

This is a sole source follow-on contract awarded to the incumbent Contractor to provide continuity of services for direct patient care for the period 3/1/2017 through 2/28/2018

## DEPARTMENT OF VETERANS AFFAIRS

### Justification and Approval (J&A)

For

### Other Than Full and Open Competition (>\$150K)

Requisition Action ID: VA257-17-AP-3396

1. **Contracting Activity:** The Department of Veterans Affairs (VA), Network Contracting Office (NCO17) at 2002 Scott Blvd, Temple, TX 76504 intends to enter into a sole source contract based on this Justification for Other Than Full and Open Competition for the South Texas Veterans Health Care System (STVHCS), Audie L. Murphy VA Hospital, 7400 Merton Minter Street, San Antonio, TX 78229. The purchase request number is 671-17-2-472-0033.
2. **Nature and/or Description of the Action Being Processed:** Primary Care Service has an emergent need to provide Community Based Outpatient Clinic (CBOC) Services to Veteran beneficiaries in the New Braunfels, TX area. The incumbent, C R Associates, Inc., is a large business currently providing these services under contract VA257-16-C-0073. The contract was awarded March 1, 2016 and is due to expire on February 28, 2017. At the New Braunfels CBOC, C R Associates, Inc. currently provides primary care services to approximately 2,400 Veteran beneficiaries. The current contract was awarded to allow time to put in place a competitive long term contract for a twelve (12) month base period plus one (1) six (6) month option period.

On June 30, 2016, STVHCS initially built a requirements package consolidating six CBOCs into one acquisition package. To better create small business opportunities and to foster competition, a decision was made to breakout the six CBOC locations into multiple acquisitions. On November 20, 2016, STVHCS completed one of six CBOC requirements. The long term competitive package affecting this CBOC is still in progress.

In June 2016, the Supreme Court issued the Kingdomware case decision that if two Service Disabled Veteran Owned Small Businesses (SDVOSBs) or Veteran Owned Small Businesses (VOSBs) source are available, the procurement action must be set-aside for SDVOSB/VOSB sources first. This decision affected how the VA solicits for supplies and services, which includes health care resources services contracts, such as CBOCs. In order to meet this requirement, extensive market research must be performed to determine the interest of SDVOSB/VOSB sources to participate on competitive procurements for CBOC services. The Office of Small & Disadvantaged Business Utilization (OSDBU) and NCO 17 Small Business Specialist hosted a virtual CBOC industry day on February 2, 2017 to assist in further market research effort. The industry day covered 15 CBOCs in North, Central and South Texas areas.

The best estimated procurement administrative lead time (PALT) is 390 days to execute a competitive CBOC acquisition. This PALT exceeds the amount of performance period time remaining on the existing contract. A new contractor would be required to locate new facilities or potentially expand their existing facilities, recruit staff to meet contract requirements, undergo VA background checks, and complete credentialing. Therefore, with the current contract due to expire on February 28, 2017, a follow on contract is required.

In an effort to provide uninterrupted services to the Veteran beneficiaries, a sole-source contract for a twelve (12) month base period and one six (6) month option period with the period of performance starting on March 1, 2017 is necessary. This proposed action will allow time to place a long term contract for CBOC services. A firm-fixed-price contract shall be awarded for this requirement.

3. **Description of Supplies/Services Required to Meet the Agency's Needs:** The requirement is for CBOC Services to be provided to Veteran beneficiaries. There is a continuing need to provide these services to Veteran beneficiaries. Therefore a sole-source contract for a twelve (12) month base period and one six month option period with the period of performance starting on March 1, 2017 will be executed. The total estimated value of this procurement is \$2,812,320.00; the base period value is \$1,874,880.00; and the six-month option period is \$937,440.00.

4. **Statutory Authority Permitting Other than Full and Open Competition:**

- (X) (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):** The services required by this procurement are essential to continued direct patient care. This is an emergent follow on requirement not only to continue to provide clinical services to current Veteran beneficiaries, but also to accommodate the increasing Veteran population. C R Associates, Inc., a large business, is currently providing these services under contract VA257-16-C-0073, which will expire February 28, 2017.

C R Associate is the only source capable of providing continuity of services within the strict time frame before contract expiration of February 28, 2017. Any change in contractor support at this time is not feasible as the process would require the new contractor to locate a new facility, recruit and hire staffing, undergo VA background checks and complete credentialing, which is not realistic given the time frame.

6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** Due to the need to continue to provide Veteran beneficiaries with CBOC services this requirement is being procured in accordance with FAR 6.302-1, Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements, as cited in paragraph 4 above. This requirement is being procured sole source from the current incumbent allowing for continuity of services pending procurement of a long term contract. Due to the nature of the services required the long term requirement will be competed. The intent to sole source this requirement will be synopsized in accordance with FAR Part 5.
  
