

Chapter VI: Other Than Full and Open Competition (OFOC) SOP  
Attachment 2: Request for Limited Sources Justification Format >\$150K

**LIMITED SOURCES JUSTIFICATION**

**ORDER >\$150,000**

**FAR PART 8.405-6**

**Acquisition Plan Action ID: VA257-16-AP-4471**

This acquisition is conducted under the authority of the Multiple Award Schedule Program. The material or service listed in par. 3 below is sole source, therefore, consideration of the number of contractors required by FAR Subpart 8.4 – Federal Supply Schedules, is precluded for the reasons indicated below.

**Restricted to the following source:** Nihon Kohden, Replacement Monitors

Manufacturer/Contractor: Nihon Kohden

Manufacturer/Contractor POC & phone number: Robert Kohden 949-580-1555

Mfgr/Contractor Address: 15353 Barranca Pkwy Irvine, CA 92618

Dealer/Rep address/phone number: Not Applicable

The requested material or service represents the minimum requirements of the Government.

**(1) AGENCY AND CONTRACTING ACTIVITY:**

Department of Veterans Affairs Central Texas HCS

Olin E. Teague Veterans Medical Center

1901 Veterans Memorial Drive

Temple, Texas 76504

**VISN:** 17 Network Contracting Office

**(2) NATURE AND/OR DESCRIPTION OF ACTION BEING APPROVED:**

Request authorization for other than full and open competition for a replacement and upgrade of the current patient bedside monitoring system in order to continue uninterrupted delivery of direct patient care to the veterans. We intend to award a delivery order on a limited source basis to Nihon Kohden resulting in a firm fixed price supply award.

**(3) (a) A DESCRIPTION OF THE SUPPLIES OR SERVICES REQUIRED TO MEET THE AGENCY'S NEED:**

This medical device system is used to perform WMTS telemetry in the Emergency Department to determine medical concerns such as hypertension, myocardial infarction, oxygenation, cardiac rhythms, etc. Due to the reprocessing procedures after each use and to ensure patient safety a consistent standard of care and additional cameras are needed to meet the needs of the Veterans. The current system is obsolete and the manufacturer can no longer support any repairs. An upgraded system is required. The applicable Federal Supply Schedule is GSA/FSS Contract #V797P-4439B.

**(b) ESTIMATED DOLLAR VALUE: \$2,137,163.37**

**(c) REQUIRED DELIVERY DATE: October 1, 2016**

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**(4) IDENTIFICATION OF THE JUSTIFICATION RATIONALE (SEE FAR 8.405-6), AND IF APPLICABLE, A DEMONSTRATION OF THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS TO PROVIDE THE REQUIRED SUPPLY OR SERVICE. (CHECK ALL THAT APPLY AND COMPLETE)**

Specific characteristics of the material or service that limit the availability to a sole source (unique features, function of the item, etc.). Describe in detail why only this suggested source can furnish the requirements to the exclusion of other sources.

- CTVHCS recently installed a Nihon Kohden monitoring system in the Emergency Department (ED) during the month of June 2016 (previously awarded by NCO 17). The current replacement of the hospital's remaining Patient Monitoring system should continue with the same manufacturer Nihon-Kohden for the following reasons:
  - Patient Safety related to Operational Differences: Usage errors could increase in a situation where Doctors and Nurses encounter differing manufacturer's systems due to differing functionality, layout, and ergonomics.
  - Patient Safety related to staffing and competencies: Standard staffing practices across the nation require nurses to be pulled to other areas of a hospital in order to supplement unforeseen staffing challenges. In order to maintain staffing for the hospital, the nurses have to maintain competencies for the areas where they may be pulled. If two different patient monitoring systems are used the staff would have to maintain competencies on both systems which present many logistical issues and would increase the risks of potential harm to patients.
  - Clinically significant information would not transfer with patients through their continuum of care due to different monitor manufacturers. The patient would enter the hospital on a Nihon Kohden monitor in the ED and would then have to be placed on a different manufacturer's monitor for the next portion of their hospitalization. This would make for fragmented care. Using Nihon Kohden monitors throughout the hospital would allow the patient's entire cardiac activity to follow him/her through their hospitalization and would allow for an easy, quick review of trends and cardiac history.
- Age of system and parts availability:
  - Numerous repairs have occurred in a short time span which is leading to concerns that a trend is occurring with system reliability. The malfunctions are atypical and the manufacturer has not had the needed parts readily available. This has resulted in some monitors being off line for several months.
  - The current patient monitoring system is being phased-out of support by the manufacturer. Some parts are no longer kept in stock where the system is manufactured. As a result when some parts are needed, the manufacturer has needed to do a special manufacturing run to meet the need. This resulted in the last instances of a three month down time for several anesthesia monitors which hindered their operations.
  - As a result there is an increased risk exists that could lead to the need to shut down OR suites and or Centrally Monitored patient rooms while repairs are made due to patient safety guidelines.

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All of these issues can impact access to diagnosis and treatment of our veterans; as such the replacement of the system needs to be expedited. Furthermore, correspondence with the manufacturer and suggested source, Nihon Kohden, revealed that their equipment and software is proprietary. They do not allow others to distribute their products

- A patent, copyright or proprietary data limits competition. The proprietary data is: (If FAR 8.405-6(a)(2)iii before posting. Do not include specific proprietary data. Only mention the type of equipment, procedure, etc. to show that proprietary supplies or services are being procured.)
- These are “direct replacements” parts/components for existing equipment.
- The material/service must be compatible in all aspects (form, fit and function) with existing systems presently installed/performing. Describe the equipment/function you have now and how the new item/service must coordinate, connect, or interface with the existing system
- The new work is a logical follow-on to an original Federal Supply Schedule order provided that the original order was placed in accordance with the applicable Federal Supply Schedule ordering procedures. The original order must not have been previously issued under sole source or limited source procedures.
- An urgent and compelling need exists, and following the ordering procedures would result in unacceptable delays.

