

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 Acquisition Regulation (FAR) 8.405-6, "Limited Sources." The required items are supplied by Cardinal Health 200 LLC, located at 3651 Birchwood Drive, Waukegan, IL, 60085. These items will be procured via Federal Supply Schedule (FSS) V797P-2210D to 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 Cardinal Health 200 LLC, Inc. 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: VA 119-16-D-0007, VA119-16-D-0008, VA119-16-D-0009, VA119-16-D-0010, VA119-16-D-0011, VA119-16-D-0012, and VA 119-16-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 FSS items identified by VHA to be procured under this LSJ. This group includes 85 types of medical supplies distributed by Cardinal Health 200 LLC. 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
20-01	GENERATOR ENVIRONMENT ENVELOPE ANAEROBIC SELF CONTAINED F/MITSUBISHI 0.4L JAR	884
3MA800	ACCESSORY OSMOMETER SAMPLE KIT 500 CELLS/CLEANERS FfADVANCED INSTRUMENT 3300	815
3LA825	ACCESSORY OSMOMETER SAMPLE TUBE 0.2ML F/FREEZING PNT OSMOMETER	360
202825	ACCESSORY OSMOMETER SAMPLE TUBE 20UL FfADVANCED INSTRUMENT 2020	200
3MA028	CONTROL OSMOMETER SERUM RANGE 3-LVL 240/280/320MOSM 1/EA	148
416-022	KIT DIRECT ANTIGEN DETECTION INFLUENZA A/B CUA WAIVED IMMUNOCHROMATOGRAPHIC LATERAL FLOW MEMBRANE CASSETTE 22TEST EACH W/POSITIVE/NEGATIVE CONTROL F/NASAL	711

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	WASH/PHARYNGEAL SWABS	
97021HS	REAGENT,CHEMISTRY ANALYZER,CARDIAC TROPONIN,PANEL, TRIAGE,25 TEST PER KIT,WHOLE BLOOD OR PLASMA	446
260685	ACCESSORY ENVIRONMENTAL SYSTEM POUCH-BAG F/CAMPYPAK	918
221261	MEDIA PLATE TSA W/5% SHEEP BLOOD	11,027
395097A	TEST HCG SERUM OR URINE QUALITATIVE MEMBRANE EIA 1 STEP 25MIU SERUM/URINE URINE CUA WAIVED/SERUM CUA MODERATE	314
987000	CAP VIAL F/BIO-RAD CONTROL SQUEEZER CAP	543
694	CONTROL CHEMISTRY GENERAL ASSAYED 76 CONSTITUENTS LEVEL 1 HUMAN SERUM LIQUID 12X3ML NO ETHYLENE GLYCOL W/QAP	544
695	CONTROL CHEMISTRY GENERAL ASSAYED 76 CONSTITUENTS LEVEL 2 HUMAN SERUM LIQUID 12X3ML NO ETHYLENE GLYCOL W/QAP	370
696	CONTROL CHEMISTRY GENERAL ASSAYED 76 CONSTITUENTS LEVEL 3 HUMAN SERUM LIQUID 12X3ML NO ETHYLENE GLYCOL W/QAP	545
544	CONTROL CHEMISTRY GENERAL ASSAYED AMMONIA/ETHANOL LEVEL 1 BOVINE LIQUID 3ML	1,615
545	CONTROL CHEMISTRY GENERAL ASSAYED AMMONIA/ETHANOL LEVEL 2 BOVINE LIQUID 3ML	977
546	CONTROL CHEMISTRY GENERAL ASSAYED AMMONIA/ETHANOL LEVEL 3 BOVINE LIQUID 3ML	1,704
180	CONTROL CHEMISTRY GENERAL CK-MB/MYOGLOBIN/TROPONIN I/T/HOMOCYST/CK/BNP/CRP/DIGITOXIN 3 LEVEL SET HUMAN LIQUID FfAUTO ANALYZERS 2X3ML EACH LEVEL	571
181	CONTROL CHEMISTRY GENERAL CK-MB/MYOGLOBIN/TROPONIN I/T/HOMOCYST/CK/BNP/CRP/DIGITOXIN LEVEL 1 HUMAN LIQUID FfAUTO ANALYZERS 3ML	175
183	CONTROL CHEMISTRY GENERAL CK-MB/MYOGLOBIN/TROPONIN I/T/HOMOCYST/CK/BNP/CRP/DIGI TOXIN LEVEL 3	539

