

JUSTIFICATION
FOR OTHER THAN FULL AND OPEN COMPETITION

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Acquisition Operations
Technology Acquisition Center
23 Christopher Way
Eatontown, NJ 07724
2. Description of Action: The proposed action is for a sole source time-and-materials contract for Electronic Data Interchange (EDI) software development services with Kforce Government Solutions (KForce).
3. Description of Supplies or Services: The proposed action is for EDI software development services which will provide developer/architect expertise to perform system development life cycle tasks in the development of EDI applications. The proposed action will support the VA Financial Services Center (FSC). FSC is a franchise fund site, operated under the Government Management Reform Act, P.L. 103-356. FSC receives no federally appropriated funding and is thus required to provide FSC services to customers on a fee-for-service basis. FSC provides financial services within VA, as well as to other Government agencies (OGAs). In order to meet the requirements of both internal VA and external OGA customers, FSC develops EDI applications using standard software development languages. Under the proposed action, the Contractor shall perform the tasks required to maintain FSC's custom-developed EDI applications. The Contractor also must meet requirements for continued custom development efforts in order for FSC to meet its mission. The primary tasks required are planning/design; analysis; development; testing; implementation; and maintenance. Software development projects will be assigned as each FSC service request is approved. This is a Time-and-Material contract and the Government estimates a need for 1280 Subject Matter Expert II hours, 1920 Subject Matter Expert III hours, 960 Subject Matter Expert IV hours, 320 System Analyst I hours, 320 System Analyst II hours, and 320 Program Manager hours in order to meet the requirements of the FSC Information Technology Service, Electronic Commerce Division.

EDI development services support multiple FSC healthcare claims processing business lines to include dialysis claims, Camp Lejeune family member medical claims, and VA's Accelerated Access to Care Initiative. The Accelerated Access to Care Initiative supports overflow of claims, involving the processing of claims to non-VA care providers to reduce wait time for Veterans' care. Failure to maintain and implement new releases for these applications will result in delayed and/or erroneous claim adjudication and payment processing for Veteran healthcare service providers. Healthcare service providers who are not paid timely and accurately for their services may cease to provide services to Veterans, resulting in longer wait times for Veterans to receive care through VA or other non-VA care providers.

In addition, these EDI development services support FSC's core financial business lines, which support all organizations across the VA. Critical services provided by the FSC include providing financial reports and accounting services, commercial payments, travel services, auditing service, electronic data interchange services, data analytics services, and payroll services. EDI software development is critical to maintain and enhance the applications depended upon by FSC in order to provide these core services. The period of performance will be two months from date of award, with two, 1-month option periods, if exercised. The current contract expires on September 30, 2016. The EDI development services are currently provided to VA by kForce via an Interagency Agreement (IAA) between VA and the General Services Administration (GSA). VA identified the IAA with GSA as one to be transitioned to a Transformation Twenty-One Total Technology (T4) Next Generation (NG) contract awarded and administered by the VA Technology Acquisition Center. Award of a competitive task order under the T4 NG contract was delayed due to unforeseen events outside of VA's control, namely emerging requirements that VA wasn't aware of. The subject contract action will provide required services until the task order under the T4NG contract is awarded in order to avoid a lapse in service and to also allow for a transition period to the new contractor. The total estimated value of the proposed action is \$ [REDACTED] inclusive of options.

4. Statutory Authority: The statutory authority permitting other than full and open competition is 41 U.S.C.3304(a)(1) as implemented by the Federal Acquisition Regulation (FAR) Subpart 6.302-1 entitled, "Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements."

