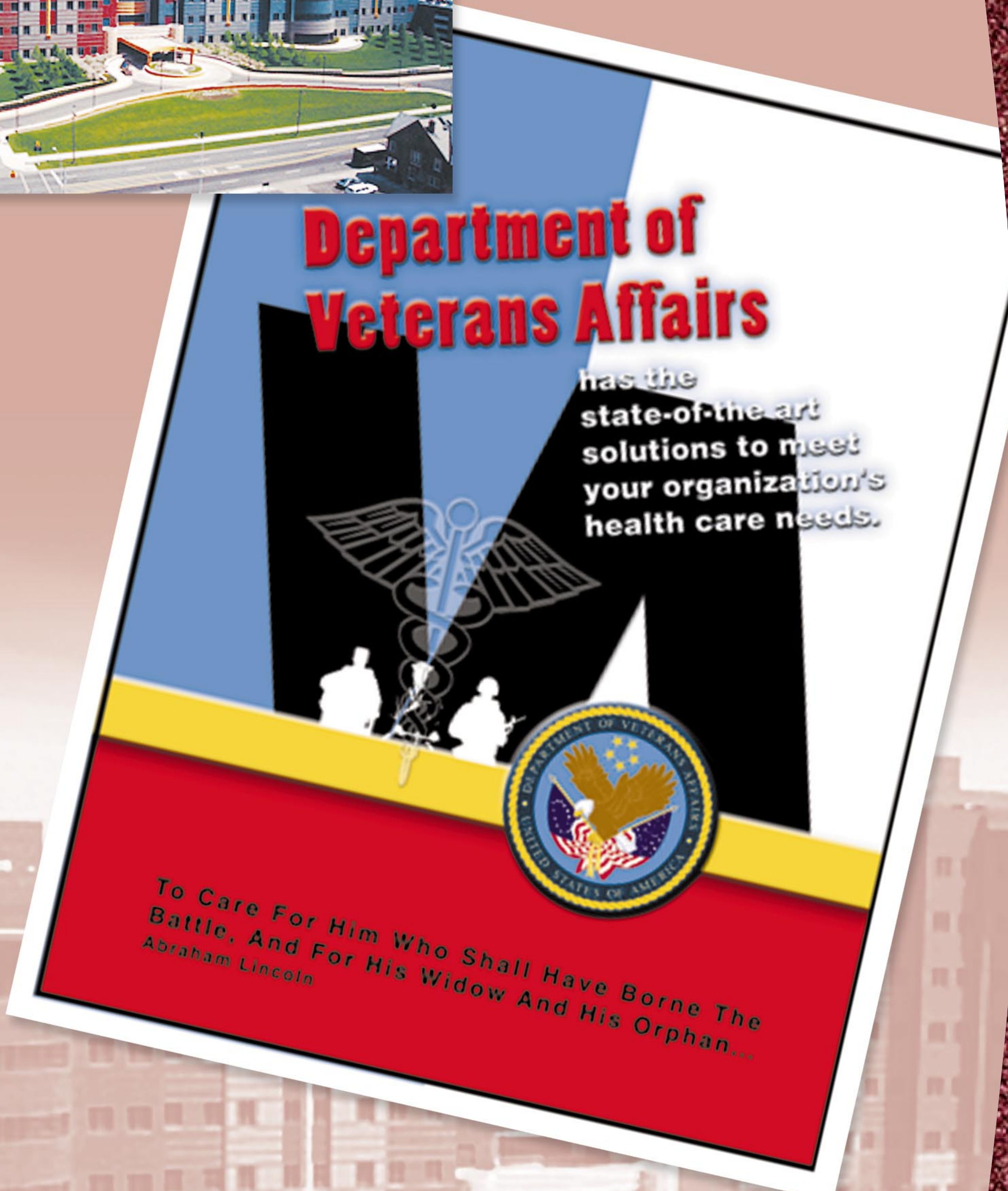
Veterans Administration Supply News (VA)



THREE VALUABLE TOOLS TO ASSIST MEDICAL CARE FACILITIES IN STRETCHING BUDGET DOLLARS — DOING MORE WITH LESS

With tighter budgets and the possibility of further down-sizing continually facing Veterans Affairs medical facilities, the Office of Acquisition and Materiel Management (OA&MM), provides many contracting alternatives and tools that provide quality products and services; best pricing; flexibility; and choices that result in cost-effective and efficient solutions for its customers. This article focuses on three of those valuable tools that will assist providers of medical care in obtaining quality health care products and services.

