

LIMITED SOURCE JUSTIFICATION
Medical Surgical Prime Vendor – Next Generation (MSPV-NG)
Blanket Purchase Agreements (BPA) for Medical Supplies

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Acquisition Operations
Strategic Acquisition Center 10300
Spotsylvania Avenue, Suite 400
Fredericksburg, VA 22408

2. Description of Action: The proposed action is for medical supplies, under the authority of Federal via the VA FSS V797D-40017 to Acquisition Regulation (FAR) 8.405-6, "Limited Sources." The required items are supplied by RGH Enterprises, DBA: Independence Medical, a large business, 1810 Summit Commerce Park, Twinsburg, OH 44087. These items will be procured populate the MSPV-NG formulary with mandatory health care supplies. The MSPV-NG formulary is a list of approved healthcare commodities including medical, surgical, dental, laboratory, facilities/cleaning products, and textiles. This LSJ will supply the MSPV-NG formulary with medical instrument and accessories distributed by RGH Enterprises, DBA: Independence Medical on a not-to-exceed 12-month period of performance until these items can be competed in accordance with FAR 8.405-3. As the identified required items are competed, they will no longer be acquired under the LSJ; thus, bringing the MSPV-NG formulary in compliance with the FAR 8.405-3, "Blanket Purchase Agreements".

3. Acquisition History: VHA manages the largest integrated healthcare system in the United States. In 2013, the system consisted of 21 Veterans Integrated Services Networks with approximately 150 medical centers, 820 outpatient clinics, and various other facilities to include Community Living Centers, Veteran Centers and Domiciliaries. Together, these health care facilities, and the more than 53,000 independent licensed health care practitioners who work within them, provide comprehensive care to about 9.3 million enrolled Veterans. The MSPV Program is the primary means to obtain medical and surgical supply support for the VA healthcare system through contract support. VHA, in cooperation with VA's National Acquisition Center (NAC), initiated contract support for the MSPV program in 2005. The result was the first generation of seven prime vendor distributor contracts that not only support VHA, but also support the Department of Health and Human Services, Department of State, Indian Health Service, and the Federal Bureau of Prisons.

Since that time, VHA and NAC have successfully executed two long-term, multiple-award 5-year contracts in support of the MSPV program. In 2015, upon expiration of the second MSPV program, a set of bridge contracts were executed by the NAC extending the period of performance to April 19, 2016. Those bridge contracts were as follows: VA797N-15-C-0003, VA797N-15-C-0004, VA797N-15-C-0005, VA797N-15-C-0006, VA797N-15-C-0007, VA797N-15-C-0008, and VA797N-15-C-0009.

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In preparation for the continuation of the MSPV Program, the Strategic Acquisition Center (SAC) assumed responsibility to award the new MSPV-NG contracts in 2014. Due to a protest and continued technical evaluations, the SAC Contracting Officer determined that a second set of bridge contracts would be required to ensure continuity of services and the continuance of healthcare support throughout the VA community beyond the bridge contracts' expiration on April 19, 2016. In February 2016, the SAC awarded the second set of bridge contracts. They are as follows: VA119-16-D-0007, VA119-16-D-0008, VA119-16-D-0009, VA119-16-D-0010, VA119-16-D-0011, VA119-16-D-0012, and VA119-16-D-0013. The period of performance for the second SAC bridge contracts began April 20, 2016, and will expire no later than April 19, 2017.

Leveraging the NAC's lessons learned, VHA and SAC developed a procurement strategy for a complete VA-wide MSPV formulary of approved supplies by April 2016. To execute this plan, VHA and SAC formed a team in February 2015, to initiate development of the MSPV-NG formulary. The goal of this team was to solicit and award approximately 7,000 individual line-items, identified as an optimal initial level, for the pending MSPV-NG formulary. The team developed a streamlined approach to solicit and award these items, which involved VHA providing salient characteristics for all 7,000 line-items, and SAC awarding competitive BPAs based on those salient characteristics.

