

**JUSTIFICATION AND APPROVAL
FOR OTHER THAN FULL AND OPEN COMPETITION**

1. **Contracting Activity** Department of Veterans Affairs (VA)
Office of Acquisition Operations
Strategic Acquisition Office
10300 Spotsylvania Avenue Suite 400
Fredericksburg, VA 22408

2. **Description of Action**

The proposed action is for a sole source, Firm-Fixed Price (FFP) contract with McKesson Technologies Inc. (MTI), 5995 Windward Parkway Alpharetta, GA, 30005-4184 a large business concern. The procurement includes the licenses and support of evidence-based Utilization Management (UM) Criteria to support utilization management processes for Veterans Health Administration (VHA) facilities nationwide. The period of performance will include a 12-month base period with three (3) one-year option periods.

3. **Description of Supplies or Services**

This procurement is for evidenced-based UM Criteria that interfaces with the existing VHA National Utilization Management Integration (NUMI) application. NUMI is a web-based solution that automates utilization review assessment and outcomes. Mandated for use via VHA Directive 1117, dated July 9, 2014, NUMI standardizes UM review methodology and documentation at the facility level, and creates a national VHA utilization information database.

The UM product must include criteria that are clinically rich, evidence-based, and updated at least annually. Currently, the McKesson InterQual® Criteria, Care Enhance® Review Manager Enterprise (also call Review Manager), and the InterRater Reliability (IRR) Suite are the only products that are compatible with the NUMI application. The McKesson products meet all requirements, and are fully integrated into NUMI to provide access to the InterQual® standardized clinical appropriateness criteria and algorithms. Review Manager is used to determine whether patient admissions and hospital days meet clinical appropriateness criteria for acute care, and provides interactive medical necessity management workflow software to reduce variation in clinical decision-making. The IRR suite is a web-based "testing" application that measures how well and how consistently InterQual® Criteria are applied, and supports the regulatory and accreditation requirements while demonstrating consistency and competency of clinician decision-making.

This procurement is for licensing and use of InterQual®, Review Manager, and the IRR suite. Licensing will include both clinical and technical support as well as end-user training. Criteria updates will be no less than once per year. The total estimated value of the proposed action is \$5,004,831.91 inclusive of options.

4. Statutory Authority:

The statutory authority permitting other than full and open competition is 41 U.S.C.3304(a)(1) as implemented by the Federal Acquisition Regulation (FAR) Subpart 6.302-1(a) (2) Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements.

5. Rationale Supporting Use of Authority Cited Above:

VHA mandates the NUMI web-based application for use via VHA Directive 1117, dated July 9, 2014. The government-owned, NUMI application standardizes clinical appropriateness review of patient care at over 150 VHA facilities across the nation by integrating the evidence-based clinical criteria into the application. Previous contracts awarded to McKesson Health Solutions were VA101 (049A3) P-0413 in 2010 and VA119-15-C-0006 in 2014. McKesson's proprietary InterQual® Clinical Decision Support Criteria is the UM criteria used in NUMI. NUMI was built around the McKesson InterQual® product and the associated review and evaluation applications; and was the only viable solution at that time. The McKesson products have been fully integrated into NUMI and are currently the only *products* that are compatible with the NUMI application, according to NUMI technical experts.

NUMI application's middle tier business logic layer, criteria user interface, primary data entry screen, and all embedded reports will need to be modified. In addition, warehousing databases, cubes (multidimensional databases that allow complex business intelligence analysis), and all reports that are currently used to inform real-time business processes as well as long-term strategic planning must be redesigned. Extensive code revisions, testing, and installation of code changes into the application are required to implement an alternate criteria product.

Modifying NUMI to accept other than InterQual® criteria will require funding, an estimated 18 months of design effort, and time to implement and fully train all staff. Funding efforts to update NUMI have been unsuccessful to date with continued submissions to OI&T unsupported through FY 19 (currently #22 on OI&T priority list). (Attach Document or slide showing current ranking of NUMI)

Without the full integration of the criteria product into NUMI, hospitals would have to rely on hard copies or static versions of the criteria that will result in a loss of standardization and automation of the UM review process, a negative impact on the decisions for appropriate patient care will result, and ultimately, the access to inpatient care.

Failure to license the McKesson clinical criteria products by January 1, 2018 will bring the UM review process of Veteran inpatient care for appropriateness to a halt. This will impact patient wellbeing and increase costs due to the ensuing inefficiencies of care.

6. Efforts to Obtain Competition:

Market research was conducted as described in Section 8 of this document. Additional sources of UM Criteria were identified; however, the current technical constraints of the NUMI application will require significant redesign to interface with other products. The procurement of a different product is not possible at this time. Critical to the ability to compete this requirement, the Office of Quality, Safety, & Value Utilization and Efficiency Management has and will continue to request funding to update the NUMI application to accept other criteria products.

