

LIMITED SOURCES JUSTIFICATION

ORDER >\$150,000

FAR PART 8.405-6

Acquisition Plan Action ID: VA259-18-AP-2860

- 1. Contracting Activity:** Department of Veterans Affairs, NCO 19, 6162 South Willow Drive, Suite 300, Greenwood Village, CO 80111

Organizational Activities:	PURCHASE REQUEST (2237)
VA Montana Health Care System, 1892 Williams St, Fort Harrison, MT 59636	436-18-3-112-0271
Billings VA Community-Based Out-Patient Clinic, 1775 Spring Creek Dr, Billings, MT 59102	436-18-2-820-0069
Cheyenne VA Medical Center, 2360 E Pershing Blvd, Cheyenne, WY 82001	442-18-3-054-0009
VA Eastern Colorado Health Care System, 1055 Clermont Street, Denver CO 80220	554-18-3-023-0263
Grand Junction VA Medical Center, 2121 North Ave, Grand Junction, CO 81501	575-18-2-035-0102
Eastern Oklahoma VA Health Care System, Jack C. Montgomery VA Medical Center, 1011 Honor Heights Dr, Muskogee, OK 74401	623-18-2-074-0044
Oklahoma City VA Health Care System, 921 NE 13th St, Oklahoma City, OK 73104	635-18-2-114-0050
VA Salt Lake City Health Care System, 500 Foothill Blvd, Salt Lake City, UT 84148	660-18-2-098-0052
Sheridan VA Medical Center, 1898 Fort Road, Sheridan, WY 82801	666-18-3-113-0099

- 2. Description of Action:** This acquisition is conducted under the authority of the Multiple-Award Schedule Program (41 U.S.C. 251 and 40 U.S.C. 501). The proposed action is a request for approval for a follow-on sole source award with the incumbent contractor, Laboratory Corporation of America for Off-site Reference Laboratory and Analysis Testing Services. This will be a new firm-fixed-priced delivery order against V797D-50532.

Order against: ☒ FSS Contract Number: V797D-50532

VHAPM Part 808.405-6 Limiting Sources
Attachment 2: Request for Limited Sources Justification Format >\$150K

Name of Proposed Contractor:	Laboratory Corporation of America Holdings (LabCorp)
Street Address:	231 Maple Avenue
City, State, Zip:	Burlington, NC 27215
Phone:	(502) 228-8630

3. Description of Supplies or Services:

The estimated value of the proposed action is \$ 3,036,712.31

This firm-fixed-priced delivery order will be a six-month interim contract from April 1, 2018 through September 30, 2018 to continue services without interruptions and maintain critical patient care until a Multiple Award, Blanket Purchase Agreement (BPA) is awarded by October 1, 2018.

This new requirement is a logical follow-on to the existing GSA Contract V797P-7041A, VISN 19 BPA VA259-15-A-0057 which is part of a multiple-award BPA with a total contract ceiling limit of \$11.28 Million. However, the contract ceiling is totally expended therefore, Option Year Three cannot be exercised. Furthermore, leaving insufficient time to solicit and award a \$40 Million Dollar multiple-award before April 01, 2018.

Off-site Reference Laboratory and Analysis Testing Services includes pickup and transport of specimens, per-analytical processing as defined in its laboratory manual, analysis, reporting of analytical results and interpretation for clinical and anatomical pathological specimens. The incumbent Contractor Lab Corp will continue to provide a wide range of Cost Per Test (CPT) and or a Cost Per Reportable Result (CPRR) Testing Services in the specialized testing areas of hematology, chemistry, coagulation, microbiology, molecular, genetics, virology, clinical interpretation, cytology and anatomic pathology, oncology, and in specialized pathology support.

(4) IDENTIFY THE AUTHORITY AND SUPPORTING RATIONALE (see 8.405-6(a)(1)(i)(A), (B), and (C) or 8.405-6(b)), AND IF APPLICABLE, A DEMONSTRATION OF THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS TO PROVIDE THE REQUIRED SUPPLY OR SERVICE.

☒ An urgent and compelling need exists, and following the ordering procedures would result in unacceptable delays.

This requirement has two unique reasons in supporting urgent and compelling:

1) The unique characteristic of the Off-site Reference Laboratory Analysis Testing Services with the incumbent Contractor, LabCorp is the existing interface connectivity (required by laboratory accreditation). This interface connectivity defines the test methodology, specimen requirements, test

limitations, interferences, and the appropriate reference ranges and is already enter into the computerized patient record system (CPRS/VISTA). The laboratory is also required to utilize automatic interfaces to the maximum extent possible as a primary patient safety system to reduce errors in reporting.