Between April 2015 and January 2016, VHA forwarded to SAC approximately 4,400 individual procurement packages consisting of both single and multiple line-items, of which approximately 3,500 were solicited and 900 returned to VHA for inclusion in future grouping efforts. Although SAC issued multiple Requests for Quotations (RFQs), vendor response rates averaged less than 30 percent. Due to lack of response, SAC and VHA sought input from industry via a series of MSPV-NG Industry Days. When queried, industry partners indicated two main problems: (1) VHA's salient characteristics were flawed and/or insufficient. They did not appear to be based on clinical input, and often cited unnecessary manufacturer-specific features. This prohibited timely and quality responses, or no responses at all in many cases; (2) Industry also indicated the administrative burden of providing quotes for single-item BPA awards was not cost effective enough for them to provide quotes.

In order to obtain a better success rate, and work on completing new MSPV-NG contracts, two possible strategies were identified: (1) VHA created supply-line commodity teams, and began seeking clinical input for the development of salient characteristics. Additionally, logical commodity groupings were developed; and (2) moving forward, VHA's Program Management Office was to group line-items by supply-line categories, or by United Nations Standard Products and Services Codes. Supply-line categories were found to be the most favored by industry. In an effort to validate this, a Request for Information (RFI) was issued to industry in February 2016. The RFI

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results confirmed the supply-line category approach as the most appropriate method to solicit BPAs for item inclusion in the approved formulary.

On February 24, 2016, awards were made to four MSPV-NG distributors, with an estimated performance starting 120 days after notice to proceed. The period of performance under these contracts are scheduled to begin on October 20, 2016. It was anticipated the distributors would have a full-line of 7,000 competitively awarded BPA formulary line-items to populate their electronic catalogs (e-catalog). Due to lack of vendor response, the formulary fell short of the necessary items required to complete the Prime Vendor's e-catalog. In an attempt to resolve the shortfall identified above, numerous changes in VA's strategy for populating the formulary were considered. This directly resulted in the need to establish additional MSPV bridge distribution contracts to ensure continuation of service. The MSPV bridge contracts were awarded with a start date of April 20, 2016. This included a 3-month base period of performance, and three 3-month option periods. The final period of performance expiration date is not-to-exceed 12 months.

4. Description of Supplies/Services: The MSPV-NG formulary will consist of two tiers: 1) the 1,600 line items previously competed by the SAC and NAC, which is being automatically populated into the MSPV-NG formulary and estimated to be ready for use by October 20, 2016; and 2) the additional GSA items identified by VHA to be procured under this LSJ. This group includes 87 types of medical supplies distributed by RGH Enterprises, DBA: Independence Medical. Examples of items covered under this category include various types of medical and surgical instruments and supplies. The full list of items covered under this LSJ is as follows:

Part Number	Item Description	Estimated Quantity
FPHC3255	CHAMBER HUMIDIFIER HEATED FISHER & PAYKEL HOME CARE DISPOSABLE	2629
51324913	CLEANSER DERMAL 2OZ TUBE WOUND ALOE	83030
51325204	CLEANSER DERMAL 4OZ BOTTLE NO RINSE ALOE PH-BALANCED	14302
51325614	CLEANSER DERMAL 4OZ BOTTLE WOUND	59789

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50529975	CLEANSER DERMAL 8OZ SPRAY WOUND WATERLESS	2553
51325102	CREAM SKIN ANTIFUNGAL 2OZ TUBE W/ALOE VERA	4780
5459432200	CREAM SKIN BARRIER 4OZ TUBE VITAMIN E AND PETROLATUM	6006
IHBE6071	DISC,TRACHEOSTOMA ATTACHMENT,HOUSING FOR HEAT AND MOISTURE EXCHANGE CARTRIDGE,OVAL,ADHESIVE,CONTOUR,TRUSEAL,DISP OSABLE	113
SF230747	EXERCISER POSITIVE EXPIRATORY PRESSURE MOUTHPIECE W/PRES PORT/TUBING/MANOMETER/ PRES GAUGE	2048
FPHC432A L	HEADGEAR CPAP MASK LARGE W/HALO STRAP	888
FPHC432A M	HEADGEAR CPAP MASK MEDIUM W/HALO STRAP	483
000302	JELLY LUBRICATING TUBE 2OZ STERILE	8682
5032004	KIT BOWEL MANAGEMENT 4CML SILICONE CATHETER DRAINABLE COLLECTION BAG	229
570140050	KIT CATHETER SUCTION 14FR W/CONTROL VALVE LATEX GLOVEX2 /STERILE NORMAL SALINE	9567
6812142	KIT CATHETER SUCTION 14FR W/CONTROL VALVE LATEX GLOVEX2 POP-UP BASIN /STERILE NORMAL SALINE	24569
554894T	KIT CATHETER SUCTION 14FR W/CONTROL VALVE LATEX-FREE GLOVEX2 POP-UP BASIN	9935