7. **Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:** The anticipated cost is considered fair and reasonable based upon historical pricing and the Independent Government Cost Estimate (IGCE) based on cost per patient per month (PPPM). CBOC Services are commercial item services performed in the healthcare field for both Government and non-Government agencies; therefore, certified cost and pricing data is not required. Technical evaluation factors will not be used in this procurement as it is a follow-on sole source procurement to provide continued uninterrupted service to Veteran beneficiaries.
  
8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** This requirement is for a follow-on contract to provide continuity of services for CBOC Services to Veteran beneficiaries for the period March 1, 2017 – February 28, 2018. This requirement is being procured sole source from the incumbent to allow for continuity of services pending procurement of a long term contract. Therefore, it is determined to be in the Government's best interest to award the contract to the incumbent contractor, C R Associates, Inc., a large business.

The Small Business (SB) size standard under NAICS 621498 is \$20.5 Million in revenue per year. Market research has been conducted. Research conducted on Fed Biz Opps (FBO) revealed awards made for CBOCs under NAICS 621498 have all been made to large businesses. Awards listed under FPDS mirrored the same results as FBO. Research of Vet Biz and SBA dynamic search tools listed profiles of 46 SDVOSBs and 179 SBs, respectively. However, further research shows that the vendors listed do not currently operate clinics but provide supportive services in a sub-contractor capacity to clinics; such as, supply replenishment, maintenance services and staffing services.

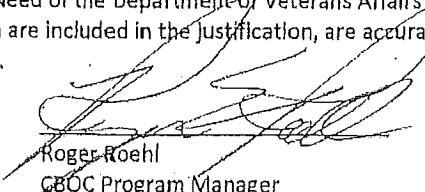
To further expand upon market research efforts, OSDDBU and the NCO 17 SB Specialist hosted a virtual CBOC industry day on February 2, 2017. The purpose of this event is to increase SB participation and encourage creating partnership for this complex requirement. This event covered 15 CBOCs in North, Central and South Texas areas. Subject matter experts explained the Statement of Work (SOW) and the PACT model to all interested participants. There were 80 participants; 15 were a combination of VA and SBA staff, and 65 were interested firms. These firms represented various socioeconomic groups: SDVOSBs-41, VOSBs-3, WOSBs-2, SBs-7, and LB-1. The other 11 participants did not identify their socioeconomic status. There were some participants interested in teaming arrangements between small and large businesses. However, it was undetermined which firms would pursue the arrangements with other firms.

Per the OSDDBU Representative, the industry day results reflect that it is unlikely that SBs can perform the requirement alone. Thus, any resulting CBOC procurement in the near future would be issue unrestricted.

In preparation, an Acquisition Product Team (APT) has been established. The overall estimated contract value is \$2,812,320.00 for a twelve (12) month base period and one six month option period. This is based upon the VA paying the vendor per patient per month (PPPM) capitated rate. It is expected that all currently enrolled veterans will be transferred to the new contract once a new contract is awarded.

9. **Any Other Facts Supporting the Use of Other than Full and Open Competition:** Due to the need for continuity of services to provide Veteran beneficiaries CBOC services to begin March 1, 2017, it is in the Government's best interest to procure these services from the incumbent, C R Associates, Inc.
10. **Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:** On February 2, 2017, NCO 17 and OSDDBU hosted a virtual CBOC industry day, specifically for the state of Texas. There were 80 participants; 15 were a combination of VA and SBA staff, and 65 were interested firms. This market research effort allowed for maximum opportunity to all interested small business types (including SDVOSBs/VOSBs) to participate in future CBOC services solicitations within NCO 17.
11. **A Statement of the 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:** As stated above, this is a follow on interim requirement being procured sole source under the authority of FAR 6.302-1, Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements, to ensure direct patient care is not jeopardized. Competition shall be sought for the long term contract requirement.

12. **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 and belief.

  
Roger Roehl  
CBOC Program Manager  
South Texas Veterans Health Care System

2-1-17  
Date

13. **Approvals in accordance with FAR 6.304**

- a. **Contracting Officer's Certification (required):** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Sandra K. Archuleta  
217376

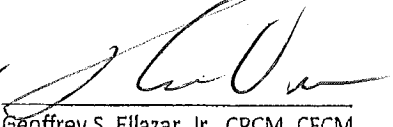
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c=sandra.k.archuleta@va.gov,  
Date: 2017.02.23 14:14:43 -0600

2/23/2017

Date

Sandra K. Archuleta  
Contracting Officer  
Network Contracting Office NCO 17

- b. **Director of Contracting /Designee (Required over \$150K but not exceeding \$700K):** I certify the justification meets requirements for other than full and open competition.

for   
Geoffrey S. Ellazar, Jr., CPCM, CFCM  
Director of Contracting  
Network Contracting Office 17 (NCO 17)

2/28/17  
Date

- c. **VHA SAO 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.

Feb, 28, 2017

Date

Della A. Adams, MBA, CPCM  
Director, SAO West  
Head of Contracting Agency