2) Without the interface connectivity, the service actions involve defining the test methodology, specimen requirements, test limitations, interferences and the appropriate reference ranges would be created manually. Manual data entry is a serious patient safety issue when used on a large scale because it leads to human error. This can cause detrimental outcomes to patients if the data entry is in error. Also, manual data entry would require additional funding for overtime for the entire period for both specimen processing staff. Failure to continue these services with the current contractor, Lab Corp, is not a viable possibility now, since it would potentially harm patients with delayed test results.

☐ Only one source is capable of providing the supplies or services required at the level of quality required because the supplies or services are unique or highly specialized;

☐ In the interest of economy and efficiency, 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.

☐ Items peculiar to one manufacturer:

☐ 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.

(5) DESCRIBE WHY YOU BELIEVE THE ORDER REPRESENTS THE BEST VALUE CONSISTENT WITH FAR 8.404(d) TO AID THE CONTRACTING OFFICER IN MAKING THIS BEST VALUE

DETERMINATION: The Contracting Officer believes the order represents the best value to the Government. This requirement was originally competed as a multiple award BPA in GSA. GSA has already determined the prices of Lab Corp services to be fair and reasonable. The Contracting Officer will seek price discounts. The Contracting Officer will also assess the Station's usage against other contracting tools and vehicles.

Additionally, the VA has had good service performance from Lab Corp. GSA FSS V797P-7041 is verified and the expiration of the GSA contract is December 31, 2021.

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

Formal Market Research was not conducted to include the "Rule of Two" process because time is of the essence to maintain this critical patient care services before April 01, 2018. The Contracting Officer did a review of the Vendor Information Page (VIP) using the NAICS code 621511-Medical Laboratories and found 92 matches. Most of the VIP matches for the NAICS code were for comprehensive advocacy support or Administrative, Health Information Management solutions. There is a new competitive Multiple Award BPA requirement under-way where a more thorough market research will be conducted.

(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION: The following is a background of VISN 19 Multiple Award BPAs for Off-Site Reference Laboratory Services:

The BPAs were issued on April 1, 2015 to three Contractors with the ceiling limit of \$10 Million each. The period of performance is from April 1, 2015 through March 31, 2020. On April 5, 2017, a modification was issued to align Oklahoma City VAMC and Eastern Oklahoma VA Health Care System-Muskogee. The ceiling was increased from \$10 Million to \$11.28 Million.

At the time the requirements for the off-site reference laboratory services was submitted in 2014, it was not anticipated the ceiling would be expended at such a high rate. The usage increase was due to the deficit in Full-time equivalent (FTE) employees at the VA and the continuous growing population of the Veteran patients. The Contracting Officer decided not to modify the current contract's ceiling due to time constraint. Previous modification review process took over four weeks to complete.

(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: While physicians are professionally familiar with the current testing procedures, changes in the testing process without sufficient physician education would cause unacceptable risk of possible test misinterpretation. As a result, competition is currently extremely limited due to the training and knowledge limitations prior to providing sufficient training by other test providers.

(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.)*

SIGNATURE

Kevin Ibershoff Medical Technologist

NAME

TITLE

03/20/2018

DATE

Pathology and Laboratory Medicine Svcs

SERVICE LINE/SECTION

Denver VA Eastern Colorado Health Care System
FACILITY

(10) APPROVALS IN ACCORDANCE WITH THE [VHAPM Part 806.3 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.

<hr/>	3/20/2018
CONTRACTING OFFICER/DESIGNEE'S SIGNATURE	DATE
 <hr/>	 <hr/>
Bai Perney, Contracting Officer	NCO 19
NAME AND TITLE	FACILITY

b. One Level Above the Contracting Officer (Required over \$150K but not exceeding \$700K): I certify the justification meets requirements for other than full and open competition.

<hr/>	<hr/>
SIGNATURE	DATE
 <hr/>	
Curtis M. Jordan	
Director of Contracting	
NCO19	

HIGHER LEVEL APPROVAL (Required for orders over \$700,000):

c. VHA SAO HCA REVIEW AND APPROVAL (over \$700,000 to \$68 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.

<hr/>	<hr/>
Delia A. Adams, MBA, CPCM	DATE
Executive Director, SAO West	
Head of Contracting Activity	