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	HUMAN LIQUID FIAUTO ANALYZERS 3ML	
691	CONTROL CHEMISTRY GENERAL UNASSAYED 70 CONSTITUENTS LEVEL 1 HUMAN LIQUID 10ML	410
692	CONTROL CHEMISTRY GENERAL UNASSAYED 70 CONSTITUENTS LEVEL 2 HUMAN LIQUID 10ML	394
698	CONTROL CHEMISTRY GENERAL UNASSAYED 76 CONSTITUENTS LEVEL 2 HUMAN SERUM LIQUID 12X10ML NO ETHYLENE GLYCOL VAP	441
751	CONTROL CSF ASSAYED V LIGOCNL BANDING LIQUID LEVEL 1 MULTI-METHOD 3ML	1,119
752	CONTROL CSF ASSAYED V LIGOCNL BANDING LIQUID LEVEL 2 MULTI-METHOD 3ML	1,120
740	CONTROL DIABETES TESTING DRY HEMOLYSATE HI/NORM 0.5ML 3 EA LEVEL	636
146	CONTROL IMMUNOASSAY CARDIAC MARKER WICK- MB/TOTAL CK/HS-CRP/TROPONIN I/TROPONIN T MYOGLOBIN HOMOCYSTEINE INT-PROBNP/DIGITOXIN LEVEL 1 WLOW TROPONIN HUMAN SERUM 3ML ASSAYED LIQUID	2,002
147	CONTROL IMMUNOASSAY CARDIAC MARKER WICK- MB/TOTAL CK/HS-CRP/TROPONIN I/TROPONIN T MYOGLOBIN HOMOCYSTEINE INT-PROBNP/DIGITOXIN LEVEL 2 WLOW TROPONIN HUMAN SERUM 3ML ASSAYED LIQUID	1,890
148	CONTROL IMMUNOASSAY CARDIAC MARKER WICK- MB/TOTAL CKIHS-CRP/TROPONIN I/TROPONIN T MYOGLOBIN HOMOCYSTEINE INT-PROBNP/DIGITOXIN LEVEL 3 WLOW TROPONIN HUMAN SERUM 3ML ASSAYED LIQUID	2,412
591	CONTROL IMMUNOASSAY LEVEL 1 HUMAN 1ML ASSAYED 24 CONSTITUENTS LIQUID	290
592	CONTROL IMMUNOASSAY LEVEL 2 HUMAN 1ML ASSAYED 24 CONSTITUENTS LIQUID	164
593	CONTROL IMMUNOASSAY LEVEL 3 HUMAN 1ML ASSAYED 24 CONSTITUENTS LIQUID	301
360	CONTROL IMMUNOASSAY LIQUICHEK PLUS 3 LEVEL HUMAN SERUM 12X5ML ASSAYED 85 CONSTITUENTS LIQUID EACH LEVEL	1,096
361	CONTROL IMMUNOASSAY LIQUICHEK PLUS LEVEL 1 HUMAN SERUM 12X5ML ASSAYED 85 CONSTITUENTS LIQUID	2,192