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570089140	KIT CATHETER SUCTION 14FR W/CONTROL VALVE POP-UP BASIN IN SLEEVE	7466
6837424	KIT CATHETER SUCTION 14FR W/CONTROL VALVE VINYL GLOVEX2 POP-UP BASIN	53898
55002438	KIT NEBULIZER SMALL VOLUME MEDICATION MOUTHPIECE 7FT OXYGEN TUBING TEE ADAPTER BACT FILTER DISPOSABLE	62435
SA8900	KIT NEBULIZER SMALL VOLUME MEDICATION MOUTHPIECE 7FT OXYGEN TUBING TEE ADAPTER RESERVOIR	30313
921734	KIT NEBULIZER SMALL VOLUME MEDICATION MOUTHPIECE 7FT OXYGEN TUBING TEE ADAPTER RESERVOIR TUBE	8238
921882	KIT NEBULIZER SMALL VOLUME MEDICATION STANDARD CONNECTOR MOUTHPIECE 7FT OXYGEN TUBING TEE ADAPTER	22801
921884	KIT NEBULIZER SMALL VOLUME MEDICATION STANDARD CONNECTOR MOUTHPIECE 7FT OXYGEN TUBING TEE ADAPTER RESERVOIR TUBE	104720
921883	KIT NEBULIZER SMALL VOLUME MEDICATION STANDARD CONNECTOR MOUTHPIECE 7FT OXYGEN TUBING TEE ADAPTER RESERVOIR TUBE	192749
921885	KIT NEBULIZER SMALL VOLUME MEDICATION STANDARD CONNECTOR W/ADULT MASK 7FT OXYGEN TUBING	9664
57000792	KIT PERCUTANEOUS ENDOSCOPIC GASTROSTOMY DOME 20FR SILICONE PULL KIT PROC AIDS SNARE STERILE	218
MI22103	KIT SUCTION CLOSED SYSTEM 14FR 12IN F/TRACH DOUBLE SWIVEL ELBOW	16610
MI221038	KIT SUCTION CLOSED SYSTEM 14FR 12IN F/TRACH DOUBLE SWIVEL ELBOW W/MDI ADPTR	2347

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MI220135	KIT SUCTION CLOSED SYSTEM 14FR 12IN F/TRACH SWIVEL CONNECTOR	12035
MI2205	KIT SUCTION CLOSED SYSTEM 14FR 21.3IN F/ET TEE CONN W/FLEX TUBE W/ X9 VIALS NS W/ORAL SUCT KIT	13565
MI22015	KIT SUCTION CLOSED SYSTEM 14FR 21.3IN F/ET TEE CONN W/FLEX TUBE W/ X9 VIALS NS W/ORAL SUCT KIT	3148
MI227	KIT SUCTION CLOSED SYSTEM 14FR 21.3IN F/TRACH DOUBLE SWIVEL ELBOW W/ X3 VIALS NS	11320
MI22109	KIT SUCTION CLOSED SYSTEM 14FR 22.2IN F/ET DOUBLE SWIVEL ELBOW W/DIRECTIONAL TIP	1618
MI221	KIT SUCTION CLOSED SYSTEM 14FR 22.2IN F/ET STANDARD ELBOW	4895
MI2260	KIT SUCTION CLOSED SYSTEM 16FR 21.3IN F/ET DOUBLE SWIVEL ELBOW	1923
MI22606	KIT SUCTION CLOSED SYSTEM 16FR 21.3IN F/ET DOUBLE SWIVEL ELBOW W/ X12 VIALS NS	1613
MI207	KIT SUCTION CLOSED SYSTEM 7FR 12IN F/ET STANDARD ELBOW	1852
554682A	KIT TRACH CARE STERILE DRESSING TWILL TAPE BRUSH	13045
554681A	KIT TRACH CARE STERILE LATEX GLOVE DRESSING TWILL TAPE BRUSH	16521
6842201	KIT TRACH CARE STERILE LATEX GLOVE DRESSING TWILL TAPE BRUSH	14337

