



National Acquisition Center
Commodities and Services Acquisition Service
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**CLASS DETERMINATION AND FINDINGS (D&F)
FOR BUNDLING DIALYSIS SERVICES INTO
THE COMMUNITY CARE NETWORK REQUEST FOR PROPOSALS**

Upon the basis of the following findings, the National Acquisition Center may bundle the Department of Veterans Affairs' (VA) requirement for dialysis services into the requirements for the Community Care Network (CCN) Request for Proposals (RFP), in accordance with Federal Acquisition Regulation (FAR) § 7.107.

a. Identification of the agency/contracting activity. The National Acquisition Center (NAC) is the contracting office responsible for this procurement on behalf of the Veterans Health Administration's (VHA) Office of Community Care (OCC).

b. Description of the action being approved. The NAC is seeking approval to bundle VA's requirements for dialysis services into the CCN RFP. The CCN RFP anticipates making a single contract award in four geographic regions. The estimated total value of the dialysis services is [REDACTED]. This figure represents the total estimated value for all four regions for the entire period of performance (base period and all option periods).

c. Statutory and regulatory authority. Pursuant to 15 U.S.C. § 644(e), as implemented by FAR § 7.107-3(f)(1)(i) and (ii), and FAR § 7.107-3(f)(2)(ii), the Deputy Secretary of Veterans Affairs may determine bundling is necessary and justified when the expected benefits do not meet the monetary thresholds for a substantial benefit but are critical to the agency's mission success; and the acquisition strategy provides for maximum practicable participation by small business concerns.

Findings

1. The mission of VA is to fulfill President Lincoln's promise "To care for him who shall have borne the battle, and for his widow, and his orphan" by serving and honoring the men and women who are America's Veterans.
2. VHA is one of three administrations within VA. Serving 9 million enrolled Veterans each year, VHA provides care at 1,243 health care facilities, including 170 medical centers and 1,063 outpatient sites of care of varying complexity (collectively, VHA outpatient clinics).
3. Dialysis care is a critical component of VHA care. Dialysis is a treatment therapy for end-stage renal disease (ESRD) which removes waste from the bloodstream due to kidney failure. ESRD is a permanent chronic condition unless a kidney transplant is performed. To treat ESRD, patients receive dialysis services, which include center-based hemodialysis, home-

based hemodialysis, peritoneal dialysis, and training for home-based hemodialysis and peritoneal dialysis.

4. VA has existing national dialysis contracts that allow VA Medical Centers to purchase dialysis services in the community. Through the national dialysis contracts, VA provides dialysis treatment to eligible Veterans when VA Medical Centers are not capable of providing care due to geographical inaccessibility to the Veteran or unavailability of the needed care at a VA Medical Center.
5. Approximately 23,000 Veterans rely on VA for dialysis care at this time. To improve health outcomes and provide timely access to care, VA must provide dialysis care using a standardized method, which is consistent with all other community healthcare services. A standardized method to furnish Veterans non-Department care is a requirement of the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (Public Law 114-41) (“VA Budget and Choice Improvement Act”).
6. Of the approximately 23,000 Veterans that rely on VA for dialysis care, 80% of those Veterans (18,361 Veterans) receive dialysis care in an outpatient setting. An outpatient facility can be a VA facility, a Department of Defense and VA shared facility, an academic affiliate, or a contracted facility. Of the 18,361 Veterans receiving outpatient dialysis care, VA provides roughly 2,150 Veterans with dialysis care at 71 VA outpatient facilities. Approximately [REDACTED] Veterans receive care through VA’s use of [REDACTED] national level contracts with large businesses [REDACTED]. Together, [REDACTED] have approximately [REDACTED] locally-contracted outpatient facilities. The remaining [REDACTED] Veterans receive outpatient dialysis care at [REDACTED] contracted outpatient facilities owned by companies other than [REDACTED] and [REDACTED].
7. VA’s primary goal for establishing the CCN contracts is to achieve VA’s mission to provide Veterans with timely, high-quality care. VA concluded that VA will achieve greater care coordination and improved visibility into healthcare data through bundling of all health care services into the CCN contracts, as opposed to contracts with small business contractors. The bundled CCN contracts will have common data elements that will be reported to VA. VA will utilize all of the data to make informed clinical decisions to improve the care to Veterans. In addition, the CCN contractors will perform a quality oversight function by credentialing all providers, including dialysis providers. VA does not have the capability to credential individual community providers when contracting directly with those providers.
8. Bundling dialysis services into CCN contracts will improve quality of care and health outcomes for Veterans. The CCN contractors will be required to collate and report consistent data from their individual providers with regard to treatment plans, quantitative and qualitative clinical outcomes, and patient satisfaction in an efficient and streamlined process. Clinical data will be collected from provider medical records as well as claims. This data is imperative to quality improvement and quality assurance efforts implemented by VA with regards to Veteran health outcomes. Data on patient care provides the baseline from which clinical interventions are then determined and implemented. If there are separate contracts