One of OA&MM's national contracting offices is the National Acquisition Center (NAC) located at Hines, IL. Three of its national contracting programs are addressed in this article. The first valuable tool is NAC's customer designed Pharmaceutical Prime Vendor Distribution Program. The new contract is in place and provides some of the lowest service fees in the industry — ranging from a negative two point two-five percent to a negative two point nine percent (-.2.25% to -2.9%). The second part of this article will focus on NAC's Medical/Surgical Prime Vendor Distribution Program (MSPV); the third and final part covers NAC's high-tech Medical Equipment Direct Delivery contract program. Each of these programs provides quality products and services while saving medical care facilities time and money.

Federal Agencies Reap Benefits from Department of Veterans Affairs New Pharmacy Prime Vendor Distribution Contract

In January 1999, the Department of Veterans Affairs (VA) awarded a new Pharmacy Prime Vendor (PPV) Distribution contract with NEGATIVE service fees for the entire country. The award was made to AmeriSource Corporation of Malvern, PA. Performance is for one year beginning April 1, 1999, and allows for four one-year options to extend the contract. VA Medical Centers, Federal Bureau of Prisons, Indian Health Service, Health and Human Service, Immigration and Naturalization Service, and approved State Veterans Homes customers will receive a negative two and one quarter percent (-2.25%) service fee. VA's Consolidated Mail Outpatient Pharmacies (CMOPs), which process most of VA's mail-out prescriptions, and the Department of Health and Human Services Supply Service Center (DHHS SSC), located in Perry Point, MD, will receive a negative two and nine tenths percent (-2.9%) service fee. The CMOP and DHHS SSC fees reflect the volume of prescriptions filled and the consolidation of stock at these distribution centers. These are the best service fees offered in the industry.

VA's PPV Program combines the contracting strength of the Federal Government with the inventory and distribution strengths of the industry. Designed through active participation of the Federal customers, VA's contract benefits even the smallest user by leveraging all VA's and other Federal agencies committed volume, approximately $2 billion annually. Savings of $50 million annually (or $250 million for the five year contract life) over the previous contracts will be realized. These savings are in addition to the already low contract prices under VA's Federal Supply Schedule (FSS) and National Contract Programs.

VA created this just-in-time distribution program in 1991 to build a stronger partnership with its customers and industry. Previously, VA's and other Federal Agencies' needs were filled through the VA's depot distribution centers on a monthly delivery basis. With the PPV Program, VA customers realized significant savings through reduced inventory levels (from 60-90 day levels to 7-10 day levels) at each medical center, a 95% fill rate, reduced order processing time, reduced space requirements, increased drug availability, improved job satisfaction at medical centers, and 24 hour deliveries. VA realized a one-time saving in inventory reduction of $250-300 million and recurring cost savings of $18-20 million.

Enhancements for this latest version of the program include standard requirements expanded by unique needs for each agency incorporating the most current commercial practices.

These improvements will lead to enhanced customer satisfaction and improved ordering capabilities. The latest PPV Program continues to provide just-in-time acquisition and reduced inventory processes; electronic commerce including ordering, invoicing and payment capabilities; next day deliveries; a myriad of reports; 97% fill rate; easier access to data; and flexibility to include more products.

To further reduce cost of the supply chain, VA focused on better contract vehicles for acquisition of the products. Better up front discounts, incentives, rebates and quantity discounts were sought and achieved under the FSS Program. VA established Pharmacy Benefits Management Strategic Health Group, a cross-section of VA physicians and pharmacists from across the country, to identify treatment guidelines and products for standardization. Quality products were selected based on patient treatment and outcome, treatment protocols, efficacy, and other related elements. Working with the contracting office, the standardization program was implemented in mid 1996 resulting in cumulative savings of over $600 million to date. By providing the standardized as well as FSS products through the PPV program, VA has been able to monitor ordering, guarantee contract compliance, and identify candidate items for further standardization.

Industry benefits as well. By working with a Prime Vendor with 20 distribution centers in lieu of over 600 Federal sites, over 300 FSS contractors and over 60 contractors for standardized items realize savings in billing, administration, and distribution costs. The Prime Vendor benefits from lower distribution costs because of inventory of fewer products and prompt payment using electronic commerce.

