

JJHCS FAX**Johnson & Johnson** GSAR 2013-G504-13
HEALTH CARE SYSTEMS INC.**Date:** May 4, 2015**To:** **Ms. Hada Flowers****From:** Al Holcomb**Company:** General Services Administration
Regulatory Secretariat Division (MVCB)
1800 F Street NW 2nd Floor
Washington, DC 20405-0001**Company:** Johnson & Johnson
Health Care Systems Inc.
425 Hoes Lane
PO Box 6800
Piscataway, NJ 08855-6800**Phone:****Phone:** 732-562-3514**Fax:** 202-501-4067**Fax:** 732-562-2121**Pages:** 3
(Include Cover)**MESSAGE: Please see our comments regarding GSAR Case 2013-G504,
Transactional Data Reporting.**

If there is a problem with this transmission, please call Al Holcomb at 732-562-3514

Confidentiality Notice: This fax message may contain information that is confidential and is intended only for the individual or entity to which it is addressed. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message solely to the intended recipient, you are hereby notified that any dissemination, disclosure, copying, distribution, or reliance upon the contents of this message is strictly prohibited. If you have received this message in error, please notify us immediately by telephone so that Johnson & Johnson Health Care Systems Inc. can arrange for proper delivery and return the original message and any copies to us at the address above via the U. S. postal service. Thank you.

GSAR 2013-0504-13
1220013-105
Post Office Box 6800
Piscataway, NJ 08855
732.562.3000
www.jjhcs.com

Johnson & Johnson HEALTH CARE SYSTEMS INC.

May 4, 2015

General Services Administration,
Regulatory Secretariat Division (MVCB)
Attn: Ms. Hada Flowers
1800 F Street
NW Washington, DC 20405
Via FAX 202-501-4067
Via eRulemaking portal

Reference -- GSAR Case 2013-G504

Dear Ms. Flowers,

Johnson & Johnson Health Care Systems, Inc., ("JJHCS") on behalf of Johnson & Johnson Family of Companies ("J&J"), is pleased to have the opportunity to submit the following considerations in response to the notice of the proposed rule with request for comments on Transactional Data Reporting (42 Fed. Reg. 11619 (March 4, 2015)) ("Proposed Rule"). The Proposed Rule would amend the General Services Administration ("GSA") Acquisition Regulation to include clauses that would require vendors to report transactional data from orders and prices under various GSA contracts. GSA would introduce the clauses in phases, beginning with a pilot and would also make changes to the basis of award monitoring requirement of the price reductions clause ("PRC"). The GSA believes these changes will result in overall reduced burden for FSS contractors.

J&J is a comprehensive and broadly-based manufacturer of health care products for consumer, pharmaceutical, and medical devices and diagnostics markets. J&J's fundamental objective is to care for the world, one person at a time, by embracing research and science -- bringing innovative ideas, products and services to advance the health and well-being of people. Many J&J operating companies have an array of commercially available off-the-shelf health care products available to the federal government through the Department of Veterans Affairs ("VA") VA Federal Supply Schedule and other government contracting instruments.

This Proposed Rule would apply only to certain GSA contracts and would not apply to FSS contracts managed by the VA. Although J&J operating companies do not have GSA schedule contracts at this time, we would like to share our experience with managing the PRC and our estimate of the burdens that would be associated with the Proposed Rule. In addition, JJHCS is a member of the Coalition for Government Procurement, and we support the Coalition's position on this Proposed Rule. Our specific comments are to follow.

GSA anticipates the Proposed Rule will reduce the annual burden on contractors by more than 85% or approximately \$51MM in administrative costs, when compared to the burden

GSAR 425 Hoes Lane
Post Office Box 6800
Piscataway, NJ 08855
732.562.3000
www.jjhcs.com

~~Johnson & Johnson~~ HEALTH CARE SYSTEMS INC.

associated with the tracking customer requirement under the PRC. The transactional data reporting required under the Proposed Rule would be submitted monthly (as opposed to quarterly in the case of IFF payments) and would contain information not required in the IFF context.

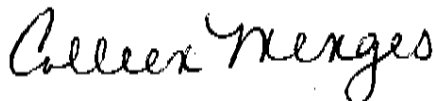
In contrast, we believe the proposed monitoring and reporting requirements would impose additional administrative, time, and cost burden to contractor systems. For instance JJHCS would need to develop a sales reporting mechanism that captures all transactional links for sales orders placed against agencies (FSS, BPAs, Open Contract, DAPA, CEC, etc.). We would need to implement a process and technology to manage the reporting aspect of the sales reporting alternative. The additional reporting requirement would place a substantial burden on contractors who already have processes in place to continuously review and monitor reasonable and fair pricing. While the Proposed Rule is intended to reduce the burden of the PRC, J&J believes that these new reporting requirements will impose new administrative, system enhancements and time costs.

Based on our experience managing various VA and DOD contracts including schedule contracts, we can share with you the burden hours involved in our compliance with the PRC. JJHCS dedicates approximately 1200 hours of work annually on CSP compliance. Over the past 5 years for the period January 2010 – April 2015 year to date, JJHCS has managed 25 FSS contracts, and successfully implemented 538 contract modifications of which 144 or 26% required CSP disclosures under the tracking customer or basis of award customer in the PRC. Based on our experience, under the Proposed Rule we estimate over 1,000,000 lines of transactional data would need to be submitted monthly, were the Proposed Rule to apply in the context of VA and DOD contracts.

* * *

We offer the above comments in the spirit of collaboration to further the mutual interests and objectives of the Government and J&J. We appreciate the opportunity to comment on this notice. We hope that these comments will be helpful in development of the final rule.

Very truly yours,



Colleen Menges
Director, Government Contracts