with small business contractors that are individually negotiated and/or awarded, there would be greater differences between clinical data elements and its collection methodologies. These differences in how data is collected and reported significantly reduce VA's ability to improve health outcomes for Veterans that receive dialysis services from VA.

9. Including dialysis services in the CCN contracts is required to support quality healthcare, access to care, and cost-effectiveness. These three objectives are all components of VA's plan to consolidate care in response to VA Budget and Choice Improvement Act. VA's plan to consolidate purchased care programs relies on access to community care providers with a single contract to ensure quality and timely access to care. Through the CCN contracts, VA seeks to create this mechanism for the purchase of all services in the community, including dialysis, to ensure increased efficiencies in our care delivery processes.
10. Veterans often have more than one medical condition, and, as a result, complex healthcare treatments must be managed when a Veteran has multiple conditions. By including dialysis services in the CCN contracts, Veterans and community providers will have a single process to follow in order to request and receive required healthcare services within the community, as opposed to proceeding in multiple processes of treatment, case management, and administrative process. Specifically, the CCN contracts will optimize Veteran health by streamlining the process for scheduling and purchasing necessary collateral dialysis care as well as coordinating such care with local dialysis services. For example, Veterans with end stage kidney disease (ESKD), or other diagnoses requiring dialysis, universally require collateral clinical care services (e.g., dialysis vascular access care) which are integral to the successful delivery of dialysis. By bundling these services, there will be continuity of care and streamlined communications between any parties involved.
11. The CCN contracts that include dialysis also will allow VA to fulfill its mission by providing VA with the capability to implement a consistent reporting process across facilities, using best practices for metrics, data collection, and reporting. Metrics will be consistent with industry and other Federal agencies to allow VA to benchmark quality of care and program performance against peer organizations. Metrics will include outcomes related to Veterans' access to care, utilization of care, the quality and value of care, and Veteran and community provider satisfaction with the Community Care program. Metrics will provide VA with the information necessary to improve care and health outcomes for Veterans (e.g., using claims and medical records data to identify conditions requiring disease management), which will show the Community Care program's impact on Veterans. These benefits are only possible by including the full range of healthcare services, including dialysis services, in the CCN contracts since VA does not have internal capabilities to collect, organize and analyze clinical data and claims data from the significant number of data sources that would exist if VA used separate contracts with small business contractors to obtain the same services.
12. From a contract administration perspective, administering the CCN contracts containing dialysis services while also administering separate contracts with small business contractors will create dissimilar ordering and payment procedures. Administering parallel contracts results in confusion for Veterans, VA clinical providers, VA schedulers, contracting officials, and community partners. For example, the dialysis contractors under the national dialysis

contracts submit healthcare claims for reimbursement to the VA Financial Service Center, while the same providers under the CCN contracts will submit healthcare claims to the CCN contractor for payment. This situation creates a different set of claims processing requirements, location and method of submitting a claim, differing timelines for reimbursement to the community provider and different methods of contacting VA for explanation of the claims payment. Disparate procedures could result in delayed payments to dialysis providers and potentially life-threatening delays in dialysis services to Veterans. The CCN contracts will allow VA to use one process for requesting and approving dialysis services provided through community providers. Under the approach in the CCN contracts, there will be a single point of contact for Veterans with ESKD who are receiving care in the community.