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363	CONTROL IMMUNOASSAY LIQUICHEK PLUS LEVEL 3 HUMAN SERUM 12X5ML ASSAYED 85 CONSTITUENTS LIQUID	2,127
595	CONTROL IMMUNOLOGY MULTI ANALYTE 35 CONSTITUENT ASSAYED LIQUID HUMAN LVL 2 6X3ML	436
975	CONTROL URINE 2-LEVEL SET 16-CONSTITUENT W/HCG LIQUID HUMAN 3X12ML EACH LEVEL	383
27104	CONTROL,CHEMISTRY,CARDIAC MARKERS PLUS LT,LIQUICHEK,LEVEL 1A,3 ML,ASSAYED,HUMAN-SERUM BASED	192
297	CONTROL,CHEMISTRY,CARDIAC MARKERS PLUS LT,LIQUICHEK,LEVEL 1C,2.5 ML,ASSAYED,HUMAN-SERUM BASED	216
27106	CONTROL,CHEMISTRY,CARDIAC MARKERS PLUS LT,LIQUICHEK,LEVEL 1C,6 X 3 ML,LIQUID	239
298	CONTROL,CHEMISTRY,CARDIAC MARKERS PLUS LT,LIQUICHEK,LEVEL 2,2.5 ML,ASSAYED,HUMAN-SERUM BASED	205
299	CONTROL,CHEMISTRY,CARDIAC MARKERS PLUS LT,LIQUICHEK,LEVEL 3,2.5 ML,ASSAYED,HUMAN-SERUM BASED	233
287	CONTROL, IMMUNOLOGY, HOMOCYSTEINE,LIQUICHEK, LEVEL 1,1 ML,HUMAN SERUM BASED SOLUTIONS,HPLC AND IMMUNOASSAY ANALYZER,ASSAYED,SINGLE ANALYTE	118
288	CONTROL,IMMUNOLOGY, HOMOCYSTEINE,LIQUICHEK, LEVEL 2,1 ML,HUMAN BASED SERUM,SINGLE ANALYTE	132
289	CONTROL,IMMUNOLOGY, HOMOCYSTEINE,LIQUICHEK, LEVEL 3,1 ML,HUMAN SERUM BASED SOLUTIONS,HPLC AND IMMUNOASSAY ANALYZER,ASSAYED,SINGLE ANALYTE	94
310480	ASSAY TREPONEMA INTERGRALS	64
319130	CUVETTE DISPOSABLE REACTION	155
310600	KIT TEST METABOLISM 25 OH VITAMIN D COMPETITIVE IMMUNOLUMINOMETRIC DIRECT COATED MAGNETIC MICROPARTICLES W/CALIBRATORS 100TEST F/LIAISON	82
310460	LIAISON RUBELLA IGG	

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		216
319102	SOLUTION CHEMISTRY CHEMILUMINESCENCE LIGHT EMISSION CHECK LIAISON LYOPHILIZED 2ML RECONSTITUTED	98
183	KIT DIRECT ANTIGEN DETECTION G.VAGINALIS/BACTEROI DES/PREVOTELA/MOBILINCU S SP. CUA WAIVED ENZYME COLORIMETRIC SWAB/REACTION VESSEL 25TEST BACTERIAL VAGINITIS SCREEN	170
181	KIT DIRECT ANTIGEN DETECTION TRICHOMONAS VAGINALIS EIA DIPSTICK 25TEST W/POSITIVE CONTROL FNAGINAL SWAB	249
455007	TUBE URINE COLLECTION EVAC STERILE F/URINALYSIS/CHEM PLASTIC 10.5ML ROUND BOTTOM 13X100MM	1,071
MUREXZL31	KIT TEST MICROBIOLOGY IDENTIFICATION STAPH AUREUS LATEX AGGLUTINATION W/O DISPOSABLE CARDS 400TEST	248
20183	KIT DIRECT ANTIGEN DETECTION INFLUENZA A/B DIFFERENTIATED CUA WAIVED EXTRACTION STRIP 25TEST W/POSITIVE/NEGATIVE CONTROL W/SWAB F/NASAL WASH/PHARYNGEAL SWABS	612
20122	KIT DIRECT ANTIGEN DETECTION STREP GROUP A IMMUNOASSAY LATERAL FLOW MEMBRANE CASSETTE 25TEST POS/NEG & PROCEDURAL CONTROL F/THROAT SWAB/BACTERIAL COLONY	393
00178	TEST HCG SERUM OR URINE QUALITATIVE MEMBRANE EIA 1 STEP 10MIU SERUM/20MIU URINE URINE CUA WAIVED/SERUM CUA MODERATE	501
681001	GENERATOR ENVIRONMENT ENVELOPE ANAEROBIC SELF CONTAINED F/MITSUBISHI 2.5L JAR	1,063
30851501	KIT DIRECT ANTIGEN DETECTION CRYPTOCOCCUS NEOFORMANS LATEX AGGLUTINATION 50TEST F/SERUM/CSF	82
211172	KIT TEST MICROBIOLOGY IDENTIFICATION ENTEROCOCCUS/STREP GROUP A PYR CHROMOGENIC SUBSTRATE PAPER DISC W/DEVELOPER	878
R30859901	KIT TEST MICROBIOLOGY IDENTIFICATION STAPH AUREUS LATEX AGGLUTINATION W/PROCEDURAL CONTROL W/DISPO CARDS/MIXING STICKS/DISPO DROPPERS 120TEST	620

