B.1 DEFINITIONS

For the purpose of and as used throughout this solicitation, and any resultant contract(s), the words or terms are used as defined.

Automatic Replenishment - A management information system tool normally used in a large or warehouse setting. The PPV automated order entry system is linked to a pharmacy management system to create orders based on product usage. The system tool eliminates the guesswork typically involved in the ordering and inventory management processes.

Area Office - A Federal Indian Health Service facility that oversees the day-to-day operations of the Indian Health Service within its specified geographical location. An Area Office may serve as the "Parent" facility for designated IHS facilities.

Basic Ordering Agreements (BOAs) - A BOA is a national non-committed agreement that establishes the product price of an item. These may be manufactured or distributed by a National Industries for the Blind (NIB) or National Industries for the Severely Handicapped (NISH) workshop.

BIG 4 - Under Public Law 102-585, Veterans Healthcare Act of 1992, Section 603, the Department of Health and Human Services (including Public Health Services and Indian Health Services), along with the Department of Defense, the Department of Veterans Affairs, and the U.S. Coast Guard are four organizations statutorily entitled to receive the Federal Ceiling Price (FCP) for pharmaceuticals (covered drugs).

Blanket Purchase Agreement (BPA) - a simplified method of filling anticipated repetitive needs by establishing “charge accounts” with qualified sources of supply.

Bulk - (Used in relation to orders and deliveries): A customer order of a large quantity of a single product or the combination of numerous products that are palletized and shrink wrapped versus being delivered via case or tote. Bulk deliveries are required by VA CMOPs, HHS, SSC Perry Point facility, Emergency Pharmacy Services and the VA National Acquisition Center's accounts. Additional facilities may require bulk deliveries upon mutual agreement.

Chargeback Arrangements/Agreements (Chargebacks) - A reimbursement agreement between the PPV and the product suppliers/manufacturers which allows the PPV to be made fiscally whole for products sold to authorized customers of this program. The Government will not become involved in these agreements, nor will the Government assume any responsibility for resultant monies. Chargebacks shall be handled in accordance with industry standards.

Closed Distribution Products (CDP) - These products are often high cost, low volume medications where the manufacturer has limited distribution to a small network of distributors outside of traditional

wholesale channels. The products may also have additional registration, storage, safety or monitoring requirements that must be performed by the pharmacy. The CDP may or may not be limited to pass through depending on the manufacturer's distribution model. Utilization of a CDP does not violate the requirements clause of this contract.

Community Based Outpatient Clinic (CBOC) - A VA-managed or contracted satellite facility located in the local community to provide service to eligible Veterans.

Confirmation Printback - An electronic confirmation report generated from the PPV's ordering system and electronically sent back to the ordering facility indicating that the requested items are available, on manufacturer back order, out of stock, or deleted, etc. Confirmation printback is also referred to as the "Confirmation Print back Report".

CMOP - Consolidated Mail Outpatient Pharmacy - A system currently consisting of multiple large, automated VA facilities that nationally support the filling and mailing out of prescriptions directly to eligible patients, with 7 facilities in 2026.

Contracting Officer (CO) - Government official designated to award, administer, and obligate the Government to the responsibilities of any resultant contract(s) awarded against this solicitation. The CO for this contract is located at the Department of Veterans Affairs, National Acquisition Center (NAC), in Hines Illinois. The CO serves as the liaison between the PPV and all customers participating under this program. The terms "the NACCO" or" VA NACCO", or "the "VA's CO" have the same meaning and may be used interchangeably throughout the solicitation.

Contracting Officer Representative (COR) - Government officials delegated by the VANAC Contracting Officer and serve as a liaison between the PPV and the VANAC Contracting Officer.

Covered Drugs -Sole source and multi-source innovator drugs for which a prescription is required and is marketed under an original New Drug Application (NDA) approved by the Food & Drug Administration (FDA); Biologic License Application (BLA) approve by the FDA; and Generics that are marketed under an NDA (commonly referred to as authorized generics). Pricing for Covered Drugs are covered under Section 603 of Public Law 102-585. See definition of Federal Ceiling Price (FCP). Covered Drugs are identified in the daily and complete Government price file with a letter "T" for covered and "F" for non-covered in column 25.

