

## DEPARTMENT OF VETERANS AFFAIRS

### Justification and Approval (J&A) For Other Than Full and Open Competition (>\$150K)

1. **Contracting Activity:** Department of Veterans Affairs, Network Contracting Office 23, 708 S. Third Street, Suite 200E, Minneapolis, MN 55415, on behalf of the VISN 23 Network Hospitals. This is a Justification for Other Than Full and Open Competition.
2. **Nature and/or Description of the Action Being Processed:** Justification and approval for a modification to contract VA263-P-1088 to increase the contract maximum from \$12,000,000 to \$13,500,000. The original contract was estimated at \$7,450,000, and was modified to \$12,000,000 in December 2014. It is a firm fixed priced IDIQ contract for Reference Lab services for the entire VISN 23 hospital portfolio. The original contract has an expiration date of April 30, 2016 and we are utilizing FAR 52.217-8, Option to Extend Services to extend the contract until October 30, 2016. The current contract has a total of \$10,500,000 orders placed against the contract and services need to continue until a long term contract can be put in place. The contract usage increased by 67% from Fiscal Year 2011 to Fiscal Year 2015. This increase has caused us to reach or estimated quantity for the entire contract in Option Year IV. The modification will update the contract maximum to state a firm amount of \$13,500,000 and extend the date of the contract for six (6) months.
3. **Description of Supplies/Services Required to Meet the Agency's Needs:** VISN 23 Pathology & Laboratory Medicine Service Line (PLMS) has a requirement for Reference Laboratory Services and does not have the capability to perform these services in-house. The current contract has approximately 4500 unique tests that are completed under this contract for VISN 23. The value of this modification will be for \$1,500,000. VISN 23 PLMS provides a variety of services; however, the laboratory services are limited to routine diagnostic testing and laboratory personnel do not perform unique, highly specialized testing like a larger reference laboratory testing facility would provide. Due to the high costs associated with the implementation of these diagnostic tests (equipment, accreditation, proficiency testing, etc.) in-house, it is more cost effective to utilize a Reference Laboratory facility that provides an extensive number of specialized tests beyond the capability of any current VISN 23 Medical Center or Hospital Laboratory.
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
5. **Demonstration that the Contractor's Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above (applicability of authority):**


At this time, the incumbent contractor, Quest Diagnostics, is the only known contractor that has the resources (manpower, experience, technical/operational knowledge and interconnection of computer systems) to perform the critical mission for the short term contract. The current contract is nearing its estimated contract maximum of \$12,000,000. An integrated product team (IPT) waiver is being developed for the new long term VISN-wide contract. However, it is anticipated that a minimum of two hundred and twenty business days will be required to procure and potentially transition the current workload to another contractor without any disruptions in services.

As these diagnostic testing services are necessary in the diagnosis and treatment of illnesses and disease, VISN 23 PLMS requires continuation of services until a new contract has been awarded and the awardee has achieved full implementation of the required services. It wouldn't be feasible to complete an interim competitive contract for this shorter period. The statement of work needs to be revised and schedule needs to be updated. It would also not be possible for other vendors to compete because VA doesn't have the transition time to switch to a new vendor and have their testing facility operational with our computer system.

6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** An Intent to Sole Source was posted on FBO.gov on February 19, 2015 with responses due February 29, 2016. No additional contractors identified them as a potential source for the short term emergency requirement. The modification to increase the ceiling is also important to allow adequate time to procure the long-term requirement. It is imperative that we allow enough time to thoroughly review the existing lab test schedule to ensure that we don't eliminate any competitors by being too restrictive with the quantity and type of tests.
7. **Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:** The existing IDIQ contract was competed initially. The modification is just to increase the maximum contract ceiling. The existing line item prices will remain the same and were considered fair and reasonable based on adequate price competition.
8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** Current market research has determined that there are at least (3) three possible vendors that are able to provide reference laboratory services. However, due to the VA's security requirements and data connectivity prior to implementation of contract performance, the number of potential vendors are limited.  
  
All three vendors identified in the market research will be provided a link to the long term solicitation that will be posted on FedBiz Opportunities, when it becomes available.
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:** No sources responded to the intent to sole source. It is anticipated that the long term contract will have interest from Quest Diagnostics, ARUP Laboratories, and Lab Corp.
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:**

An Integrated Product Team (IPT) waiver is being processed. The VISN 23 PLMS is working on the documentation required to release a VISN-wide solicitation that is anticipated to be released in FY 16. Future solicitations will be released with adequate contract maximums to ensure future needs are properly addressed within the initial contract action.

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.

  
Jill Johnson  
Health Systems Specialist  
VISN 23 Pathology & Laboratory Medicine Service Line

2-23-16  
Date

13. **Approvals in accordance with the VHAPM, Volume 6, Chapter VI: OFOC SOP.**

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

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Julie Stout  
Contracting Officer  
NCO 23

\_\_\_\_\_  
Date

- b. **Director of Contracting /Designee (Required \$150K and above):** I certify the justification meets requirements for other than full and open competition.

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Daryl Berg  
NCO 23 Director of Contracting

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Date