

Attachment 2: Request for Sole Source Memo Format

DEPARTMENT OF VETERANS AFFAIRS

Justification and Approval

For

Other Than Full and Open Competition

1. **Contracting Activity:** Department of Veterans Affairs, VISN 11, Indianapolis VA Medical Center ; The 2237 (583-14-2-995-0038)
2. **Nature and/or Description of the Action Being Processed:** Sole Source Procurement of Nuance Voice Recognition Commodity for Radiology service. Nuance will provide products that integrate with VA PACS system and support the Radiologist scarce medical contract and the affiliate agreement by allowing remote access via teleradiology which ensures timely interpretation and diagnosis of Radiology Exams. . Due to the complex integration of the product with the affiliate and the supporting of residency and fellow training programs, it is necessary to support, “Justification for Other Than Full and Open Competition. ”
3. **Description of Supplies/Services Required to Meet the Agency’s Needs:** We are procuring a Hardware and Software solution that is specifically designed to convert voicefiles to text in the reporting of radiological interpretations by the Radiologist. The vendor will also provide ongoing maintenance and support 24X7X365 and all expenses will be covered by per report or vendor’s “Flex Pricing” schedule. The voice recognition hardware/software is a proprietary system that is used to convert spoken interpretations into a text document which is them confirmed by the Radiologist and is uploaded via a complex interface, onto the VA VISTA hospital information system. The system contains multiple servers and licenses necessary to handle 60-80K reports annually generated by on-site staff radiologists and those off-site using teleradiology. The voice recognition system is integrated into the PACS system and supports the diagnostic capabilities for 100, 000+ exams annually. The system also supports the radiology educational programs that our affiliate programs run.
4. **Statutory Authority Permitting Other than Full and Open Competition:**
 - (X) (1) Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements per FAR 6.302-1;
 - () (2) Unusual and Compelling Urgency per FAR 6.302-2;
 - () (3) Industrial Mobilization, Engineering, Developmental or Research Capability or Expert Services per FAR 6.302-3;
 - () (4) International Agreement per FAR 6.302-4
 - () (5) Authorized or Required by Statute FAR 6.302-5;
 - () (6) National Security per FAR 6.302-6;
 - () (7) Public Interest per FAR 6.302-7;

5. **Demonstration that the Contractor's Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above (applicability of authority):** Product is used to perform voice recognition interpretation. It converts the spoken words of a Radiologist to a text file. That text file is then uploaded to the VISTA system via a demographics interface and medical decisions are made from the reports. The current Powerscribe product has been in use at the Indianapolis VAMC for 10 years and is a critical component to the delivery of Radiology exam results. The VR system is integrated with our PACS system and the systems are used within the VA and through the affiliate firewall to off-site reading rooms for teleradiology by residents, fellows and staff Radiologists. The system is completely integrated with the affiliate and changing the VR product would change our workflow and the Radiology scarce medical contracts, certainly causing interruptions to workflow efficiencies thus delaying patient care. The system is highly specialized and has a complex interface that is integrated with the VA VISTA system. This interface allows the exchange of data in both directions. The system is also integrated with the VA Radiology PACS system and shares demographic information that links reports to images. If this system were to be taken out of service it would affect our ability to deliver care to all Veteran's seen within Radiology service. It would impact the Radiology Scarce Medical contract because it would impact the staffing model of the vendor and they would be unable to provide dictations and lastly it could hamper the affiliate training of Residents and Fellows because they would be unable to interpret studies with Staff Radiologist over read and correction. The cost of services that could not be performed would require exams to be sent out and patients to be diverted from our Emergency Room causing an extremely large financial burden that could easily approach \$1M in a single month.
6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** The system is fully integrated into our current system. Another source would impact our ability to deliver timely diagnostic interpretations and lead to unacceptable delays. We did an informal survey of the VISN 11 Radiology departments to determine if other vendors are utilized in voice recognition. All facilities in VISN 11 use Nuance in their Radiology Dept.
7. **Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:** Originally the vendor pricing structure for this product was based on licensing. The total number of licenses had a fixed cost associated with the license. Our facility had a license total of 250 and the contract costs were \$180,000+ per year. As part of a stewardship project at our facility we worked with the vendor to establish "Flex Pricing" at our VA. This pricing is a per report cost that supports all of the maintenance fees associated with supporting the system, so no longer is it based on licenses. The anticipated costs with the support for the vendor will cost \$8200 monthly or 98K per year. The cost is nearly half of what it was for the same system/hardware/support that we had in 2009 and thus it is considered fair and reasonable for the market.
8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** We have worked with our affiliate and have determined that no other system exists that would meet the needs of our Radiology Service, considering its complex workflows and the support of the contract and affiliated programs. Therefore no market research was conducted.

9. **Any Other Facts Supporting the Use of Other than Full and Open Competition:** Nuance is in our facility and has completed all security business agreements to support our system through the firewall. Without this support our system would be vulnerable and downtime may be excessive thus impacting patient care.
10. **Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:** See Section VI above.
11. **A Statement of the Actions, if any, the Agency May Take to Remove or Overcome any Barriers to Competition before Making subsequent acquisitions for the supplies or services required:**
Nuanace/Powerscribe is the only vendor to meet our needs and be able to successfully maintain our current VR system. The system is considered the market leader and its integration and support of our workflow is critical to the services we provide.
12. **Requirements Certification:** I certify that the requirement outlined in this justification is a Bona Fide Need of the Department of Veterans Affairs and that the supporting data under my cognizance, which are included in the justification, are accurate and complete to the best of my knowledge and belief.



Name- Kevin E. Kaiser
Title- Clinical Manager, Radiology Svc
Facility- Indianapolis VAMC

3-7-14

Date

13. **Approvals in accordance with FAR 6.304** *This part is filled out by Contracting Staff as part of the Justification*

- a. **Contracting Officer's Certification: (required)** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Name
Title
Network 11 Contracting Office

Date

- b. **DOC/PCM (Required \$3K and above):** I certify the justification meets requirements for other than full and open competition.

Name

Date

Director of Contracting/Supervisory Contract Specialist (as appropriate)
Network 11 Contracting Office

- c. **SAO(If over \$650K):** I certify the justification meets requirements for other than full and open competition.

Ricky L. Lemmon
SAO Director
Central Region

Date

- d. **VHA HCA Review and Approval:** I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and recommend approval (if over \$12.5 million) or approve (\$650K to \$12.5 million) for other than full and open competition.

NORBERT S. DOYLE
Chief of Procurement and Logistics Officer
VHA, Head of Contracting Activity (HCA)

Date

- e. **VA Deputy Senior Procurement Executive Approval (over \$12.5 million but not exceeding \$50 million):** I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and approve for other than full and open competition.

C. FORD HEARD
Deputy Senior Procurement Executive (DSPE)
Assistant Secretary for Acquisition and Logistics
Department of Veterans Affairs

Date

- f. **VHA Senior Procurement Executive Approval (over \$50 million):** I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and approve for other than full and open competition.

JAN R. FRYE

Deputy Assistant Secretary for Acquisition and Logistics
Senior Procurement Executive (SPE)
Department of Veterans Affairs

Date