

LIMITED SOURCES JUSTIFICATION

ORDER >\$150,000

FAR PART 8.405-6

Acquisition Plan Action ID: VA69D-17-AP-7722

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:

Manufacturer/Contractor: FUJIFILM MEDICAL/MICROMED

Manufacturer/Contractor POC & phone number: RICK DODSON, 317-872-8709

Mfgr/Contractor Address: 8730 COMMERCE PARK PLACE, SUITE E, INDIANAPOLIS, IN 46268

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

(1) AGENCY AND CONTRACTING ACTIVITY:

Department of Veterans Affairs

Great Lakes Acquisition Center

101 84th St, Suite 115 South

Milwaukee, WI 53214

VISN:

12

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

This is a limited sources justification to establish a new firm-fixed price order against Micromed FSS contract V797P- 4245B for the lease of upper and lower gastrointestinal (GI) video endoscopes and related endoscopy components for the Edward J Hines Jr VA Hospital, Hines, IL. The contractor's current schedule is valid through October 14, 2019.

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

Gastrointestinal (GI) video endoscopes and related endoscopy components are required within the Hines VA Hospital to allow for examination, diagnosis, and treatment of ailments of the gastrointestinal tract including the esophagus, stomach, and duodenum. The Hines VA Hospital has a requirement for a continuous lease of upper and lower gastrointestinal video endoscopes and related endoscopy components. The endoscopes must have video endoscopy equipment compatible with Fujifilm equipment already owned by the facility. Video processors and light sources must be from the same manufacturer as the scope as these systems are not interchangeable.

(b) ESTIMATED DOLLAR VALUE: \$ 583,327.68 per year (\$1,749,983.04 for three years)

(c) REQUIRED DELIVERY DATE: 9/29/2017 through 9/28/2020

(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.

In accordance with the memorandum from the Deputy Under Secretary for Health Operations and Management (DUSHOM) dated December 6, 2010, Veterans Integrated Service Networks (VISN) were required to establish approved government leasing agreements with one of three manufacturers Olympus, Pentax, or Fuji. Based on the standardization requirement, the use of one manufacturer is needed to minimize the variety of instruments needed and thus minimize the number of standard operating procedures for set-up and reprocessing of the scopes. The desired result is an improvement in patient health and safety. In compliance with the standardization requirement, Hines VA Hospital replaced some of its previously owned Fujifilm scopes and digital processors with new equipment leased from Fujifilm through Micromed in addition to equipment that was already purchased from Fujifilm.

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.

While Hines VA Hospital leases some of its scopes, it still owns Fujifilm equipment with an estimated value of \$543,000. This purchased equipment would need to be replaced if another vendor were to be used with no overall benefit anticipated. In addition to switching out all equipment, a new standard operating procedure (SOP) would need to be developed by the facility for the use of another manufacturer's equipment. Compatibility between owned scopes and leased scopes and equipment is required.

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 originally quoted price from the Contractor was \$2,199,603.96. However, after discussion with Micromed requesting additional discounts to decrease the price, Micromed requested lower pricing from the manufacturer, Fujifilm, and could offer a total of \$1,993,866.84. This included reducing only one line item by 6 scopes and decreasing line item pricing on most of the other line items. To decrease costs, the facility additionally opted to reduce a couple of the line items. The previous contract was awarded for a total of \$310,263.43 and, when obligated, the scopes and equipment were 2 years old. The new contract is for all new equipment and there will be significant additions to the new contract including 4 monitors, 1 standard colonoscope, 5 slim colonoscopes, 1, gastroscope, 1 sonart endoscopic ultrasound processor, 2 convex ultrasound gastroscopes, and 2 radial ultrasound gastroscopes. The all-inclusive service agreement is also more expensive due to the additional equipment. The costliest of the additional equipment are the ultrasound processors. When comparing the pricing between ultrasound gastroscopes between Olympus and Micromed the price difference is approximately 6.32% higher. However, the Fujifilm equipment has a typical lifecycle of 5 years versus 3 years with Olympus.

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

In accordance with Vets First Contracting Program, 38 U.S.C. 8127 & 8128 Implementation Policy and Procedures, a search was conducted in Vendor Information Pages (VIP) using keyword Fujifilm and yielded one result, Progressive X-ray, Inc. No information on the VIP capabilities or contractor's website indicates the contractor provides lease of Fujifilm GI endoscopes and associated equipment. A search on AbilityOne yielded no results for endoscopes. A search on Unicorn yielded no results for endoscopes. A search on Dynamic Small Business Search under Fujifilm yielded two contractors. However, there was no mention of lease of endoscope for either contractor. A search on NAC MedSurge yielded many results for GI endoscope. However, the only contractor with rental/lease capabilities is Micromed, LLC. Additionally, the manufacturer has stated there are no authorized distributors offering scope rental/lease other than Micromed, LLC for which they have an exclusive agreement with Micromed to service all VA equipment leases. A sources sought, notice of intent to sole source to Fujifilm/Micromed was published on 7/30/17 under VA69D-17-N-1485. No responses to the notice were received by the Contracting Officer.

(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:

Under VHA Handbook 1761.1 and VHA Directive 2009-004, VHA authority has mandated that the national standardization of equipment, processes, and procedures take place to the maximum extent possible. National standardization will create best value, enhance the safety and quality of patient care, and result in a reduced variability in the number of different processes required for endoscope setup and reprocessing, thus reducing the potential for error. In response to this mandate, the VHA Office of Procurement and Logistics established an Integrated Product Team (IPT) to develop requirements for the national standardization of endoscopes throughout the VHA. The IPT recommended leasing to be the new level of standardization as it presents the VA the ability to standardize with greater efficiency, be flexible with new technology, and accurately predict future maintenance costs. All are net benefits to the VA.

(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:

No additional actions will be taken. Based on VHA Handbook 1761.1 and VHA Directive 2009-004, VHA authority has mandated that the national standardization of equipment, processes, and procedures take place to the maximum extent possible.

(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.)*

Krista L. Hagert 266724
Digitally signed by Krista L. Hagert 266724
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0.9.2342.19200300.100.1.1=krista.hagert@va.gov, cn=Krista L.
Hagert 266724
Date: 2017.09.15 16:06:36 -05'00'

09/14/2017

SIGNATURE DATE

Krista Hagert Business Manager Medicine Service Line

NAME TITLE SERVICE LINE/SECTION

Edward Hines Jr. VA Hospital

FACILITY

(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.

Teresa J Beers-WESOLOWSKI
324002

Digitally signed by Teresa J Beers-WESOLOWSKI 324002
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wesolowski@va.gov, cn=Teresa J Beers-WESOLOWSKI 324002
Date: 2017.09.15 16:10:10 -05'00'

CONTRACTING OFFICER/DESIGNEE'S SIGNATURE DATE

TERESA BEERS-WESOLOWSKI GLAC

CONTRACTING OFFICER FACILITY

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

Paul M. Lauro
1463508

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1463508
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ou=people,
0.9.2342.19200300.100.1.1=paul.lauro
@va.gov, cn=Paul M. Lauro 1463508
Date: 2017.09.18 08:56:52 -05'00'

18 Sep 2017

SIGNATURE DATE

PAUL LAURO

NCO 12 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

Linda S. Greaves
404790

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9/18/2017

LINDA S GREAVES
VHA Head of Contracting Activity (HCA)
ACTING DIRECTOR, SAO CENTRAL

DATE