

DEPARTMENT OF VETERANS AFFAIRS

**Justification and Approval
For
Other Than Full and Open Competition (>\$150K)**

Acquisition Plan Action ID: VA260-16-AP-5225

1. **Contracting Activity:** Department of Veterans Affairs, VISN 20, Puget Sound Health Care System, Station 663, Requesting Office, General Medicine (123-GMS). Justification for Other than Full and Open Competition.
2. **Nature and/or Description of the Action Being Processed:** Purchase Request # 663-17-2-552-0003. This is a sole source action to establish a new bridge contract for the period of time between the old contract expiration date and the start date of the new contract. This will be an Indefinite Delivery Indefinite Quantity contract.
3. **Description of Supplies or Services Required to Meet the Agency’s Needs:** This procurement is for South Sound Community Based Outpatient Clinic (CBOC) services, currently located in Chehalis, WA. The contractor provides a leased building, equipment, furnishings, and staff required to operate an outpatient medical clinic. The total estimated value of the acquisition is \$. The Period of Performance is 11/1/2016 – 10/31/2017 (1 year) with FAR 52.217-8 included for a possible additional 6 months, 11/1/2017 – 4/30/2018.

Estimate:

| | IGCE |
|------------------------|------|
| Base Period | \$ |
| FAR 52.217-8 extension | \$ |
| Grand Total | \$ |

4. **Statutory Authority Permitting Restriction in Competition:** 41 USC §3304(a), as implemented by FAR 6.302.
 - (1) Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements per FAR 6.302-1;
 - (2) Unusual and Compelling Urgency per FAR 6.302-2;
 - (3) Industrial Mobilization, Engineering, Developmental or Research Capability or Expert Services per FAR 6.302-3;
 - (4) International Agreement per FAR 6.302-4
 - (5) Authorized or Required by Statute FAR 6.302-5;
 - (6) National Security per FAR 6.302-6;
 - (7) Public Interest per FAR 6.302-7;

5. **Demonstration that the Contractor’s Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above (applicability of authority):** A short term contract is needed to prevent a break in service while a new contract finishes the solicitation process. Sterling Medical Corporation is the incumbent contractor under VA260-16-J-0596 which will expire on 10/31/2016. As the incumbent, Sterling already has a leased facility, security-cleared employees, and

equipment and furnishings in place to serve the estimated 4,228 enrolled Veterans. CBOC contracts usually allow contractors 90 days after contract award to lease a facility, prepare employees, and have equipment and furnishings in place. Because the acquisition is still in the pre-solicitation phase, this will not be awarded in time, and only the incumbent (Sterling) could satisfy Agency requirements by providing a leased building, equipment, furnishings, and staff required to operate an outpatient medical clinic. In addition, the Government will be seriously injured unless the Agency is permitted to contract with the incumbent. These 4,228 patients look to the VA contractor for primary care medical services. Primary care includes, but is not limited to, medical diagnosis and medically necessary treatment(s) of physiological and pathological conditions. Care is directed toward health promotion and disease prevention, screening and treatment for traumatic brain injury, suicide prevention, management of acute and chronic medical conditions, pharmacological management, referral to specialty care, and continuity across the inpatient and outpatient settings. The VA hospital at American Lake cannot handle an influx of 4,228 patients during November 2016 should a break in service occur while a new contract finishes the acquisition process. Because of the above, unusual and compelling urgency exists. Work on the new South Sound CBOC contract first began on 6/25/2013 during a phone call between the Contracting Officer and the Contracting Officer's Representative which was followed up with an email and a link to the latest CBOC templates. Obstacles encountered since 2013 include: two Contracting Officer's Representatives (COR) changing jobs, the third COR persevering on it since 9/23/2014, changes to the Medical Sharing Office (MSO) CBOC Performance Work Statement (PWS) template, the CORs coordinating PWS input from all the Service Lines into the 86 page PWS, and making pre-solicitation review changes.

- 6. **Description of Efforts Made to Ensure that Offers are Solicited from As Many Potential Sources as Deemed Practicable:** Under normal circumstances this procurement would fall under usual requirements for open-market competition and be open to proposals by any and all eligible contractors.
- 7. **Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:** There will be two (2) contract line item numbers (CLIN). The incumbent has not yet been requested to respond to a Request for Proposal. The below figures are the Independent Government Cost Estimate (IGCE).

CLIN 0001, the unit of issue is per capita (per patient per month). Estimated quantity of enrolled Veterans is 4,228.

CLIN 0002 is for traveling veteran charges. Estimated quantity of traveling veterans is 28 patients per year.

Details of Estimate:

Base Year

| | Math | Totals |
|----------------------------------|---|--------|
| Primary Care (PC) Capitated Rate | \$ per patient per month x 4,228 patients = \$ /month | \$ |
| Traveler Rate | \$ x 28 patients | \$ |
| Total | | \$ |

FAR 52.217-8, 6-month extension, which would be those rates in effect under the contract; therefore, here the same rates will be used.

| | Math | Totals |
|----------------------------------|--|--------|
| Primary Care (PC) Capitated Rate | \$ per patient per month x 4,228 patients = \$/month | \$ |
| Traveler Rate | \$ x 14 patients | \$ |
| Total | | \$ |

Estimated Grand Total \$

The price the VA is paying under the current contract (VA260-16-D-0001) is the basis for this estimate. VA260-16-D-0001 was not competed. It was sole source with the incumbent contractor under Interim Contract Authority approved by the Medical Sharing Office. VA260-16-D-0001's price fair and reasonable was mainly based on the previous contract (VA260-P-0643, which was competed in 2010 on an unrestricted basis [VA260-08-RP-0378]) plus an inflation escalation. Price will be determined fair and reasonable by comparison with the current capitated rate of \$ plus inflation escalation. No certified cost or pricing data will be requested.

