Group process, VISNs (individually or collectively) are encouraged to identify additional items that may be appropriate for standardization. The VHA CFO and CNO will share VISN initiatives with all other VISNs and appropriate User Groups to determine if these initiatives have potential for nationwide standardization.

(9) VHA shall make maximum use of data systems that support standardization efforts.

d. **Exceptions**

(1) Prosthetic items for direct issue to beneficiaries and items specified in VHA Directive 98-021, Availability of Medical and Surgical Supply Products for Spinal Cord Injury Patients, are not covered by this directive.

(2) To allow for an orderly transition period, items that are currently being purchased on existing VISN-level standardized item contracts may be “grandfathered” for continued usage up to one year from the date of the original standardization directive, dated June 8, 1999. The 1-year period is consistent with current policies that limit locally negotiated contract options to 12-month periods. *NOTE: It is also consistent with IL 90-97-9, Contract Language for Field Standardization Projects, which called for the inclusion of an escape clause in field-based standardization contracts.*

NOTE: When utilizing this exception, networks should notify the VHA CNO and CFO through the VHA Logistics Office.

e. **Waivers**

(1) VISN Directors may approve requests for waivers to deviate from purchasing standardized products. A copy of all such waivers will be sent to the VHA Office of Finance (17).

(2) Neither single facility staff preference nor the appearance of lower cost to a specific medical facility or VISN is sufficient justification for deviating from the national supply source for standardized products. Approvals should be based on appropriate clinical rationale.

(3) As part of the waiver process, the VISN Director should consult with the respective User Group, program official, and Contracting Officer.

(4) The VHA CFO and CNO will monitor the standardization process and waivers granted by VISN Directors, and report at least once per quarter to the Office of the Under Secretary for Health.

4. AUTHORITY

- a. Public Law 100-322.

- b. Title 38 United States Code, Chapter 81, Section 8125.

5. DEFINITIONS

a. **Standardization.** Standardize to the maximum extent possible the types and kinds of supplies and equipment purchased, consistent with clinical and practitioner needs, facilitating best-value product pricing through committed volume purchasing, and facilitating the delivery of high-quality health care.

b. **Inventory Management.** The process by which the right product is delivered at the right time, in the right condition, and ready for use, by utilizing resources in the most efficient manner, in accordance with established, sound inventory management practices.

c. **Integrated Funds Distribution, Control Point Activity, Accounting, and Procurement (IFCAP).** The automated program utilized by VHA to distribute and manage funds and procure supplies, equipment, and services.

d. **General Inventory Package (GIP).** GIP is a portion of IFCAP used to manage inventory within VHA using areas. GIP consists of primary and secondary inventories. The primary inventory is the central stock of items, and the secondary inventory is the point of distribution.

e. **User Group.** A committee of users, selected for their area of expertise for various commodities procured in VHA by clinical and administrative product lines, that is assigned responsibility for identifying, evaluating, and recommending candidate items for standardization.

f. **Requests for Waivers.** Department of Veterans Affairs (VA) Form 10-0384, VHA Standardization Request for Waiver, is utilized for requesting a waiver from use of standardized items. Waiver must be based on appropriate clinical rationale and should normally be for specific exceptions, i.e., specific patient needs, an employee with special needs or allergies, etc. Waivers are approved by VISN Directors and a copy is provided to the VHA Logistics Office (176).

g. **Quality Improvement Reports (QIR).** VA Form 10-0384a, VHA Standardization Quality Improvement Report (QIR), is utilized for reporting a complaint of an unsatisfactory condition, deficiency, special exception, or reaction to a standardized product. QIRs are routed through Chief Logistics Officers and final action is taken by the Chairperson of the appropriate User Group.