

LIMITED SOURCES JUSTIFICATION
ORDER >\$150,000
FAR PART 8.405-6

Acquisition Plan Action ID: VA251-16-AP-4987 & VA251-16-AP-4988

This acquisition is conducted under the authority of the Multiple Award Schedule Program. The material or service listed in Paragraph 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:
Laboratory Corporation of America
Sherry Thomas, 614-210-2859
231 Maple Avenue
Burlington, NC 27215

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

(1) AGENCY AND CONTRACTING ACTIVITY:

Department of Veterans Affairs
Network Contracting Office 10
Attn: Jared Tritle, Contracting Officer
8888 Keystone Crossing, Suite 1100
Indianapolis, IN 46240
10

VISN:

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

The action being approved is for a temporary reference laboratory testing services task order. The task order will be for laboratory testing that cannot be completed in-house and must be sent out to a laboratory that can provide more extensive testing services. For this particular requirement, the testing menu will be varied and based upon test orders placed by the clinicians. This request is for the time period of 10/01/2016 through 12/31/2016 with three (3) additional one (1) month options through 3/31/2017. NIHCS requires this action in order to complete the transition process from Laboratory Corporation of America, the incumbent and recommended source for these services, and ARUP, Inc., who was awarded the new Reference Laboratory Testing Services BPA (see additional information in Paragraph 4).

The estimated value for the three (3) month base period for the Fort Wayne and Marion Campuses is \$240,000.00, and \$80,000.00 for each monthly option exercised thereafter, for a total estimated value, all options included, of \$480,000.00.

Fort Wayne, IN	Marion, IN
Base Period: \$150,000.00	Base Period: \$90,000.00
Option 1: \$50,000.00	Option 1: \$30,000.00
Option 2: \$50,000.00	Option 2: \$30,000.00
Option 3: \$50,000.00	Option 3: \$30,000.00

Subtotal: \$300,000.00	Subtotal: \$180,000.00
Total Estimated Value:	\$480,000.00

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

This requirement is for reference laboratory testing services for specimens of patients of the NIHCS, Fort Wayne, IN campus and the Marion, IN campus.

(b) ESTIMATED DOLLAR VALUE: \$480,000.00

(c) REQUIRED DELIVERY DATE: Services shall be provided October 1, 2016 through December 31, 2016 with three (3) one-month options through March 31, 2017.

(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.

☒ 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.

The Network 10 Contracting Office awarded Blanket Purchase Agreement (BPA) VA251-16-A-0008 with ARUP, Inc. on July 5, 2016. This BPA established the VISN 10 Medical Center's source of laboratory specimen send out analysis through July 2020. Part of the BPA requirements were that ARUP establish an interface with the VA utilizing the VISTA system to ensure instantaneous and automatic communication of test results from ARUP's laboratory in Salt Lake City, UT to the various Medical Centers. To establish such interface, each VISN 10 Laboratory had to manually build the interface and testing menus for over 1100 tests, which takes considerable resources to complete. VISN 10 Laboratories were given from July 5, 2016 through September 30, 2016 to complete the transition for a go-live date of October 1, 2016.

Shortly after award, the Northern Indiana Healthcare System, representing the Fort Wayne, IN Campus located at 2121 Lake Avenue, Fort Wayne, IN 46805-5100 and for the Marion, IN Campus located at 1700 East 38th Street, Marion, IN 46953-4568, lost both its Laboratory Manager and Laboratory Information Manager, both of which are critical in establishing the interfaces and building the test menus. In fact, other stations within the VISN much larger than NIHCS (e.g., Saginaw VA Medical Center, Battle Creek VA Medical Center) with both a Lab Manager and Lab Information Manager are on schedule to make the transition effective October 1, 2016, indicating how critical these two (2) roles are in making the transition occur.

As of this justification, neither role had been filled nor were the interface and test menus started, ensuring NIHCS would not make the original go-live date of October 1, 2016. NIHCS is, however, bringing supplemental, part time assistance from other stations within the VISN, ensuring the Government is making a good faith effort to ensure the transition from Laboratory Corporation of America to ARUP happens as quickly as possible.

Prior to the last bridge contract from March 31, 2016 through September 30, 2016, Laboratory Corporation of America had been performing these services via a VISN wide BPA since 2011. The services requested through this justification bridges the gap between the end of coverage for FY16 and the completion of NIHCS interface build with the contractor awarded the new BPA, ARUP, Inc. In order to change from LabCorp to another vendor, there are numerous tasks that will take considerable coordination and time. Assuming a full complement of personnel, programming the new pathology lab codes, calibration, IT issues, and validation issues takes at least three (3) months to successfully change vendors. NIHCS has not been able to begin the transition process due to staffing shortages, including the recent loss of their Laboratory Information Management and Laboratory Manager. Utilizing Laboratory Corporation of America, the current reference lab testing vendor best ensures continuity of care. Conversion to a new reference laboratory contractor for this bridge period would unduly complicate the tracking of patient results and cause the VA to be at significant risk for a patient incident. Changing vendors would also require significant installation of equipment, testing, training of new employees and contractor background investigations which would take at least three (3) months to complete. Currently, Laboratory Corporation of America has all the systems/courier/IT systems/staff in place and no other vendor could be operational by 10/01/2016.

- ☐ 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:

The order represents the best value to the Government consistent with FAR 8.4 for the following reasons:

- 1) Ordering from Laboratory Corporation of America will ensure patient safety by providing continuous access to a contractor to process laboratory specimens utilizing automatic electronic communications through VISTA, which no other contractor, at this time, has established;
- 2) Laboratory Corporation of America has successfully been performing these services since 2011 and has consistently gone "above and beyond" to ensure Government satisfaction with services, including short term orders.

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

No additional market research was conducted. The reason no additional market research was conducted was because this effort, on a VISN level, was recently competed amongst all FSS Schedule holders. A full evaluation was completed in Spring of 2016 and a new BPA was awarded to ARUP, Inc. In response to the RFQ, only three (3) offerors responded: Quest Diagnostics, ARUP, and Laboratory Corporation of America. These three (3) industry leaders are the only three (3) determined to be capable under the market research conducted for the VISN BPA in Fall of 2015 and cursory review of the FSS Schedule holders indicates no changes that would alter that previous determination. However, even with these other available contractors, none could ensure continuity of patient care and could have a new reference lab operational within the timeframe required by the Government.


(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:

As a result of the previously competed and awarded effort, no small businesses submitted quotes. In addition, based on previous market research and industry standards, there are no small business subcontracting opportunities for this effort.

(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:

At this time no action was taken to remove or overcome any barriers that led to the restricted consideration. The Government previously competed the requirement and is in the process of transitioning from Laboratory Corporation of America to ARUP, Inc. As the process to establish a contractor for use takes considerable resources, it would not be in the best interest of the Government to contract with a company other than Laboratory Corporation of America while we work to transition to Laboratory Corporation of America.

(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.)*

 9/20/16

Rocco Palmer
Administrative Officer
Northern Indiana Healthcare System

(10) 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.

Jared Tritle
Contracting Officer
Network 10 Contracting Office

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

Toni Waggoner-Boykin
Supervisory Contracting Officer
Network 10 Contracting Office