Summarizing, VA's Pharmaceutical Prime Vendor Distribution Program provides all customers "one-stop" shopping while providing low prices and the best distribution fees in the industry by leveraging the purchasing power of VA and its other Federal agency customers. The PPV enhances the standardization initiative within VA because it electronically "locks-out" items that are not on the National Contracts. This process improves the cost savings associated with standardization. Future PPV initiatives for the NAC include centralized pricing accuracy assessment and procurement analysis. In the downsizing healthcare environment, pharmacy departments are not able to regularly check pricing accuracy. NAC staff will perform this function centrally as a value-added service. In addition, NAC staff will compare procurement records for their customers and make recommendations on cost effective manufacturer alternatives to save future costs.

And now…. Federal Agencies May Reap Benefits from a Medical/Surgical Prime Vendor Contract

Success in the Pharmaceutical Prime Vendor Program demonstrated that savings in the acquisition of Medical/Surgical commodities could also be realized through a national Medical/Surgical Prime Vendor (MSPV) program.

Veterans Health Administration (VHA) is responsible for VA's system of medical centers and outpatient clinics. VHA is organized into twenty-two (22) Veterans Integrated Service Networks, which are regionalized health care networks. VHA and OA&MM partnered intensively for over two years to implement a new national program. Ultimately, VHA decided that medical centers' participation in NAC procurement should be optional. Based on this decision, the NAC issued a solicitation on behalf of 61 medical centers and outpatient clinics that requested inclusion in NAC's procurement. The participating medical centers committed to varying percentages of their entire medical/surgical product budgets – ranging from 20-80%.

On October 14, 1999, the NAC awarded a single MSPV contract to Allegiance Healthcare Corporation at a service fee of 3%. This is the lowest known MSPV distribution fee in the Federal government. The service fee is a markup to the product prices already established under other national (primarily FSS), Veterans Integrated Service Network (VISN) or local contracts. The service fee is intended to cover the prime vendor's costs for managing the customer's inventory, ensuring the timely delivery of needed products to the customer in a more efficient and effective manner than other conventional ordering methods, and administering electronic commerce systems in support of the program.

Many VA medical centers did not commit to the NAC contract because they already had prime vendor arrangements in place or were in the process of contracting for other arrangements.

Since contract award, several other VA ordering activities have requested inclusion in future MSPV procurements. VA's Office of Acquisition and Materiel Management supports those efforts and those of other agencies to participate, recognizing the key benefits of additional buyers to include:

- Increasing negotiating power. OA&MM would further leverage buying power under different national contract vehicles. Lowering the cost of items and/or reducing MSPV distribution fees will occur.

  - FSS. The NAC is currently negotiating with FSS contractors to lower product prices when the items are sold through NAC's prime vendor program. In other words, the customer will receive the benefits of prime vendor distribution at no cost if FSS product prices are reduced by 3% or more.
  - National MSPV Program. Distribution fees for medical/surgical supplies may not realize the negative fees seen in distribution of pharmaceutical items, but the PPV program is an excellent example of the potential for savings.
  - National Contracts. Committed quantities for specific items will drive prices down. A national MSPV contract for multiple agencies' participants will allow tracking of purchases to determine which items NAC can create national contracts for based on high cost/high use. Using lessons learned from the Pharmaceutical Standardization Program, these committed volume contracts result in the lowest cost of goods.

- Enhancing standardization efforts.

  - Facilitates obtaining procurement history/data (what is being acquired) to aid agencies in making decisions relative to product standardization;
  - Supports ability to enforce "lock out" of item acquisitions once items are standardized. Whether nationally or locally, competitor items become unavailable to any given ordering activity unless it has approved deviation(s) from the respective agency official;
  - Allows verification of compliance by all parties;
  - Inventories can be conducted electronically;
  - Provides easy access to reports; and
  - Works extremely well with the PPV Program for several years and has greatly enhanced the compliance monitoring of the standardization program.

- Increasing the use of electronic commerce.

  - Vendors maintain an electronic catalog;
  - Reduce/eliminate credit card transactions for recurring needs;
  - Electronic Fund Transfer, ordering, and invoicing count towards Electronic Commerce Goals; and
  - All steps in the procurement process – from shopping on-line to finding the best price, order placement and payment for the order, will further reduce administrative overhead in the field.

- Reducing inventory costs and space requirements.

- Conserving resources.