8. Description of the Market Research Conducted and the Results, or Statement of Reasons

Market Research was not Conducted (FAR 10): Market Research was conducted for the long term contract, including posting two Requests for Information (VA260-14-R-1574 and VA260-15-R-0528) on the Federal Business Opportunities website. In 2015 it was concluded that this acquisition would be procured Unrestricted. Additional due diligence in August 2016, after a U.S. Supreme Court Decision in the *Kingdomware* case, has led to a decision to set the long term acquisition aside for Service Disabled Veteran Owned Small Business. No market research was conducted for this short term contract; the need for a short term contract was not anticipated.

9. Any Other Facts Supporting the Restriction of Competition: The Interim Contract Authority via the Medical Sharing Office was used, 11/1/2015 – 4/30/2016. The Interim Contract's FAR 52.217-8, Option to Extend Services, clause has already been exercised, 5/1/2016 – 10/31/2016. The Medical Sharing Office has no further authority to extend services.

10. Listing of Sources that Expressed, in Writing, an Interest in the Acquisition: Market Research in August 2016 indicates that two small businesses owned and controlled by veterans will submit offers for the long term contract. No sources expressed, in writing, an interest in this short term acquisition.

11. Statement of Actions, if any, the Agency May Take to Remove or Overcome any Barriers to Competition before Making Subsequent Acquisitions for the Supplies or Services Required: The subsequent acquisition will be competed. The pre-solicitation package is under review by Legal. There are no known barriers to competition for the follow on contract. The follow on contract will be a contract with a base year plus 4 option years. The Acquisition Plan Milestones' Planned Dates and Actual Dates are attached.

12. Requirements Certification:

I certify that the requirement outlined in this justification is a bonafide 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 and belief.

JERALD K
PETERS 136910

Digitally signed by JERALD K PETERS 136910
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0.9.2342.19200300.100.1.1=jerald.peters@va.g
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Date: 2016.07.25 07:50:54 -07'00'

07/25/2016

Jerald Peters
Business Manager
General Medicine Service, 663

Date

13. 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.

Darlene J.
Anderson 462963

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0.9.2342.19200300.100.1.1=darlene.anderson
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Date: 2016.07.25 08:21:09 -07'00'

7/25/2016

Darlene Anderson
Contracting Officer
VISN 20, Medical Sharing Team 1

Date

- b. **Director of Contracting/Designee (Required \$150K and Above):** I certify the justification meets requirements for other than full and open competition.

Scott I. Benza
1119730

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0.9.2342.19200300.100.1.1=scott.benza@va
.gov, cn=Scott I. Benza 1119730
Date: 2016.09.14 16:43:21 -07'00'

14 Sep 2016

Scott I. Benza
Director of Contracting
Network Contracting Office 20

Date

- c. **HCA Review and Approval:** I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and recommend approval (if over \$13.5 million) or approve (\$700K to 13.5 million) for other than full and open competition.

Delia A.
Adams 196519

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Date: 2016.09.18 13:21:49 -07'00'

09/18/16

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

Date

P08 Acquisition Plan Milestones

| MILESTONE | PLANNED DATE | ACTUAL DATE |
|---|--|---|
| 1) Acquisition Plan approval | 9/11/2015 | 8/26/2015 |
| 2) Completion of acquisition package including: a) Purchase Request (VA Form 2237) b) Performance Work Statement c) Evaluation factors d) Evaluation plan e) Quality Assurance Surveillance Plan | 9/11/2015 | 5/27/2016 1/20/2016 6/15/2015 3/25/2016 5/11/2016 |
| 3) Justification for Other than Full and Open Competition | Not Applicable | Not Applicable |
| 4) Any other required D & F approvals | Not Applicable | Not Applicable |
| 5) Issuance of synopsis | 9/11/2015 | 9/12/2015 |
| 6) Solicitation reviews completed Peer Review Network Level QA Review Division Chief Review MSO Level Review PCS Review Legal Review | 10/8/2015 10/15/2015 11/5/2015 11/30/2015 | 5/11/2016 5/11/2016 5/19/2016 6/10/2016 6/15/2016 |
| 7) Issuance of solicitation | 12/15/2015 | |
| 8) Proposals due | 2/11/2016 | |
| 9) Evaluation of proposals | 3/3/2016 | |
| 10) Begin negotiations | 3/28/2016 | |
| 11) Complete negotiations | 4/25/2016 | |
| 12) Request final proposal revisions | 5/9/2016 | |
| 13) Final proposal revisions received | 5/16/2016 | |
| 14) Contract preparation, reviews, and clearances obtained: Peer Review Network Level QA Review MSO Level Review Legal Review | 5/25/2016 6/1/2016 6/22/2016 7/13/2016 | |
| 15) Contract Award | 7/27/2016 | |