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6847800	KIT TRACH CARE STERILE VINYL GLOVES DRESSING TRACH PAD TWILL TAPE BRUSH BASIN PIPE CLEANERX4 COTTON APPLICATORX2	12362
MI02501822	KIT TUBE MIC PLACEMENT18F EACH	72
5466000771	KIT WRAP COMPRESSION STERILE NON ADHERENT DRESSING ABS DRESSING LIGHT ELASTIC BANDAGE 4IN X 10YD HEAVY ELASTIC BANDAGE 4IN X 7YD SELF ADHESIVE BANDAGE 4INW 4YDL LATEX-FREE	4291
50B14FBUS	KIT,CATHETERIZATION,CLOSED SYSTEM,INFECTION CONTROL,APOGEE,LATEX-FREE,FEMALE,POVIDONE IODINE,UNDERPAD,2 GLOVES,GAUZE	6052
570170SI16	KIT,CATHETERIZATION,FOLEY,COUDE TIP,16 FRENCH,2-WAY,5 CC BALLOON,LUBRI-SIL	665
55001206	MASK AEROSOL ADULT DISPOSABLE	46803
921083	MASK AEROSOL ADULT DISPOSABLE ELONGATED	51149
SA8150	MASK AIR ENTRAINMENT ADULT 24%-50%FIO2 W/7FT TUBING	7660
55001240	MASK AIR ENTRAINMENT ADULT 6 DILUTER KIT 24%- 50%FIO2 W/7FT TUBING	19565
FPHC431A	MASK BIPAP/CPAP ADULT FULL FACE DISPOSABLE W/HEADGEAR/SEALX3 AUTO-CONTOURING	7642
FP400441A	MASK CPAP-NASAL ZEST PLUS	769
FPHC407A	MASK NASAL	3319

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921041	MASK OXYGEN MEDIUM CONCENTRATION ADULT ELONGATED W/7FT TUBING	24888
921059	MASK OXYGEN NON-REBREATHER ADULT VINYL W/SAFETY VENT 7FT TUBING	22541
55001203	MASK OXYGEN NON-REBREATHER ADULT VINYL W/SAFETY VENT 7FT TUBING 3-IN-1 MASK LATEX-FREE MEDIUM CONCENTRATION	19349
55001225	MASK OXYGEN TRACHEOSTOMY ADULT DISPOSABLE SWIVEL CONNECTOR W/STRAP CLIP	30707
921075	MASK OXYGEN TRACHEOSTOMY ADULT DISPOSABLE SWIVEL CONNECTOR W/STRAP CLIP	23858
55001201	MASK OXYGEN W/TUBING	41583
TO6083	MOISTURIZER MOUTH 0.5OZ	12673
55002446	NEBULIZER DISPOSABLE 7FT OXYGEN TUBING 10ML W/TEE ADAPTER/MOUTHPIECE/6IN FLEX TUBE	16606
923728	NEBULIZER DISPOSABLE W/AIR ENT 28%-98% FIO2 760ML STER H2O	7512
55002433	NEBULIZER HAND-HELD 7FT OXYGEN TUBING ADULT MASK	22026
55CK0010	NEBULIZER PRE-FILLED CANNISTER/CAP 1000ML	53011
627571	OINTMENT SKIN CARE ANTIFUNGAL MOISTURE BARRIER W/MICONAZOLE NITRATE PERINEAL 2OZ TUBE	7431