5. Rationale Supporting Use of Authority Cited Above: The proposed source for this action is kforce Government Solutions Inc. 2677 Prosperity Avenue, Suite 100, Fairfax, Virginia 22031. Only kForce can meet all of VA's needs in the timeframe required under this acquisition. Specifically, kForce would not need any transition time, but any other source would require an extensive transitioning effort in order to meet VA's requirements. Also, any other source would have to complete various security level requirements to be able to deploy .NET coding to testing and production that kForce has already met. The EDI software coding is scripts of computer language that are essential to the successful deployment of VA's web based applications. Under this proposed effort VA requires a vendor to maintain several custom applications. Without meeting the aforementioned security requirements no other source can maintain these web and mainframe based applications. VA's technical experts anticipate any other source would require at least two to four months to complete this transitioning effort. This determination is based on efforts for similar services. In addition, kForce is currently finishing development on scripts for various web and mainframe based applications. Any other source would have to de-code the currently developed script and re-code the script into the new source's formatting. VA's technical experts have determined that it would take any other source at least two months to complete this de-coding effort. This estimate is based on similar de-coding efforts on other actions.

Failure to maintain and enhance applications supported by this EDI development services contract will result in delayed and/or erroneous claim adjudication and payment processing to Veteran healthcare service providers. Healthcare service providers who are not paid timely and accurately for their services may cease providing service to Veterans, resulting in longer wait times and potentially higher costs for Veterans to receive care through VA or another non-VA care provider.

In addition, FSC's core financial services (cited in Section 3 above) would risk interruption and delays if these development services are not provided on a continuous basis. For example, interruption of development services could result in VA employees not being paid timely and/or accurately if applications used to support FSC's payroll help desk are not functioning. FSC has no in house resources that can perform EDI development tasks required to maintain the systems. If this sole source contract is not awarded, VA's intragovernmental payment processing system provided as an accounting service by the FSC would not be supported, resulting in the thousands of monthly payments and collections between VA and non-VA organizations going unprocessed. This can result in a significant budget impact to VA, as collections against OGAs would not process timely. In addition, this could result in critical services such as facility leases (provided by GSA) and security guard services (provided by Department of Homeland Security) being terminated or accruing penalties due to lack of timely payment by VA. The loss of application support for FSC, which processes all VA finances for paying Veteran related support, can cause undue hardship for Veterans living paycheck to paycheck or awaiting on an approved claim to supplement their income and medical needs, in some cases which could actually lead to loss of their quality of life or life itself, but at a minimum the loss of the daily financial assistance the VA provides for their basic needs.

FSC's mission is to provide accurate, timely, customer-oriented financial services, which cannot be accomplished without continuous development services. A two month bridge, with options, will both prevent a gap in service and allow for the transition period from the incumbent contractor, kForce, to the new contract awardee. Loss of contractor support would result in extensive loss of Information Technology services that are vital to the Veteran population and VA operations as a whole.

6. Efforts to Obtain Competition: Market research was conducted, details of which are in the market research section of this document. This effort did not yield any additional sources that can meet the Government's requirements within the required timeframe. Upon completion of the new competitive award the requirement will be transitioned to the competitively awarded contract. Additionally, the proposed action will be synopsisized on the Federal Business Opportunities (FBO) website in accordance with FAR 5.201. Any proposals received shall be evaluated.

7. Actions to Increase Competition: VA intends to award a competitive contract in October 2016. All of the required services fall under the new competitive contract.

8. Market Research: VA's technical experts conducted market research in July 2016 for the procurement of EDI Software development services. The market research

consisted of a review of GSA Schedule 70, Small Business Administration (SBA) databases, the Past Performance Information Retrieval System (PPIRS) and internet queries for software development service companies including Government CIO, LLC, Oak Grove Technologies, Alamo City Engineering Services, and Micro Systems Consultants. There are a wide range of providers on GSA schedule 70, SBA databases, and in PPIRS, which provide commercial healthcare claims support services. While this research identified potential sources that could fulfill these requirements, the nature of the support required under this EDI development work effort would not make it possible for another contractor to succeed in providing services and a transition period in the timeframe required. Other sources may have the general capabilities to provide these services, but none of them can do it within VA's required timeframe without a break in support. It was determined that utilizing the already performing contractor, kForce, is the most efficient and suitable method for completing the required services. Based on market research kForce has the established technical expertise, technical approach, and approved VA access for completing the remaining services in the most time efficient and cost effective manner.

9. Other Facts: None.