Customer - A VA or Other Government Agency (OGA), authorized to use resultant contract(s). Customer is also referred to as "facility", "site" or "using facility."

Diversion - Products ordered under Federal contracts are intended solely for the use of authorized ordering activities in carrying out their Federal missions. They are not intended for resale or barter. Any transfer of Federal contract-priced items that does not service the ordering activity's defined mission, as

well as any transfer for the purpose of generating a profit on the difference between contract prices and commercial prices (such as "AWP") is an improper diversion of Federal supplies. (See Reports Section I-28)

Drop Shipments - Products ordered by the customer through the Prime Vendor Program and shipped directly to the customer from the product supplier. Drop ship arrangements are usually short term.

Electronic Data Interchange (EDI) - Inter-process (computer to computer application) communication of business information in a standardized electronic form.

Fast Pay/ Alternate Payment Program - An expedited payment procedure used under the Pharmaceutical Prime Vendor Program, wherein payments are made to the PPV within 24 to 48 hours. The VA has negotiated with a financial institution (currently US Bank) to provide any resultant PPV contractor(s) payment within 24-48 hours. At the current time, there is a $1 transaction fee per invoice that shall be paid by the PPV to the financial institution processing invoices. All VA orders shall be processed in this manner, with some OGAs also making payments under the Fast Pay method. For VA only, in 2025 there were just over 855K transactions. (See Attachment A for list of customers paying under the Fast Pay Program)

Federal Ceiling Price (FCP) - FCP is the application of Section 603 of the Veterans Health Care Act, Public Law 102-585 (the Act). Section 603 enacts a drug discounting process administered by the Department of Veterans Affairs (DVA) for the benefits of Federal Agencies considered the "Big 4" (Dept. of Veterans Affairs, Dept. of Defense, Dept. of Health and Human Services (which includes Indian Health Service and Centers for Disease Control], and the Coast Guard).

Federal Supply Schedule (FSS) - Also known as the General Services Administration (GSA) Schedules Program or the Multiple Award Schedule Program. The Federal Supply Schedule program is directed and managed by GSA and provides federal agencies a simplified process for obtaining commercial supplies and services at prices associated with volume buying. Indefinite delivery indefinite quantity contracts are awarded to provide supplies and services at stated prices for given periods of time. GSA has delegated authority to VA to procure medical supplies under the VA Federal Supply Schedules program. FSS contracts for pharmaceuticals, medical supplies, and other medical-related items and services are awarded and administered by VA.

Fill or Kill - Products or quantities not filled by the PPV are canceled from the order.

Indian Health Service (IHS) - An Agency within the Department of Health and Human Services which is responsible for providing Federal Health Services to American Indians and Alaska Natives.

IHS Geographical Area - Commonly referred to as "IHS Area". A group of IHS (including all IHS and tribal) facilities within a geographical area.

Implementation Period – A 120 calendar day period from date of award or mutually agreed upon period. The implementation period will be used as a phase-out, phase-in transition period from the current contract to the newly awarded contract. "Transition Period" is also referred to as "Implementation Period".

Manufacturer Back Order (MBO) - A physical order placed by the PPV to a product supplier and which is not shipped to the prime vendor from the product supplier within ten calendar days.

National Acquisition Center Account - A Department of Veterans Affairs customer account that generally requires large bulk deliveries that are shrink-wrapped and palletized.

National Standardization Contract Items - Products typically awarded under competitive procedures on a national contract. National contracts are committed-use, mandatory source contracts for VA facilities. The mandatory use by the VA facilities helps facilitate VA's standardization of its National Formulary as well as the consolidation of volume buying requirements. OGAs and Option 1 State Veteran Homes have restricted access to National Standardization Contracts unless a formal commitment is made between the OGA, VA and the contractor.

National Supply Service Center (NSSC) - A Federal Indian Health Service Facility in Oklahoma City, Oklahoma that serves as a procurement agency for Indian Health Service and tribal facilities located throughout the United States. The NSSC serves as the "Parent" facility for its designated IHS facilities.