  - One stop shopping reduces ordering time and workload at the ordering activity level;
  - Fewer orders placed and fewer payments processed, allows redirection of logistics and fiscal staff to other value-added activities; and
  - MSPV combines the contracting strengths of the Federal Government and the strengths including distribution resources of the private sector. The benefits of aggregating medical/surgical requirements through a prime vendor distribution program will continue to drive down prices and reduce the distribution fee, which result in considerable savings.

The NAC is prepared to issue follow-on solicitations for additional ordering activities at their request. Unlike the recently awarded contract, which required a lengthy planning process by the customers to determine product requirements, the timeframe to issue new solicitations and award a new contract(s) will be greatly shortened since the planning phase and statement of work have been completed. The current statement of work is not "one size fits all." There is enough flexibility in the statement of work to promote customer choice of the level of service that best fits customer needs. For example, if an ordering activity prefers deliveries five days per week vs. three days, that option is available.

High-Tech Medical Equipment Direct Delivery Program

The Direct Delivery Program at the NAC, has provided contracting and ordering services for medical equipment such as X-ray, CT, MRI, radiation therapy, physiological monitoring, diagnostic ultrasound, and nuclear imaging for over 30 years to VA and other Federal Agency customers. The equipment is covered by multiple-award contracts with most major equipment manufacturers. This allows expedited ordering at discounted prices and saves each facility the costs associated with the administration of contracts and placing orders. In many cases, additional savings may be obtained by consolidating like requirements within regionalized ordering activities. For Fiscal Year 1999, sales within this program totaled $116 million and customers enjoyed an average savings of 30-35% off vendor list prices.

NAC staff representatives provide a team approach (including a contracting officer, equipment specialist, and procurement technician) to place orders for this equipment and monitor requests through the acceptance process. These orders are generally completed in 30 days or less and provide the advantage of technical assistance in designing a system and resolving the equipment issues.

- The NAC works with the customer to satisfy their needs by:
  - Actively involving the customer in the planning and selection of equipment needs
  - Designing new contract vehicles to procure the customer's requirements
  - Offering options and choices of products/systems
  - Being proactive and innovative in exceeding the customer's expectations
  - Staying current with industry and commercial practices and innovations
  - Allowing for equipment upgrade provisions to assure the most up to date equipment/system is delivered

- Value added services provided by the NAC staff include but are not limited to:
  - Assuring equipment is Y2K compliant
  - Making service and extended maintenance available
  - Providing training for facility representatives
  - Allowing access to replacement and repair parts

Financing Alternatives

VA and other Government customers enjoy additional financing options for Direct Delivery through the Finance Office of OA&MM. More information regarding these options may be obtained by telephoning Mr. Steven Graves, Chief, Financial Service, OA&MM, at (202) 273-6124.

Lowest Service Fee

In May 1998, the Supply Fund Board of Directors approved an Office of Acquisition and Materiel Management recommendation to reduce the mark-up fee on the Direct Delivery Program. The old mark-up fee was a flat 3.5 percent of the acquisition cost for each piece of new equipment. The new fee, which is the lowest in the Federal Government, is two percent (2%) with a cap of $25,000. These approved mark-up fees took effect May 1, 1998. VISN consolidated orders for the same equipment will be treated as a single order for these surcharges.

Implementation Procedures

In the following implementation procedures, the term "order" refers to an order for one type of equipment to be delivered to a single facility. The term "VISN consolidated buy" refers to multiple orders for one type of equipment purchased concurrently for delivery to more than one facility within a Veterans Integrated Service Network.

(1) All orders issued by NAC are charged two percent (2%) up to the $25,000 cap as applicable.

(2) Modifications to orders are surcharged at the rate of the original order.

(3) For regionalized consolidated buys, the cap applies to the entire buy.

Example: A VISN combined five identical x-ray systems, one each for five VAMCs, valued at $8 million. The surcharge for the project is capped at $25,000, divided evenly among the five sites. The contracting officer cuts each station a separate delivery order, with each order showing a surcharge amount of $5,000.

Example: A VISN requests purchase of two ultrasound units with a combined value of $1 million and three CT scanners with a combined value of $3 million. This would become two orders – an ultrasound order with a two percent (2%) surcharge, and a CT scanner order with the $25,000 cap.

(4) On orders to which the cap was applied at the time of purchase, modifications adding new work will be surcharged at two percent (2%).