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51324908	OINTMENT SKIN CARE MOISTURE BARRIER W/ALOE VERA PERINEAL 8OZ TUBE	78023
627566	OINTMENT SKIN CARE MOISTURE BARRIER W/PETROLATUM/DIMETHICONE PERINEAL 2.5OZ TUBE	5659
627567	OINTMENT SKIN CARE MOISTURE BARRIER W/PETROLATUM/DIMETHICONE PERINEAL 6OZ TUBE	10465
61773621	SET ENTERAL PUMP KANGAROO 924 PRE-ATTACHED 1000ML BAG CAP CLOSURE	23645
61763656	SET ENTERAL PUMP KANGAROO JOEY 1000ML BAG	12619
61702505	SET FEEDING W/TUBING 1000ML BAG	20650
61763662	SET,ENTERAL FEEDING BAG,DEHP-FREE,1000 ML,FOR USE WITH KANGAROO JOEY PUMP,ANTI FREE-FLOW COMPONENT,WITH FLUSH BAG	4246
57740013	SKIN CARE OSTOMY PROTECTIVE BARRIER WIPE	3053
622041	SKIN CARE OSTOMY PROTECTIVE BARRIER WIPE	9880
54420400	SKIN CARE OSTOMY PROTECTIVE BARRIER WIPE	10344
5459420600	SKIN CARE OSTOMY PROTECTIVE BARRIER WIPE NO STING	23768
51325304	SOAP LIQUID 4OZ CONCENTRATE	13759

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882201	STETHOSCOPE DUAL HEAD TUNABLE DIAPHRAGM/BELL 28IN TUBING	700
CP200002	SYSTEM DECLOGGING F/ENTERAL FEEDING TUBES KIT ORAL SYRINGE W/DECLOGGING POWDER SYRINGE/6CC 12IN APPLICATOR	932
6214050	SYSTEM FISTULA AND WOUND MANAGEMENT DRAIN POUCH 4INX6.75IN CUT AREA FLEXIBLE LID SHEATH PLASTIC CLAMP	133
TO6512	SYSTEM ORAL HYGIENE SUCTION AND CLEANSING NAHCO3 SUCTION SWABX2 MOUTHRINSE	32704
51324509	WASH PERINEAL 250ML CLEANSING SPRAY BOTTLE	15167
55CN0010	WATER INHALATION STERILE 1000ML	17325
552D0735X	WATER INHALATION STERILE BAG 1000ML	46588
627910	WIPE DRY 10INX12FT AG TEXTILE WITH SILVER COMPLEX ROLL	5802
627912	WIPE DRY 10INX36IN AG TEXTILE WITH SILVER COMPLEX ROLL	5175
48WCPP10 00	WIPE PERSONAL CLEANSING PRE-MOISTENED 8-11X11- 14IN SCENTED W/EMOLLIENTS REFILL POP-UP PACK	43383
FQWW710	WIPE PERSONAL CLEANSING PRE-MOISTENED 8X12IN UNSCENTED W/EMOLLIENTS/ALOE REFILL ALCOHOL FREE	10279

The reprieve offered by this LSJ will allow VHA to continue placing orders under the MSPV-NG contracts on a temporary basis, and avoid an interruption in the healthcare supply chain while SAC pursues competitive procurements for the MSPV-NG formulary items.

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The proposed types of medical supplies will be ordered under the authority of this LSJ. These items have been identified as high-use medical items vital to the successful implementation of the MSPV-NG program. VHA analyzed the fiscal year (FY) 2015 Medical Products Data Bank, focusing on the top high-volume purchases and identified 87 types of critical medical supply distributed by RGH Enterprises, DBA: Independence Medical. Until the MSPV-NG formulary is completed, VHA's ordering officers will be allowed to place orders for the required medical supplies. The anticipated total value of the proposed BPA over the life of the agreement is \$9,503,330.55. The period of performance is not to exceed 12 months.

5. Statutory Authority and Supporting Rationale: The statutory authority permitting other than full and open competition is in accordance with FAR 8.405-6(a)(1)(i)(A), an urgent and compelling need exists, and following the procedures would result in unacceptable delays.

6. Rationale Supporting the Authority Cited Above: Urgent and compelling circumstances which significantly affect the interest of the Government will not permit competition in accordance with FAR 8.405-3, "Blanket Purchase Agreements (BPAs)". Significant adverse consequences will occur if the LSJ is not approved as the VA health care supply chain will be negatively impacted. Continuance of the MSPV Distribution Program is vital; any delay of distribution will directly impair the delivery of healthcare and services to approximately 9.5 million Veterans currently receiving care through the VA Healthcare System. A break in the health care supply chain will hinder or halt the delivery of essential medical, surgical, dental, and laboratory supplies and other contracted medical/surgical, cleaning, rescue and safety supplies and services used in the direct delivery of patient care.

