

DEPARTMENT OF VETERANS AFFAIRS

Justification and Approval for

Other Than Full and Open Competition

1. **Contracting Activity:** Department of Veterans Affairs, VISN 21, Network Contracting Office, VA Martinez Clinic, 150 Muir Road, Martinez, CA 94553-4668. This justification and approval is for other than full and open competition. 2237 number 640-14-2-394-0006.
2. **Nature and/or Description of the Action Being Processed:** Upgrade McKesson Automation Connect-Rx software and buyout existing AcuDoseRx equipment at VA Menlo Park, Livermore and Palo Alto. This transaction shall be performed on a sole source, firm-fixed price, open market basis.
3. **Description of Supplies/Services Required to Meet the Agency's Needs:** The purpose of this procurement is to as follows:
 - a) Upgrade the McKesson Automation Connect-Rx software that is currently installed on and controls the AcuDose-Rx automated pharmacy dispensing systems at VA Menlo Park, Livermore and Palo Alto; and
 - b) Buyout existing AcuDose-Rx equipment at same sites, which are currently under VA lease VA261-P-0709 that expires 9/30/2014.

Total estimated value for this purchase for \$349,830.00 (i.e., \$321,030.45 for Connect-Rx software upgrade and \$28,800.00 for AcuDose-Rx equipment buyout). This procurement must be awarded by 9/29/2014. Period of performance shall begin 30 day ARO and be completed by 12/31/2014.

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)**

Only One Responsible Source (FAR 6.302-1) – The VAPAHCS Pharmacy Service currently owns and leases an extensive group of McKesson Automation automated pharmacy dispensing equipment and software systems. These include Robot-Rx, Acudose-Rx, MedCarousel, PacMed, and Automated Decision Support throughout the three VA campuses. All pieces of automation are centrally controlled by Connect-Rx server software, which is not available on McKesson Automation's FSS contract V797P-4383B. The system is proprietary to McKesson Automation, and any software upgrades or additional hardware enhancements must be supplied and thoroughly tested and supported by McKesson Automation prior to being installed in order to ensure full compatibility and functionality of existing pharmacy systems. Medication dispensing cabinets produced by other manufacturers cannot communicate with Connect-Rx nor are they supported by McKesson Automation. In addition, McKesson Automation must supply and install any software or hardware upgrades in order to be covered under the VA's existing maintenance contracts.

6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** No additional effort was made to solicit other sources for this product. A sole source award will be posted on FedBizOpps. When equipment has reached its end-of-life, a competitive request for proposal will be issued to seek and consider other manufacturers, including possibly McKesson Automation (which is currently in the process of submitting a modification to VA NAC to change its name on its existing VA Federal Supply Schedule contract to Aesynt).
7. **Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:** The anticipated cost shall be considered fair and reasonable based on anticipation and verification that costs offered to the VA shall be in line with those extended to other entities. The anticipated costs of this requirement (\$349,830.00) to be fair and reasonable based on current market research (see document P02 in 2237 briefcase). Note that McKesson Automation has reduced the buyout price for the lease items (from \$204,800.00) to \$28,800.00 (a savings of \$176,000.00). I could not find any historical pricing information of similar buyouts for automated / robotic medication dispensing systems in FPDS or FBO with which to compare the buyout pricing for this procurement.

In addition, a similar procurement that I awarded back on 2/21/2013 for the purchase of the Connect-Rx upgrade for the SFVAMC was V797P-4383B – VA261-13-F-1141. The Connect-Rx for this site was awarded at \$136,038.00 (the Connect-Rx upgrade for this procurement for VA Palo Alto is \$145,696.00). The Connect-Rx software upgrade consists of a variety of manufacturers that comprise the upgrade, including McKesson Automation, and other vendors with which McKesson has proprietary agreements, including Microsoft. When I requested a cost breakdown for the Connect-Rx upgrade, the McKesson Automation sales rep, Rob Finn, could not provide this information to me on the grounds that this information is proprietary information with its subcontractors and cannot be shared.

8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** FAR Part 10 directs that market research be conducted on each acquisition appropriate to the circumstances. Market research has been conducted and is filed in the eCMS briefcase under P02.
9. **Any Other Facts Supporting the Use of Other than Full and Open Competition:** None.
10. **Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:** McKesson Automation (large business), 500 Cranberry Woods Drive, Cranberry Township, PA 16066; 724-741-8000. DUNS # 60-784-1608.
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:** Only McKesson Automation's proprietary software can be used for the Connect-Rx software upgrade. In the event that the existing automated medication dispensing systems need to be replaced at their end of life or at some point in the future, customer will consider and evaluate other makes and models at that time.
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.



Douglas Klahold
IT Automation Pharmacist, Pharmacy Services
VA Palo Alto HCS, VISN 21

9/9/14
Date

13. Approvals in accordance with FAR 6.304

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


Angela Oppenheimer
Contracting Officer
NCO-21, VA Martinez

9/9/14
Date

- b. Service Team Manager: I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.