**(5) DESCRIBE WHY YOU BELIEVE THE ORDER REPRESENTS THE BEST VALUE CONSISTENT WITH FAR 8.4 TO AID THE CONTRACTING OFFICER IN MAKING THIS BEST VALUE DETERMINATION:**

GSA has already determined the price of this replacement monitoring system under the aforementioned schedule contract to be fair and reasonable. Therefore, ordering activities are not required to make separate determination of fair and reasonable pricing except for a price evaluation as required 8.405-2(d). However, the contracting Officer will ensure pricing is in accordance with the FSS and will seek additional discounts.

**(6) DESCRIBE THE MARKET RESEARCH CONDUCTED AMONG SCHEDULE HOLDERS AND THE RESULTS OR A STATEMENT OF THE REASON MARKET RESEARCH WAS NOT CONDUCTED:**

Market research was conducted by searching the General Service Administration (GSA) e-Library, FEDBIZOPS, VETBIZ, and National Acquisition Center (NAC) website utilizing the key words searches to determine if the requirement could be procured pursuant to FAR 8.002 (a) (1) and VAAR part 808.002 by mandatory sources. It was determined zero (0) SDVOSB/VOSB/SB vendors were available during the search.

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The requested Replacement Monitoring system is available on GSA/FSS Contract # V797P-44398B from Nihon Kohden. The unit cost includes a 25% discount on Equipment, 15% discount on Supplies, and 1% discount on selected items off of list price that is offered to their commercial customers, therefore the price is considered to be fair and reasonable for the Government based on the above discounts.

**(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:**

If there is a delay in this award, the interruptions in services or repairs would have a serious impact on patient care and emergency monitoring of patients. Additional market research was conducted to determine if the purchase of a new replacement monitoring system would be more costly than this current requirement. Network Contracting Office 19 awarded delivery order VA257-16-F-5095 on September 23, 2016 for \$5,917,830.22. This requirement was for a new Philips Healthcare patient monitoring system for the new VA Medical Center in Aurora, CO. The size of the facility is similar to the Central Texas VA Medical Center in Temple, TX, and the scope of the work involved to install the system would be similar to what would be required if a new patient monitoring system were purchased. It was revealed that the purchase of a new system would be more costly to The Government than the replacement/upgrade of the current patient monitoring system.

**(8) A STATEMENT OF THE ACTIONS, IF ANY, THE AGENCY MAY TAKE TO REMOVE OR OVERCOME ANY BARRIERS THAT LED TO THE RESTRICTED CONSIDERATION BEFORE ANY SUBSEQUENT ACQUISITION FOR THE SUPPLIES OR SERVICES IS MADE:**

The government does not plan a subsequent acquisition of the replacement of this system; therefore, the manufacturer's warranty, required maintenance, and repairs required to preserve the integrity of this system will be maintained to insure the longevity of this critical monitoring system.

**(9) 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. I understand that processing of this limited sources justification restricts consideration of Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4. *(This signature is the requestor's supervisor, fund control point official, chief of service or someone with responsibility and accountability.)*

**Paul D. Canaris**  
SIGNATURE

**201210**  
Paul D. Canaris  
Central Texas Veterans Health Care System  
FACILITY

Chief, Biomedical Engineering  
Location: CTX-874  
SEPARATE LINE/SECTION

Digitally signed by Paul D. Canaris 201210  
DN: dc=gov, dc=va, o=internal, ou=people,  
0092842.19200300.100.1.1=paul.canaris@va.gov,  
cn=Paul D. Canaris 201210

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**(10) APPROVALS IN ACCORDANCE WITH THE VHAPM, Volume 6, Chapter VI: OFOC SOP: *This part if 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.

Toni A Clendenen  
297976

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0.9.2342.19200300.100.1.1=toni.clendenen@va.gov, cn=Toni A  
Clendenen 297976  
Reason: I am approving this document.  
Date: 2016.07.13 12:45:14 -05'00'

SIGNATURE

07/13/2016

DATE

Toni A. Clendenen-Branch Chief, Services 2  
Harry T. Loughran  
977222

Digitally signed by Harry T. Loughran  
977222  
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0.9.2342.19200300.100.1.1=harry.loughran  
@va.gov, cn=Harry T. Loughran 977222  
Date: 2016.09.28 10:45:20 -05'00'

SIGNATURE

NCO 17

FACILITY

9/28/2016

DATE

Harry T. Loughran  
Chief, Division 1

**b. Director of Contracting/DESIGNEE:** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Geoffrey S. Ellazar  
711786

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DN: dc=gov, dc=va, o=internal, ou=people,  
0.9.2342.19200300.100.1.1=geoffrey.ellazar@va.gov,  
cn=Geoffrey S. Ellazar 711786  
Date: 2016.09.28 13:07:48 -05'00'

SIGNATURE

9/28/2016

DATE

Geoffrey S. Ellazar, Jr., CPCM, CFCM  
Director of Contracting

**HIGHER LEVEL APPROVAL (Required For orders over \$700,000):**

**c. VHA SAO HCA REVIEW AND APPROVAL (over \$700,000 to \$13.5 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 restricting consideration of the Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4

Delia A. Adams, MBA, CPCM  
Director SAO West  
Head of Contracting Activity

09/28/16

DATE