(5) Even exchange modifications that change the configuration at no change to the vendor price will not have an adjustment to the surcharge.

Questions Which May Arise

Question 1: Will the mark-up apply to each piece of equipment or per order, which can include many pieces of equipment?

Answer: The mark-up is applied per order. Please note that while an order may include more than one piece of equipment (i.e. an X-ray system), an order may contain only one type of equipment. For example, a requisition for a CT scanner and an ultrasound unit would become two orders.

Question 2: If the mark-up is by order including many pieces of equipment, can the order be delivered to several sites?

Answer: No, an order is defined as being one type of equipment to be delivered to a single facility. The exception is VISN consolidated buys.

Question 3: Are there any exceptions to the two percent (2%) fee if the order asks for training, site preparation, or other complexities?

Answer: No, the two percent (2%) surcharge will be applied to all ordered items.

In the meantime, for additional information about VA's acquisition activities, please visit the Department of Veterans Affairs, Office of Acquisition and Materiel Management homepage at: **http://www.va.gov/oa&mm.** For more specific information, including additional contacts and resources regarding the Pharmaceutical Prime Vendor, Medical/Surgical Prime Vendor or Direct Delivery Programs administered by VA, contact Carlene Finch, Team Leader, Prime Vendor Programs, (708) 786-5187 and Patricia McKay, Team Leader, Direct Delivery (708) 786-5251, or visit our website at: **http://www.va.gov/oa&mm/nac.**

FEDERAL SUPPLY SCHEDULES AND BLANKET PURCHASE AGREEMENTS FOR MEDICAL CARE NEEDS

Department of Veterans Affairs and the Federal Supply Schedules

Looking for quality, state-of-the art solutions to meet your organization's health care needs? The Department of Veterans Affair (VA) Federal Supply Schedule (FSS) Program is your answer. VA's Office of Acquisition and Materiel Management, National Acquisition Center, located at Hines, IL, administers the FSS for health care related products. The program allows customers, just like yourself, to place orders directly with the contractor and have the products delivered directly to your facility, usually within 7 to 10 days.

Delegated to VA by the General Services Administration (GSA) over 30 years ago, VA establishes, solicits, awards, and administers the FSS Program for medical care related needs, which currently consists of 11 schedules. These schedules encompass such products as pharmaceuticals; medical/surgical supplies; dental supplies; medical equipment; pacemakers; wheelchairs; x-ray film, equipment and supplies; clinical analyzers, laboratory cost-per-test; and in-vitro diagnostics, reagents and test kits. From these contracts, a customer can fulfill the majority of their facility's medical care needs.

The FSS equipment contracts, in addition to outright purchase of equipment, provide for cost-per-use and lease options helping users to avoid large capital outlays and still maintain state-of the-art capabilities. Other features of the Federal Supply Schedule contracts include: 100% commercial products; prices are usually equal to or better than vendors' best customer price; acceptance of Government credit card; and use of Electronic Funds Transfer capabilities.

Annual sales against these contracts exceed $2 billion, with over 1,200 contracts in place for the various commodity groups, consisting of over 200,000 different product items. All FSS contracts are of the multiple award (MAS), indefinite delivery-indefinite quantity type, and are national in scope. These contracts are available for use by all Government agencies including but not limited to: VA medical centers, Department of Defense, Bureau of Prisons, Indian Health Services, Public Health Services, some State Veterans Homes, etc. Performance periods can be established up to five years in length. VA's current schedules are:

65 I B	Pharmaceuticals and Drugs
65 I C	Antiseptic Skin Cleansers, Detergents, and Dispensers
65 II B*	Medical Supplies
65 II C	Dental Equipment and Supplies
65 II D*	Medical Equipment, Supplies and Replacement Parts
65 II E*	Medical Equipment (Pacemakers and Ancillary Items)
65 II F	Patient Mobility Devices (includes Wheelchairs, Scooters, Walkers, etc)
65 V A	X-Ray Equipment and Supplies (including Medical and Dental X-Ray Film)
65 VII	In-Vitro Diagnostics, Reagents, Test Kits and Test Sets
65 NIIS	New Item Introductory Schedule
66 III	Clinical Analyzers, Laboratory, Cost-Per-Test

*65II B, D and E are in the process of being consolidated into one Schedule, which will be 65IIA, "Medical Supplies and Equipment"