Patricia Benson
Team Manager, Supply Team
NCO 21

9/16/14
Date

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


Samuel Harbin
Network Contract Manager
NCO 21

PATRICIA BENSON
DESIGNEE

9/16/14
Date

Contract Review Form

Contracting Officer Angela Oppenheimer

Procurement Number 640-14-2-394-0006 Dollar Value 349,830

Description McKesson Automation Connect-Rx Software Upgrade & AcuDose-Rx Equipment Lease Buyout - VAPAHCS (3 sites)

Legal Review: [] Yes [x] No MSO Review: [] Yes [x] No *The following drop down selections are not all-inclusive. Users may add their own content by simply typing inside the drop down areas.

*Clearance Level Peer Review *Review Requested JOFOC *Acquisition Type Commodity *Procurement Method FAR Part 13 *Solicitation Method RFQ *Evaluation Type LPTA

Reviewer Position Reviewer Name Reviewer Signature and Date

Supervisor/Team Patricia Benson patricia.benson@va.gov Digitally signed by patricia.benson@va.gov DN: cn=patricia.benson@va.gov Date: 2014.09.08 12:20:54 -0700

By signing this review and addressing each finding, the supervisor validates the contract file is correct and ready for final clearance. IAW the VHA IOP SOP, the supervisor is responsible for validating that all required corrective actions have been completed or justified and are uploaded to eCMS

Technical Reviewer PAULETTE PEREIRA, NCO18, REVIEW 9/8/2014 vhav18pereip@va.gov Digitally signed by vhav18pereip@va.gov DN: cn=vhav18pereip@va.gov Date: 2014.09.08 10:23:03 -0700

By signing this review, I affirm the technical review is complete.

Enter Other Reviewer Information Here if Required

Indicate Position and Name of Additional Applicable Reviewer above

Clearance Authority

By signing this review, I affirm that the action under review has received final clearance.

Reviewer Findings (mark each Mandatory or Advisory) & Contracting Officer Responses

[+] [-] Rvwr: Supvsr Item No. 1 Source: Page: Para.: Line: Mandatory [] Advisory []

Rvwr Comment Reviewed -- No Comments. CO Response Rvwr Final Comment Refer to Legal [] Completed []

[+] [-] Rvwr: NCO Item No. 2 Source: JOFOC Page: Para.: Line: Mandatory [] Advisory [x]

Rvwr Comment NCO QA COMMENT: ASIDE FROM THE MANDATORY FAR PART 6.303-2 (CONTENT OF THE J&A), RECOMMEND THE CS/CO GET INTO THE HABIT/PRACTICE OF REVIEWING WHAT IS EXPECTED TO BE IN A J&A (FOR VHA/SAO/NCO), AS THE VHA HCA HAS CREATED A CHECKLIST IAW WITH FAR 6.303, LINK: http://vaww.pclo.infoshare.va.gov/PCLO/AWI/OPS/SoleSourceJustifications/JA%20Checklist.xlsx PNP, 9/8/2014 CO Response Rvwr Final Comment Refer to Legal [] Completed []

[+] [-] Rvwr: NCO Item No. 3 Source: JOFOC Page: 1 Para.: 3 Line: Mandatory [] Advisory [x]

Rvwr Comment **NCO QA COMMENT:** IAW THE VHA HCA CHECKLIST FOR J&As, RECOMMEND THE CS/CO ADD THE PERIOD OF PERFORMANCE (POP) OF THE REQUIREMENT WITHIN THIS PARAGRAPH. PNP, 9/8/2014

CO Response

Rvwr Final Comment Refer to Legal Completed

Rvwr: Item No. Source: Page: Para.: Line: Mandatory Advisory

Rvwr Comment **NCO QA COMMENT:** IAW THE VHA HCA CHECKLIST FOR J&As, RECOMMEND THE CS/CO ADD COMMENT REGARDING ACTIONS TO ALLEVIATE LONG-TERM SOLE-SOURCE DEPENDENCY (I.E., WILL MORE SIMILAR FSS AWARDS BE MADE THAT NCO21 CAN UTILIZE IN THE FUTURE?) PNP,9/8/2014

CO Response

Rvwr Final Comment Refer to Legal Completed

Rvwr: Item No. Source: Page: Para.: Line: Mandatory Advisory

Rvwr Comment **NCO QA COMMENT:** RECOMMEND THE CS/CO LIST THE ANTICIPATED COST OF THIS REQUIREMENT (\$349,830.00) WITHIN PARAGRAPH 7 AND MENTION THAT THE CS/CO HAS DETERMINED THIS ANTICIPATED COST TO BE FAIR AND REASONABLE BASED ON CURRENT MARKET RESEARCH (DOCUMENTED IN P02); COMPARISON WITH HISTORICAL SIMILAR PROCUREMENTS (LIST PREVIOUS OPEN MKT PROCUREMENTS); AND CURRENT SIMILAR CATALOG/LIST PRICES, IAW FAR PART 13.106-3(a)(ii) . PNP, 9/8/2014

CO Response

Rvwr Final Comment Refer to Legal Completed

Rvwr: Item No. Source: Page: Para.: Line: Mandatory Advisory

Rvwr Comment

CO Response

Rvwr Final Comment Refer to Legal Completed