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R30950501	KIT TEST MICROBIOLOGY IDENTIFICATION STREP GROUP A/B/C/D/F/G LATEX AGGLUTINATION W/POSITIVE CONTROL W/EXTRACTION ENZYME REAGENT 50TEST	223
501501	LOOP INOCULATING PLASTIC DISPOSABLE 1UL	235
R02049	MEDIA BI-PLATE TSA W/5% SHEEP BLOOD/ MACCONKEY	525
R01821	MEDIA PLATE CHROMOGENIC SUBSTRATE MRSA F/NASAL COLONIZATION 100MM	2,948
R01822	MEDIA PLATE CHROMOGENIC SUBSTRATE MRSA F/NASAL COLONIZATION 100MM	2,542
R01552	MEDIA PLATE MACCONKEY II AGAR	8,420
R01200	MEDIA PLATE TSA W/5% SHEEP BLOOD	13,111
R01202	MEDIA PLATE TSA W/5% SHEEP BLOOD	13,238
8311001	PANEL IDENTIFICATION RAPID HAEM/NEISS IDS RAPID NH	312
4336	ACCESSORY CYTOCENTRIFUGE CHAMBER HOLDER 1ML F/SAKURA FINETEK	90
4785	BLADE KNIFE TRIMMING STL SHORT 130MM	512
4980	BLADE MICROTOME FEATHER LOW-PROFILE W/DISPENSER	506
4685	BLADE MICROTOME STAINLESS STEEL HIGH-PROFILE W/DISPENSER F/LEICA BLADE HLDRS	1,423
4689	BLADE MICROTOME STAINLESS STEEL LOW-PROFILE W/DISPENSER F/ACCU-CUT/TISSUE-TEK MICROTOMES/CRYOSTAT ACCU-EDGE HLDRS	4,644
4793	BLADE SCALPEL PATH SS STER #62 F/ACCU-EDGE HNDL	350
4192	FILE STORAGE PARAFFIN BLOCK CABINET PLASTIC 1500 CASSETTE CAPACITY 6-DRAWER STACKABLE	612
6160	PART STAINER HISTOLOGY/CYTOLOGY FILTER ACTIVATED CARBON F/SAKURA TISSUE-TEK PRISMA	533
4899	PART TISSUE PROCESSING EQUIPMENT ACTIVATED CARBON CART TISSUE-TEK VIP 2/CS	188

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4770	TAPE COVERSLIP F/SAKURA COVERAID COVERSLIPPER 70M/ROLL	367
5035C	KIT REAGENT DIABETES HEMOGLOBIN A1C BAYER DCA 2000 10TEST	2,624
GKSGS	KIT TEST MICROBIOLOGY IDENTIFICATION STREP GROUP A/B/C/F/G LATEX AGGLUTINATION 50TEST	221
2083	TEST STRIP URINE MICROALBUMIN/CREATININE	1,344
2161	TEST STRIP URINE WBC/PH/PRO/GLU/KET/URO/BILI/BLD/N02/SG	11,120
2460-605	CONTROL CHEMISTRY GENERAL BETA- HYDROXYBUTYRATE/TDMS 3 LEVEL SET LYOPHOLIZED 5ML 2 EA LEVEL	228

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.

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 85 types of critical medical supply distributed by Cardinal Health 200 LLC. 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 \$10,833,666.63. 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

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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 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,

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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 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

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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 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.

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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 synopsisized 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 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.