Next-Day Delivery - Orders placed by participating customers by 6:00p.m. customer local time (local time at the ordering facility) shall be delivered the next business day (Monday-Friday), (Monday-Saturday for CMOP's only). For example, orders placed by 6:00p.m. local time on Wednesday will be delivered to the customer on Thursday; orders placed on Friday or Saturday will be delivered on Monday except that orders placed by the CMOP on Friday will be delivered on Saturday and Saturday orders from the CMOP will be delivered on Monday.

Next-Scheduled Delivery Day - Based on the terms of this solicitation and any resultant contract, the next-scheduled delivery day is the day agreed upon by the prime vendor and the customer for delivery of products. For some OGA's the next scheduled delivery day may not necessarily denote that the delivery shall be made within 24 hours. (See Section 1-16 Delivery).

Offer - Synonymous term for proposal. Offer means a response to a solicitation that, if accepted by the Government, will bind the offeror to perform the resultant contract.

Ordering Account - An ordering account is a physical location within a facility where ordering capability, versus read-only capability, from the PPV's ordering system is given. Account functionality is controlled by the level of access granted. An ordering account creates a financial obligation when the order for pharmaceuticals is transmitted to the PPV. (Example: Pharmacy inpatient ordering account vs. Pharmacy

Chief read-only access.) Facilities may have more than one ordering account (e.g. inpatient, outpatient, etc.). Only designated ordering officers shall be given ordering access.

Open Market – Items not covered under government contract or WBPG.

Ordering Officer (Applicable to VA only) - Non-warranted federal employees designated in writing as ordering officers by the NAC contracting officer. Ordering Officers are authorized to place orders through the PPV contract. In 2026 there were approximately 1,600 VA ordering officers with additions/removals sent to the PPV weekly or as needed for time-sensitive changes.

Outpatient Center (OPC) –A VA satellite facility, located on the grounds of a VAMC or in the local community to provide service to Veterans. Also referred to as an Outpatient Clinic.

Paperless Invoice System - A feature on the PPV's electronic ordering system which provides each customer with a complete invoice. The electronic invoice must reflect the requirements outlined throughout the solicitation and must be provided in printable format to customers.

Parent Facility - A participating facility responsible for the approval and/or payment process of its affiliated satellite facilities. For the Indian Health Service, the "Parent Facility" may be represented by the NSSC**.** For BOP the “Parent Facility” may be represented by the facility or at a national level.

Pass-Through Orders - A customer order for contracted products that are not normally stocked by the PPV, usually at the direction of the product supplier, which is usually based on the nature or handling of the product (frozen etc.) The customer orders the product directly with the Government product supplier or the PPV, and the product is delivered directly to the customer by the product supplier. The product supplier notifies and bills the PPV, who then invoices and receives payment from the customer. Pass-through arrangements are developed in advance and are ongoing.

Pharmacy Benefits Management (PBM) - The VA's program office for the Pharmaceutical Prime Vendor program.

Pharmaceutical Prime Vendor (PPV) - A business concern that serves as the major provider of a broad range of pharmaceutical products to customers within a geographic area. A prime vendor is responsible for maintaining suitable and sufficient inventory levels and delivering products to participating facilities next-scheduled delivery day. A pharmaceutical prime vendor is also referred to as "contractor" and/or "prime vendor".

Products/Items/Units - Synonymously used to denote the merchandise requested by the customers to be delivered through the prime vendor program.

Point of Contact (POC) - A designated person at each facility, VISN or national agency authorized to assist the PPV. This person usually has minimal or no contract authority to represent the CO or the COR but serves as a contact source between the PPV and the facility.

Real Time – For reports is defined as having the reports contain information that is current through the end of the previous business day (versus having to wait for data at the end of a month or the end of a quarter).

RPMS (Resource and Patient Management System) -The primary information system used by Indian Health Service.

Satellite Facility - A participating facility whose order must have the approval of another participating facility before the PPV can fill the order. Only the satellite's parent facility has the authority to approve the order on behalf of the Government.

Proxy Order System-A PPV provided software program feature that is required to be part of the PPV's automated ordering system for facilities identified by the VANAC as being a satellite facility requiring approval of orders from a parent facility. Facilities that may require this feature are Option 2 SVHs, identified OPCs, and identified BOP, IHS and Tribal facilities.