In accordance with FAR § 7.107-4(b)(1)-(6), the following findings are provided.

- (1) The specific benefits anticipated to be derived from substantial bundling. See paragraphs 1 through 12 above which detail the anticipated benefits.
- (2) An assessment of the specific impediments to participation by small business concerns as contractors that result from substantial bundling. VA performed extensive market research in the months leading up to the issuance of the RFP for CCN. Market research did not reveal any small businesses with the capability to provide the full range of CCN services. Additional market research was conducted specifically for dialysis services. The results did not indicate small businesses have the capacity/facilities to fulfill VA's requirements for dialysis services in any single U.S. state or any combination of states.
- (3) Actions designed to maximize small business participation as contractors, including provisions that encourage small business teaming. VA held two face-to-face pre-proposal conferences and one webinar to explain the requirements of CCN and answer questions from industry. The solicitation includes an evaluation preference for Veteran-Owned Small Businesses (VOSB) and Service-Disabled Veteran-Owned Small Businesses as an offeror.
- (4) Actions designed to maximize small business participation as subcontractors (including suppliers) at any tier under the contract, or order, that may be awarded to meet the requirements. The solicitation also includes an evaluation preference for non-verified VOSBs and non-verified SDVOSBs to subcontract with small businesses. VA also provided a list of services for offerors to consider for subcontracting opportunities, and the solicitation includes an evaluation preference for offerors that demonstrate participation in SBA's Small Business Mentor Protégé program. These evaluation preferences are expected to increase small business participation in the CCN contracts. Finally, the CCN solicitation was amended to add a requirement for the subcontracting plans to include specific details on the offerors' approach to subcontracting with small businesses for dialysis services. This amendment was issued to ensure the highest likelihood of prime contractors subcontracting with small business dialysis providers.
- (5) The determination that the anticipated benefits of the proposed bundled contract or order justify its use. The benefits of bundling dialysis services do not meet the 5% financial

benefit threshold established in FAR § 7.107-3(d)(2), but the benefits outlined above are critical to meeting the agency's mission and statutory obligations, and the acquisition strategy provides for maximum practicable participation by small business concerns. Additionally, bundling will have a direct positive effect on Veterans that receive dialysis services in the community.

(6) Alternative strategies that would reduce or minimize the scope of the bundling, and the rationale for not choosing those alternatives. An alternative strategy was contemplated to continue use of multiple award IDIQ contracts for the delivery of dialysis services. A benefit with bundled contracts includes the contractor performing credentialing services for dialysis providers. VA lacks the capability to credential individual dialysis providers which introduces risk in the quality of care that is provided to Veterans. Community providers would experience inconsistent ordering and payment procedures which would increase dissatisfaction with VA. Subsequently, Veterans would experience fewer choices to receive care from the community as providers drop out of the CCN. Finally, the administrative cost of maintaining multiple networks (those in CCN which are required in addition to separate dialysis network(s)) will reduce available funding for other Veteran healthcare services. The specific benefits of bundling dialysis services are necessary in order to achieve VA's mission. Therefore, continued use of multiple award IDIQ contracts to provide dialysis services is not the recommended approach.

VA also considered providing all dialysis care using VA facilities and staff. This approach is not feasible since VA does not have adequate internal resources to fulfill the requirements and there is insufficient time between the end of existing national dialysis contracts and present day to create sufficient internal resources to fulfill the demand for dialysis services.

Determination

Based upon the above findings and pursuant to 15 U.S.C. § 644(e) as implemented by FAR § 7.107-3(f)(1)(i) and (ii), and FAR § 7.107-3(f)(2)(ii), I hereby determine bundling is necessary and justified as the expected benefits do not meet the monetary thresholds for a substantial benefit but are critical to the agency's mission success; and the acquisition strategy provides for maximum practicable participation by small business concerns.

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