The VA Healthcare System receives approximately 40% of its medical and surgical supply support through the national MSPV Program. Many of these items are standardized throughout the VA Healthcare System, and are a part of the formulary being developed for use in the VA. The formulary drives efficiency and familiarity in clinical practice which leads to improved patient outcomes and safety. It also decreases variation, thus reducing time to train and results in fewer errors when providing care. Standardization provides healthcare system benefits that are maximized because standardized items are interoperable. Facilities can then reinvest the savings earned into equipment and personnel that further enhance patient care.

Estimated cost reduction for purchase of individual items through the MSPV formulary is approximately \$4M over the course of the twelve months proposed under this LSJ. The \$4M estimate does not account for efficiencies in the ordering and inventory

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management processes. Overall annual inventory reduction specifically attributable to MSPV is estimated at approximately \$40M.

Disapproval of the LSJ will result in a disruption in the health care supply chain and negate these potential savings as facilities source supplies through other means. Workload, man-hours, and cost of operations will increase as already depleting resources are lost and the agency will revert to the inefficient means of sourcing medical supplies as before the introduction of the national MSPV program in 2005. Those inefficient methods include use of purchase cards and local VHA contracting.

Use of purchase cards as an ordering method has shown to be more than 5 times the workload burden of using the delivery order method under the MSPV program. In addition, there are approximately 2000 contracting staff in VHA, processing 576,134 formal contracting actions annually. If the MSPV Ordering Officers were unable to place orders via MSPV, and those transactions were added to the workload of an already overburdened contracting staff, the result would be catastrophic.

Lead times to procure these items through contracting for other than emergency orders are 45 days; emergency orders require action within three days. All orders would become emergencies to ensure timely delivery of healthcare to Veterans. Canceled surgeries due to lengthy supply lead times would possibly become the norm, and thus, adversely affecting timely access to care. Items critical to provide immediate care will be jeopardized, and will directly impact the safety and lives of Veterans.

VA has a critical role in the comprehensive emergency response to support local, regional, or national emergencies or disasters. VA is charged with the delivery and coordination of support missions for VA facilities affected by disasters, and also performs missions assigned to VA by FEMA or US Dept. of Health & Human Services for response to and recovery from nationally-declared emergencies and disasters. The Prime Vendor Program is critical to ensure VA provides a full range of support to healthcare facilities to ensure resiliency, continuity and rapid recovery of healthcare services during disasters and other potential disruptions to healthcare service delivery. VAMCs and other select Federal facilities are designated Federal Emergency Medical Facilities with significant contingency and emergency response roles. Accordingly, the MSPVs provide emergency supply support during major catastrophic events. Any interruption in the health care supply chain significantly jeopardizes the ability of VA to ensure minimum disruption to delivery of critical services in a contingency situation. This would directly impact healthcare delivery to our nation's Veterans.

Other alternatives were considered, including using both the legacy bridge contracts, and the MSPV-NG contract concurrently until all of the required items can be

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competitively awarded. The confusion this would create in the field is insurmountable, as field staff will face the uncertainty of which contracts to use and when. A well coordinated supply chain is necessary to ensure facilities are supported, and Veterans are cared for timely. There are no reasonable alternatives that would adequately address the circumstances presented. Any financial costs incurred by the Government to execute the BPAs under the authority of the LSJ, and any potential costs or cost avoidance not realized through competition would not outweigh the benefits received through continuance of the health care supply chain. Approval of the LSJ is in the best interests of the Government and is justified by the urgency of the circumstances.

The cost to the Government if the LSJ is not approved would not be primarily financial, although it is significant. The non-monetary costs of the health, welfare and safety of millions of Veterans cannot be quantified. Every effort was made to compare these costs, benefits and other options; the VA cannot rationally find any other reasonable or timely alternative.

VA considered the cost to the integrity of the procurement system and VA acknowledges the importance of protecting the integrity of the procurement system. However, VA feels this is an extraordinary situation, and maintains that due to an already constricted schedule, and the significant impact of these BPAs on the delivery of medical and surgical supplies and services to millions of Veterans, the facts of this case justify the unusual measure proposed under this LSJ. VA considered the balance of the integrity of the procurement system, and the interest of the Government and determined that the issuance of the BPAs under the authority of this LSJ is mitigated and justified. A break in the health care supply chain will be costly and detrimentally disruptive to VA operations and delivery of critical healthcare services to 9.5 million Veterans. Items procured under the authority of this LSJ will be included in the MSPV supply chain for a maximum period of twelve months until the item can be competitively awarded. At such time the item will be removed from the supply chain and replaced with the competitively awarded functional equivalent.

