



FEB 21 2003

Indian Health Service
Rockville MD 20852

Dear Tribal Leader:

The Indian Health Service (IHS) and Tribes have access to the Department of Veterans Affairs' (VA) pharmaceutical prime vendor (PPV), AmerisourceBergen (formerly AmeriSource). The IHS has been working with the VA's PPV to modify the current contract to allow Tribes to order discounted drugs directly from the VA's PPV.

The IHS is proposing two modifications to the contract related to Tribal purchase data and funding for contract management. We are proposing the contract include a section stating that Tribes and/or their intermediaries agree to allow the VA's PPV to release pharmaceutical purchase data to the IHS. We are also proposing that IHS, Tribes, and Tribal intermediaries be assessed a 0.3 percent contract management fee to allow IHS to conduct contract management activities related to the VA's PPV contract. This equates to a \$3,000 management fee for every \$1 million of medications an IHS or Tribal site purchases through the VA's PPV contract. This fee would apply to facilities purchasing directly or those using an IHS intermediary. Funds would be assessed by the VA's PPV when medications are purchased. Please provide your comment by March 5 on these two IHS-requested contract modifications to CAPT Robert Pittman, IHS Principal Pharmacy Consultant, 801 Thompson Avenue, Suite 100, Rockville, MD 20852.

To assist you in developing your response, I have enclosed at Tab A details about the two additional IHS-proposed contract modifications. I have also enclosed at Tab B background information related to our continuing work with the VA's PPV on other proposed contract modifications including the IHS's response to the VA proposed modifications. You may also find it helpful to refer to my September 18, 2002, letter to Tribal Leaders stating under the proposed contract modification contracting and compacting Tribes would be able to continue to order pharmaceuticals through the IHS or order directly from the VA's PPV. You may access this letter on the IHS Web site at www.ihs.gov and click on Tribal Leaders.

If you have any questions or need additional information, CAPT Pittman can be reached at (301) 443-1190, or by e-mail at rpittman@hqe.ihs.gov. Please visit the IHS Web site at pharmacissues.ihs.gov for continuing updates on pharmaceutical issues such as the VA's PPV contract, the Federal Drug Discount Programs, the National Core Formulary, and the National Pharmacy and Therapeutics Committee.

Page 2 - Dear Tribal Leader

I look forward to working with you on this important matter that will help improve the health status of American Indian and Alaska Native people.

Sincerely yours,

Charles W. Grim, DDS
Charles W. Grim, D.D.S., M.H.S.A.
Assistant Surgeon General
Interim Director

Enclosures