

DEPARTMENT OF VETERAN AFFAIRS

**Justification and Approval
For
Other Than Full and Open Competition**

1. **Contracting Activity:** Department of Veterans Affairs, NCO 12 Great Lakes Acquisition Center, 115 S. 84th Street, Suite 101, Milwaukee Wisconsin, on behalf of the Federal Health Care Center (FHCC), North Chicago, IL. This is a Justification for Other Than Full and Open Competition.
2. **Nature and/or Description of the Action Being Processed:** Justification and approval for a new short-term contract for Reference Laboratory Services for the Federal Health Care Center (FHCC) Red Rover Clinic, North Chicago, IL on a sole source basis to Quest Diagnostics Inc. Award will be a firm-fixed (unit) price Indefinite Delivery, Indefinite Quantity contract.
3. **Description of Supplies/Services Required to Meet the Agency's Needs:** Federal Health Care Center (FHCC) Red Rover Clinic, North Chicago, IL has a requirement for Reference Laboratory Services and does not have the capability to perform these services in-house. The estimated value of the procurement will be \$600,000 for a six (6) month period. The performance period will be 01 March 2017 through 31 August 2018.
4. **Statutory Authority Permitting Other than Full and Open Competition:** 41 U.S.C. 3304(a)(1), as implemented by FAR 6.302-1, Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements.
5. **Demonstration that the Contractor's Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above:**

The Federal Health Care Center (FHCC) Red Rover Clinic, North Chicago, IL provides diagnostic laboratory services for its beneficiaries. The Pathology and Laboratory Medicine Services (PaLMS) at the FHCC provides a variety of laboratory services; however, laboratory services provided at this facility are limited to routine diagnostic testing and laboratory personnel do not perform unique, highly specialized testing like a large reference laboratory testing facility would provide. Due to the high costs associated with the implementation of these diagnostic tests (equipment, accreditation, proficiency testing, etc.) in-house, it is more cost effective to utilize a Reference Laboratory facility that provides an extensive number of specialized tests beyond the capability of the FHCC and any current VISN 12 Medical Center or Hospital laboratory.

The incumbent contractor, Quest Diagnostics, is the only known contractor that has the resources (manpower, experience, technical/operational knowledge, interconnection of the two computer systems, VA VISTA and DOD CHCS, and confirmed operational test databases) to perform the critical mission for the short-term contract by 01 March 2018 without interruption. It is anticipated that a minimum of 180 business days would be required to transition the current workload to another contractor without any disruption in services.

A solicitation for Reference Laboratory Services is anticipated to be released in June 2018. As these diagnostic testing services are necessary in the diagnosis and treatment of illnesses and diseases, the

Federal Health Care Center – Red Rover Clinic requires a continuation of services until the new contract is awarded and the awardee has achieved full implementation of all required services.

Proceeding with an award to any vendor other than Quest Diagnostics would cause unacceptable delays in fulfilling the FHCC Red Rover Clinic's requirements and the consequences would be detrimental to providing timely patient care and meeting military missions.

6. Description of Efforts Made to Ensure that Offers are Solicited from as Many Potential Sources as Deemed Practicable:

Current market research has determined that there are at least (5) five possible FSS vendors, none of which are VOSBs, that can provide the required Reference Laboratory Services. However, not all required tests by the FHCC are covered under the Federal Supply Schedule contracts. Also, due to the FHCC's security requirements and requirement for data connectivity for electronic result reporting prior to implementation of contract performance and establishment of the test database, the number of potential vendors is limited. Quest Diagnostics is currently the only known vendor that has an established Virtual Private Network connectivity with both VISTA and CHCS at the FHCC as well as a functional test database.

7. Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:

The anticipated cost of the contract will be fair and reasonable. The cost is expected to remain at the same rates as the current contract for diagnostic testing (VA69D-17-D-0249), which was based on initial competitive actions by the VA and DOD, market research, and FSS pricing, all of which have already been determined to be fair and reasonable. If necessary, the Contracting Officer will seek additional reductions.

8. Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:

In accordance with FAR Part 10, Market Research was conducted. A search in GSA revealed at least five (5) Federal Supply Schedule (FSS) vendors that could potentially provide reference laboratory testing services; however, the FSS contracts do not fulfill the entire test list required by FHCC, nor do they cover the electronic interface requirements. A SBA Small Dynamic Business was conducted utilizing keyword "laboratory testing" and NAICS 621511. Two vendors, including one VOSB, had the potential to be able to provide the required types of testing; however, do not have the interface connectivity capability. Also, a search of VetBiz did not reveal any SDVOSB or VOSB vendors capable of meeting the needs of the FHCC. In summary, market research did not locate any vendors that would be able to meet the needs of the FHCC.

9. Any Other Facts Supporting the Use of Other than Full and Open Competition:

In order to electronically transmit test results into the two computer systems in use at the FHCC, contractors are required to have an existing approved national Interconnection Security Agreement/Memorandum of Agreement with the VA and DOD. In addition, any individuals involved in the creation of a test database must have an ANACI Background Investigation initiated prior to working on the FHCC's computer system. Compliance with these two requirements is anticipated to

take 6 weeks – 40 weeks, depending on the prior work history of the contractor with the VA and DOD. It will take a vendor without experience with the VA and DOD much longer to fulfill these requirements, if even.


The VA “rule of two” does not apply to this procurement because it is non-competitive, and because a minimum of two VOSBs that could meet this requirement was not met.

10. **Listing of Sources that Expressed, in Writing, an interest in the Acquisition:** Three vendors responded the reference laboratory solicitation for VISN 12 VA: Quest Diagnostics, ARUP Laboratories, and Lab Corp (all large businesses) and are also interested in services at the FHCC.

11. **A Statement of the Actions, if any, the Agency may Take to Remove or Overcome any Barriers to Competition before Making, Subsequent Acquisition for the Supplies or Services Required:**

An Acquisition Planning Team (APT) will reconvene and finalize all pre-solicitation documentation required for solicitation review and plans to release a competitive solicitation sometime in June 2018. This contract will allow for continued services during posting of the solicitation, evaluation, and award of a new long term contract.


12. **Requirements Certification:** I certify that the requirement outlined in this justification is a Bona Fide Need of the Department of Veteran 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.


STEPHANIE TRAINOFF
Regional Laboratory Manager
Captain James A. Lovell Federal Health Care Center

2-26-2018
Date

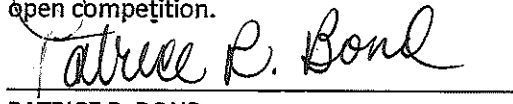
13. **Approvals in accordance with FAR 6.304:**

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


BECKY CINCOTTA
NCO12 - Contracting Officer

2/26/18
Date

- b. **Medical Sharing Branch Chief:** I certify the justification meets requirements for other than full and open competition.


PATRICE R. BOND
NCO12 – Medical Sharing Branch Chief

2-26-18
Date