This action is vital to support VA's nationwide healthcare system and prevent disruptions to Veteran care. The identified medical items represent supplies collectively determined essential by VHA medical centers to meet VA patient care needs. Continued use of these products and source of supply will ensure timely delivery and minimize VA supply chain interruptions. The vendor for these items was selected through use of data analytics tools and the Medical Product Data Bank (MedPDB).

The MSPV-NG program is the primary means to obtain medical supplies; these items are regarded as critical to patient care. These items are currently available under the legacy MSPV contracts. Failure to make them available under MSPV-NG would have catastrophic effects on the field's ability to support medical centers. Each item would

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have to be purchased individually either via purchase card, or through local VHA Contracting Offices, with lead times of up to 45 days. VHA Logistics and Contracting do not have the capacity to meet the constant throughput of high cost/high volume daily individual orders required to meet clinical care needs. Bottlenecks resulting from capacity issues would result in insufficient inventory to meet critical needs for Veteran patients, and will have a significant patient safety impact. It is imperative that VA transition from the present way of doing business under the current MSPV program to the new and revised mandatory MSPV-NG program. In executing this change the following improvements will be realized:

- a. The MSPV-NG distributors shall not ship any medical/surgical or any other supplies that are not on the Government-provided MSPV-NG formulary of approved medical/surgical supplies.
- b. The MSPV-NG distributors shall not charge any VA formulary approved suppliers to handle their product in conjunction with the contract.
- c. The Government mandates all distributors to be Electronic Data Interchange compliant and it is in the BPAs/contracts.
- d. The MSPV-NG distributors shall not require product suppliers to carry liability insurance in excess of \$1,000,000, charge tracking fees, and/or require additional discounts from product suppliers.

7. Efforts to Obtain Competition: MSPV-NG distribution contracts were awarded on February 24, 2016, and performance is scheduled to begin on October 20, 2016. The MSPV-NG distributors require VA's formulary in order to fulfill the medical requirements at VA hospitals and clinics. As stated previously, the Government intends to compete all line items within the next 12 months. Market research shows there is adequate competition in support of the new requirements. In accordance with FAR [5.301](#) and [8.405-6\(a\)\(2\)](#), these actions will be synopsized on Federal Business Opportunities Page (FBO).

8. Determination of Best Value: In accordance with FAR Subpart 8.404(d), the prices for supplies offered on FSS have already been determined to be fair and reasonable by NAC Contracting Officers. Given VHA's critical need for the previously identified formulary supplies, and the short turn-around time until the MSPV-NG formulary is fully implemented, VA intends to select the lowest published FSS vendor and seek additional discounts. To compete these items would result in unacceptable delays, and potential mission failure. In the future, additional discounts will be sought through competition for these products as part of the transition to the MSPV-NG formulary.

9. Market Research: The market research conducted for the MSPV-NG requirement showed there are multiple suppliers capable of providing medical products however; performance is required by October 2016, and VA does not have adequate resources

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for timely completion of the required items. VA has a need to have consistent, uninterrupted sources of supply that meets system-wide requirements without compromising direct patient care to VA medical centers and/or related facilities. VA has a plan to compete these items and market research supports this acquisition strategy.

10. Any Other Facts Supporting the Justification: SAC is currently establishing competitive single-award BPAs that are beginning to populate the MSPV-NG formulary. Competition is on-going; however, at the onset of MSPV-NG's period of performance, the formulary will not have sufficient breadth of medical products to meet the operational needs of VA. It is anticipated the MSPV-NG distributors will begin accepting and delivering orders on approximately October 20, 2016, for all items covered in this LSJ.

11. Actions to Increase Competition: As described above, VA will compete future requirements and continuously add necessary products to the MSPV-NG formulary. SAC will work with VHA's program office to remove or overcome barriers to competition in future acquisitions. VA has and will continue to meet with industry on a periodic basis for continued input and feedback on acquisition strategies. All future acquisitions of MSPV-NG BPAs will be solicited and awarded in a manner that promotes competition to greatest extent practicable.