Specialty Pharmaceuticals - is defined as medications that are not ultra expensive or GLP-1s which treat chronic, complex or rare diseases, and which have a minimum of four out of five additional characteristics related to the distribution, care delivery and/or cost of the medicines. These five characteristics include: list price in excess of $3,000 initiated/maintained by a specialist, requiring special handling in the supply chain, distributed through non-traditional channels, or medication has significant side-effects that require additional monitoring of therapy and/or disease requires additional monitoring of therapy.

State Veteran Home (SVH) Option 1 - A participating SVH with an approved Sharing Agreement with a VA Medical Center (VAMC). An Option 1 SVH places its own delivery orders to the PPV and pays the PPV directly utilizing state funds. (See Attachment A for designated Option 1 SVHs).

State Veteran Home (SVH) Option 2 - A participating SVH with an approved Sharing Agreement with a VA Medical Center (VAMC). Option 2 SVH's parent facility (VAMC) may require approval of the delivery order before the PPV can fill the order. The VAMC pays the PPV utilizing VA funds. (See Attachment A for designated Option 2 SVHs).

Stock Outage - An occurrence wherein the PPV is unable to provide customers with requested products. As opposed to an MBO situation, the PPV is held responsible for stock outages.

Sufficient Supply - A supply of items made available to the customers that allow conformity with the delivery requirements set forth in 1-16, "Delivery", within the parameters of the fill-rate and historical purchase patterns.

Supplier- A manufacturer, producer, wholesaler or distributor of a pharmaceutical product.

Tribal (638) Facility -A federally recognized American Indian or Alaska Native facility operated under the management of the Tribe versus the auspice of a federal IHS facility. Synonymously referred to as a "638" facility. Public Law 93-638 authorized the tribe to operate healthcare facilities. To participate in the VA PPV program, 638 Tribal Facilities must have a contract or compact with IHS. Tribal also includes authorized Urban facilities under this contract.

Universal Product Numbers (UPNs) - A unique identifier of healthcare products. It is derived from either the HIBCC-LIC or UCC/EAN bar code labeling data structures. The HIBC-LIC format is variable in length, alpha-numeric and consists of the manufacturer LIC assigned by HIBCC, the labeler's product or catalog number, and the package level (or inventory unit) indicator. The UCC/EAN format is fixed length, all numeric and consists of the UCC/EAN assigned product supplier number (company prefix), numeric item number, a package level (or inventory unit) indicator, and a calculated check character. This definition specifies that a unique UPN should be created and assigned to each packaging level (or inventory unit) of each product, and to create UPN standard compliant barcode labels on all of their healthcare products at each unit of inventory. The term "Universal" means that the UPN is to be the key identifier for all product units. It should be used to communicate information about all product units between all trading partners in the supply chain. In consonance with this request, contractors awarded a contract under this solicitation shall utilize UPNs that are commercially available from product suppliers. The UPNs shall be the key reference to healthcare product information in all product recalls, business documents, and reports called for under the terms of this contract. PPV contractors are not required to mandate that product suppliers obtain UPNs. If a UPN is established independently by a product supplier for a healthcare product required to be supplied to the ordering facilities, authorized to utilize the PPV contract, the PPV is required to obtain from such product supplier and utilize that UPN in accordance with the requirements of this solicitation.

Veterans Affairs Medical Centers (VAMCs) - The medical facilities operated by VA.

Department of Veterans Affairs National Acquisition Center (VANAC) - The contracting office for this procurement.

Veterans Integrated Service Network (VISN) - A VISN is a group of VA Medical facilities within a geographic area. Currently 18 VISNs exist within VA.

Veterans Integrated Systems Technology Architecture (VISTA) - The Department of Veterans Affairs' primary information system.

WAC Based Priced Generics (WBPG)-Any generic pharmaceutical that is not under a current Federal Government contract or Government pricing agreement. A generic pharmaceutical item that is not priced separately under an existing contract and is priced under the PPV contract based on the

published Wholesale Acquisition Cost (WAC) shall be known as WAC Based Priced Generics (WBPG). A WAC Based Priced Generics is the lowest priority in the ordering hierarchy of contracted items. Only TAA compliant WBPG can appear on this screen.