What does "MAS" mean? It means that more than one contractor is awarded a contract for the same or similar items. What does this mean to you? Choices and flexibility. By having a variety of potential suppliers, you, the customer, can review the price lists, compare the qualities of the product(s) and the terms and conditions of the contract. Most likely your deciding factor will be the product, but sometimes your decision may be based on the price, time of delivery, or service delivered with the purchase. These MAS contracts are awarded to multiple companies supplying comparable commercial off-the-shelf products at varying prices for a given period of time. All customers, large or small, even those in remote locations, are provided the same service, convenience and pricing. The FSS contracts provide you with a large selection of items and the flexibility necessary to select the best value item that meets your facility's needs. With the exception of the pharmaceutical contracts on Schedule 65IB, FSS contracts are now open and continuous. This means that new vendors can be added to the schedules, at any given time, making new products and the latest technology available to you.

Pertinent Terms and Conditions for these schedules include:

- No maximum order limitations
- Lower prices may be negotiated by individual users
- All federal agencies in the Executive, Legislative, and Judicial branches are authorized users

Advantages for the customers:

- Commercial items
- Provides choices on products, terms and conditions, delivery, and payment options
- Flexibility
- State-of-the-art technology
- Ability to establish Blanket Purchase Agreements (BPAs)

Saving with Blanket Purchase Orders and Incentive Programs

Under the Federal Supply Schedule Program and within each awarded contract is the provision for Blanket Purchase Agreements or BPAs. Blanket Purchase Agreements (BPAs) are defined in Federal Acquisition Regulations as a "charge account with a qualified source of supply." This means it is a method to make repetitive purchases from a vendor without issuing numerous purchase orders. This provision allows any customer at the local, regional, or national level to negotiate and establish a BPA with an FSS contractor for a committed volume (based on quantity level or dollar volume), for a specified period of time (not to exceed performance period of contract), in exchange for additional price consideration, as well as, additional value-added programs and services. Many of the programs are negotiated for specific customer groups under the FSS program depending upon tracking requirements and interest within a customer group.

A number of pharmaceutical contracts contain beneficial Incentive Programs such as shared risk, market share, and volume-based discounts outlined below. For a listing of some current negotiated Incentive Programs under the FSS Pharmaceutical contracts, refer to the **Incentive Program Listing** at **http://www.va.gov/oa&mm/nac/pharm/incentiv.htm**.

In addition to the basic discounts available on the FSS contracts, BPAs are an invaluable tool for attaining even greater cost savings. When a continuing need for a product already on an FSS contract is identified, a method to further reduce the delivered cost is the BPA. Outlined below are some of the most popular formats for BPAs and Incentive Programs:

Quantity Tiers - This can be based on a single purchase, combined purchases for an individual medical care site, a consortium of care sites, or the combined purchases of an entire agency such as VA. Also, quantity discounts can be for one product or for an entire product line, and they tend to apply to individual orders versus a specified period of time.

Market Share - After reviewing the usage of individual facilities, the contractor can elect to provide a program that seeks to increase their market share, while deepening discounts for the participating facilities/agencies. These programs are voluntary, but are more productive in terms of better discounts with a larger number of participants. For example, this type of program has been extremely successful within VA at the network (regionalized) level.

Efficacy Guarantees/Shared Risk - As an evolving program for increased partnership between VA and the pharmaceutical industry, many contractors have elected to offer commercial-type programs to the FSS. These programs are normally more successful for certain products than others. With the agreement of the participating organizational element(s), the contractor establishes a treatment protocol for the particular product. If the product does not work as intended on a specific patient, the contractor either shares or takes on the cost of switching the patient to another drug therapy with that ordering activity. This program has demonstrated success in developing partnerships between government healthcare systems and the contractors.

Volume Purchases - This program is similar to quantity tiers, in that a set volume purchase is established for additional discounts. With this program, the contractor is looking for a commitment from the treatment facility and/or group of facilities to procure at least a specific amount of product over a specified period of time. Once the volume is met, the contractor provides additional discounts to the participating facility. Moreover, this type of program can be utilized to carry over usage history from one year to another, so that a facility/group will not have to begin again each year in establishing a volume base.