The proposed action will be synopsisized on the Federal Business Opportunities web site (www.fbo.gov) in accordance with FAR 5.2. Any proposals received will be evaluated against the requirements.

7. Actions to Increase Competition:

The current technical dependency on one commercial product is reviewed continually by the Office of Quality, Safety, & Value-Utilization and Efficiency Management Program staff. The ability to integrate other clinical appropriateness criteria into the NUMI application cannot occur without major technical revisions and programming code changes. Funding is required to redesign, develop, and enhance NUMI application for other criteria products. The dependency on a single product and the need to compete future acquisitions was communicated in funding requests for FY's 16-20. (documentation available upon request or can be attached)

8. Market Research:

Market research included internet searches to identify all clinical appropriate criteria available in the marketplace. Although several products exist, only two are nationally recognized, evidence-based, and accepted for use with nationwide healthcare systems similar in size to the VHA. The first product is InterQual®, which is currently in use and owned by McKesson. Second, the MCG product, formerly known as the Milliman Care Guidelines is owned by Hearst Health Network. Currently, the Department of Defense (DoD) and Centers for Medicare and Medicaid (CMS) use the MCG product. Both DoD and CMS are large governmental agencies that use clinical appropriateness criteria to determine medical necessity of healthcare delivered to large populations similar to that of VHA.

9. Other Facts:

InterQual® Criteria sets are reviewed and updated at least annually to reflect current evidence-based practice and changes in healthcare delivery. McKesson's clinical staff

continually monitors new regulations and requirements to help customers keep abreast of changes, such as quickly offering Quality Indicators when CMS called for these tools.

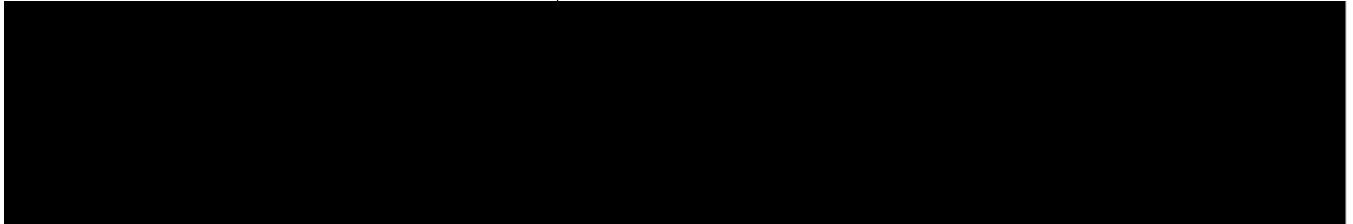
The InterQual® Criteria suite of products provides access to all relevant evidence-based guidelines through a streamlined workflow that enables fast and accurate decision-making and documentation of admissions, level-of-care determinations, and procedures.

The data derived from UM clinical review is used to impact level of care decisions, to study delays, and improve patient flow. Without the UM data, facilities would be unable to design focused improvements to eliminate barriers to appropriate care.

Clinical review criteria is essential to the UM review process. Standardization, across the VA, of clinical review has been achieved through the integration of the clinical criteria product into NUMI. Without the web-based licensed clinical content in NUMI, the VHA would be limited in its ability to determine the medical necessity and appropriateness of VHA delivered healthcare. NUMI generated reports provide real-time data used by facilities to make decisions and plan improvements that increase access and quality of healthcare for Veterans. As a primary workflow tool for over 600 UM professionals, it is in the government's best interest to continue with the current InterQual® product until a thorough evaluation of the NUMI technical requirements and associated design, development and testing can be implemented to integrate any other Commercial Off-The-Shelf (COTs) product. The Program Office will continue efforts to fund future redesign of the NUMI application.

10. Technical and Requirements Certification:

I certify that the supporting data under my cognizance, which are included in this justification, are accurate and complete to the best of my knowledge and belief.



11. Fair and Reasonable Cost Determination:

I hereby determine that the anticipated price to the Government for this contract action will be fair and reasonable in accordance with FAR 15.404-1 Proposal analysis techniques.



12. Procuring Contracting Officer Certification: In accordance with FAR subpart 6.303-2(b) (12), I hereby certify that this justification is accurate and complete to the best of my knowledge and belief.



Approval

In my role as Office of Acquisition Operations, Contracting Activity Competition Advocate, based on the foregoing justification, I hereby approve the acquisition of Utilization Management Criteria, on an other than full and open competition basis pursuant to the statutory authority cited in paragraph 4 above, subject to availability of funds, and provided that the property and services herein described have otherwise been authorized for acquisition.

