

SUBJECT: Q. A. MESSAGE 7273-0008

MEDICAL INFORMATION-HEPATITIS A VACCINE

Deliver Immediately to Director of Medical Logistics

1. All using activities ordering Hepatitis A vaccine must order through the newly approved contract with Merck Human Services via the Pharmaceutical Prime Vendor Program. Epidemiological Board has confirmed that the two vaccines are interchangeable, therefore, all remaining orders should be placed against the Merck contract, available through DPSC prime vendor sources. Refer to the Special Pricing Bulletin from DPSC dated September 19, 1997, Pricing Bulletin 97-07. The Merck contract should be considered a mandatory requirements type contract. If you do not have the above mentioned bulletin please call Bonnie Phillips DSN 343-4170 or Capt Bainger at DSN 343-4168 for additional assistance.
2. We are receiving feedback that orders are still being placed to SmithKline Beecham for Hepatitis A vaccine. The prices on the Merck contract are significantly cheaper than previous prices, the contract was awarded via open competition based on consumption estimates provided by the services. The Armed Forces Appreciate your assistance on this one, let me know if questions or problems arise.
3. Merck is the mandatory source of supply for Hep A vaccine. We signed up to a requirements contract, went through the process, and by law must award our business to the company who bid the lowest price. Folks who are under the impression that funneling orders to SmithKline at the lower price will save the government money are wrong. For every dollar that goes to SmithKline, Merck has recourse because they were awarded the contract. As long and cumbersome as our process is for competitive bid, it's the best we've got, and we must live up to the outcome.
4. We have a number of folks who are ordering outside the DPSC prime vendor contract in order to avoid the DPSC surcharge for prime vendor orders. This is also a violation of a requirements contract, specifically the Prime Vendor contracts. If items are available on DAPA, the mandatory source of supply is the supporting Prime Vendor. Bases must be directed to order through prime vendors. The DPSC surcharge is a cost of doing business we continually address at this level.
5. We have a number of business processes we continually attempt to improve. The log community has made great progress recently as a result of initiatives such as Prime Vendor. We also must preserve the integrity of the competitive bid process. Prime Vendor II, which is centered on committed volume product line contracts, is dependent of the competitive bid process and will have a major impact on reducing cost of medical supplies. I fully realize that our mentality over the last 20 years is to continually look for alternatives because we generally have to beat the system to make it work. That's not the case here. Bottom line: Hep A requirements must be ordered from Merck, and ordered through the supporting DPSC prime vendor contracts.
6. POC at AFMLO/FOM-P is Bonnie Phillips, DSN 343-4170.
7. This information will be published in AFMLL 10-97.
8. For MAJCOMS & NGB - This message has been transmitted to all designated subordinate medical activities IAW AFMAN 23-110, VOL 5, CHAP 19.