In summary, the following are advantages of using a centralized BPA Program:

- Speed
- Simplicity
- Allowance of negotiations for further discounts by individual groups
- Negotiation of increased discounts due to commitments
- Receipt of facility requirements from one source
- Similar to commercial practices
- Local applicability of negotiated terms and conditions

Since these types of agreements are developed through group consensus processes, they are easily used as a mechanism for standardization of specific products within an agency, a group of facilities or an entire organization. Moreover, as an added bonus, VA's National Acquisition Center is ready to negotiate these programs, or take a standard agreement previously developed by an individual facility or a group and negotiate to incorporate the terms on a national basis for the benefit of all interested parties.

It's our hope that you will find this and future *MarkeTips* companion articles on medical care products a useful foundation for conserving your organization's and the taxpayers' dollars.

In the meantime, for additional information about VA's acquisition activities, please visit the Department of Veterans Affairs, Office of Acquisition and Materiel Management homepage at: **http://www.va.gov/oa&mm/index.htm.** For more specific information, including additional contacts and resources regarding Federal Supply Schedules administered by VA, contact Phil Naas, at (708) 786-5144, or our website at: **http://www.va.gov/oa&mm/nac.**

N E W S   F L A S H

GSA'S CENTRALIZED HOUSEHOLD GOODS TRAFFIC MANAGEMENT PROGRAM OFFERS ONE-TIME-ONLY SERVICES

GSA's Centralized Household Goods Traffic Management Program (CHAMP) offers one-time-only (OTO) services to Federal agencies in two situations. The first situation involves requesting discounted transportation rates to/from any state or country not covered under CHAMP. The second scenario occurs when there is not a carrier available to move an agency's shipment. These special OTO requests can be for any shipment of household goods, privately owned vehicles, and/or unaccompanied air baggage when a permanent change of station is authorized based on agency and employee needs. GSA distributes the OTO requirements electronically via the Internet, solicits the rates, consolidates responses from carriers, and distributes all solicitations received back to the agency. The agency then selects the appropriate carrier to use for the specific relocation.

If you have special OTO needs, contact the Property and Traffic Management Division in Kansas City, Missouri.

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N E W S F L A S H

GSA DEDICATES $4 MILLION TO INCREASE NUMBER OF ALTERNATIVE FUEL VEHICLES

Matching Funds Will Help Federal Government Buy More AFVs in 6 Cities

WASHINGTON, DC – Building on the federal government's commitment to a cleaner environment, the U.S. General Services Administration (GSA) announced that it will dedicate up to $4 million to put more alternative fuel vehicles on America's roads.

GSA is partnering with the U.S. Department of Energy in the federal government's Alternative Fuel Vehicle Utilization Supporting Expansion of Refueling (AFV USER) program, commonly referred to as Six Cities. GSA will make up to $4 million in matching funds available to federal agencies in six cities to cover the cost difference between purchasing AFVs and traditional gasoline-powered vehicles.

The average difference in price between an AFV and other vehicles is $4,500. That is offset by the significant environmental benefits of alternative fuel vehicles. AFVs emit an average of 60% less carbon dioxide and other pollutants than traditional gasoline-powered cars.

"Putting more AFVs on the street is a major way GSA can help the environment," said GSA Administrator Dave Barram. "This $4 million is just one part of the Clinton Administration's continued commitment to improving our nation's energy security while reducing vehicle emissions."

Federal agencies in Albuquerque, N.M.; Denver, Colo.; Minneapolis, Minn.; Salt Lake City, Utah; San Francisco, Calif.; and the Melbourne – Titusville, Fla., area can apply for the $4 million in matching funds available through GSA's Six Cities program.

The matching funds will be available to federal agencies that:

- Demonstrate a long-term commitment to the future of their AFV program.
- Contribute half the cost difference to purchase new AFVs over traditional vehicles.
- Have a strong agency policy to operate the vehicles on alternative fuels.

Additionally, GSA will consider the mission of the agency's vehicle fleet, supporting infrastructure and involvement in the alternative fuel program.

GSA's $4 million commitment stems from the Department of Energy's popular Clean Cities program. An interagency working group determined the 6 cities that were target areas for increasing the federal government's use of alternative fuels and providing models for other cities to follow.

Over the past 8 years, GSA has acquired more than 27,000 alternative fuel vehicles for other federal agencies' vehicle fleets, making GSA one of the largest buyers of AFVs in the United States. There are currently more than 13,000 AFVs in GSA's 166,000-vehicle fleet.

Six Cities comes as GSA is implementing "Planet GSA," the agency's environmental initiative that highlights driving green and other areas in which GSA has a federal responsibility.