

JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Procurement Acquisition and Logistics
Technology Acquisition Center
23 Christopher Way
Eatontown, NJ 07724
2. Description of Action: The proposed sole source action is for a firm-fixed price contract for 3M Grouper Plus System (GPS) Claims software licenses and maintenance support services with 3M Company (3M).
3. Description of the Supplies or Services: VA Financial Services Center (FSC) and Veterans Health Administration (VHA) has a requirement for the 3M Grouper Plus System (GPS) software solution in order to automate its healthcare claims pricing methodologies. VA FSC requires the 3M GPS software solution to continue to integrate with the existing medical claims processing system, Plexis Care Manager (PCM), and VA-FSC's newly acquired Healthcare Claims Adjudication Software (HCAS) solution, the electronic Claims Administration and Management System (eCAMS) Health Care Engine (HCE). The HCAS contract was competed for the new healthcare claims processing solution, eCAMS HCE. eCAMS HCE is a centralized and configurable healthcare claims processing platform that supports VA claims processing business functions, including pricing methodologies, is capable of adjudicating, processing, and preparing payment of claims by healthcare providers. The eCAMS HCE platform shall support a minimum of 85 percent of all claims transactions as auto-adjudicated with straight through processing, with no human touch points or human interaction. It is anticipated that the eCAMS HCE will be fully implemented by January 2019 and capable of processing up to 30 million medical claims per year. The PCM is projected to be phased out of operation and fully discontinued in Fiscal Year 2020. The 3M GPS solution must be procured prior to the full implementation of eCAMS in order to allow VA FSC to develop business rules, configure, test, and integrate into the eCAMS HCE.

The 3M GPS software solution shall enable automated pricing methodologies within the eCAMS solution. The 3M GPS consists of various grouper and pricer functionalities which group healthcare claims by reading its diagnosis code, grouping it by code into high level functional areas, and calculating the associated price based on the claim and medical data. This enables eCAMS to adjudicate the claim, and send bills to the Veterans Health Administration (VHA) or non-VHA providers who will then administer as appropriate. These groupers and associated pricer functionalities provide Medicare and non-Medicare procedure grouping, editing, and assignment of reimbursement costs for inpatient and outpatient medical claims data ensuring accurate reimbursements are paid to the VHA and non-VHA health care medical claims in support of the Veterans Access to Care through Choice, Accountability, and Transparency Act of 2014 (H.R. 4810; 113th Congress; Public Law (PL) 113-175). PL 113-175 requires VA to establish and implement a system to process and pay claims for care delivered to Veterans by

non-VA providers under the program and other non-VA care authorities. VA FSC currently utilizes one 3M grouper with associated pricer for Renal Dialysis Facility (RDF) with the PCM claims processing solution. The Veterans Access to Care through Choice, Accountability, and Transparency Act of 2014 has significantly increased the number and types of medical claims received each year from VHA and non-VHA healthcare providers. In order to remain in compliance with the Veterans Access to Care through Choice, Accountability, and Transparency Act of 2014, the VA FSC requires seven additional 3M groupers with associated pricers for eCAMS medical claim automation functionalities: Hospital Outpatient Department (HOPD), Ambulatory Surgical Center (ASC), Center for Medicare and Medicaid Services (CMS), Inpatient Psychiatric (IPF), Long Term Care Hospitals (LTCH), Inpatient Rehab, and Professional Claims Editor and Reimbursement (PCER).

The 3M GPS software solution will include licenses for unlimited users. In addition, the Contractor shall provide software maintenance to include software upgrades, updates, enhancements, and corrections within five business days of being released by the contractor. The Contractor shall also provide remote and telephonic technical support 24 hours a day, seven days a week. The Contractor shall deliver the software licenses within 30 business days after contract award. The period of performance for the software maintenance and support shall be 12 months from delivery with four 12-month option periods. The eCAMS HCE implementation shall stand up all of the groupers and associated pricers during the first year, as such the 3M GPS software solution must be in place prior to eCAMS HCE complete implementation, which is currently in the process and expected to be completed by January 2019. Options periods are required to continue to provide healthcare medical claims and reimbursement services eCAMS HCE processing solution which is anticipated to be utilized through November 2024.

4. 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 entitled, "Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements."

5. Rationale Supporting Use of Authority Cited Above: The proposed source for this action 3M Center, Saint Paul, Minnesota, 55144. Based on market research, as described in Section 8 of this justification, it was determined that only 3M GPS software and maintenance can meet the Government's requirements. No other brand name software can function on the PCM legacy system and new eCAMS HCE solution without a complete redesign and redevelopment of both Government owned solutions. This would result in extensive delay of two years and duplicated costs of \$9.3M that would not be recovered through competition. Specifically, redesign of the Government owned legacy PCM would require one year with a duplication of \$3.1M, based on Government historical data. This estimate is based on similar previous design efforts that have occurred. The redesign of PCM would consist of developing new requirements, design and analysis of redesign solution, implementation and deployment, developer testing, quality assurance acceptance testing, and evaluation. Also, no other software can meet

all of VA's functional requirements. Specifically, no other pricing methodology software is interoperable with PCM while providing the full functional requirements to capture grouper capabilities such as IPF, LTCH, and Inpatient Rehab. Furthermore, the PCM is a legacy system owned by the Government that will be phased out of production beginning in January 2019. VA shall roll out the eCAMS HCE on a Veterans Integrated Service Networks (VISN) to VISN basis across all of VA. The legacy PCM must continue to run in parallel to the eCAMS HCE until its complete rollout in order to continue supporting FCS and is anticipated to be fully discontinued in FY2020. The Government would incur substantial duplication of cost and resources in order to redesign its legacy system which, as the system will be phased out beginning January 2019, will not be recovered through competition. Additionally, only the 3M GPS software is interoperable with the eCAMS HCE system. The eCAMS HCE solution is designed to integrate only with the 3M GPS proprietary source code. The eCAMS HCE solution was specifically designed extensively tested its production rates to provide a solution that meets the Government requirements including the requirement to auto-adjudicated 85 percent of claims transaction with straight through processing and no human touch points or human interactions. The use of another brand would require the Government to redesign its newly procured system, resulting in a one year delay with duplicated costs of \$6.2M, based burn rates and historical Government data. The redesign of eCAMS would consist of developing new requirements, design and analysis of redesign solution, implementation and deployment, developer testing, quality assurance acceptance testing, and evaluation. Additionally, the new eCAMS HCE solution, awarded November 3, 2017, was over a two year effort and was awarded with an initial obligation of \$26.5M. To redesign or procure a new healthcare claims system would result in a substantial duplication of cost and resources which would not be recouped through competition. If the Government were to redesign these systems, all current automated healthcare claims processing functionality under the PCM would halt and future automated processing would be severely delayed. This would severely impact VA FCS ability to process and pay claims for care delivered to Veterans by non-VA providers under the Program and other non-VA care authorities and in direct compliance with the Veterans Access to Care Act of 2014. Additionally, the VA would be at high risk of outside medical providers stopping their provided care to Veterans being supported under the VA Choice program.

Furthermore, 3M GPS software is a proprietary software product; therefore, no other software maintenance provider has the proprietary code to perform the necessary maintenance and technical support services including software upgrades, updates, enhancements, and corrections. Access to this code is also needed to ensure all services provided are properly configured. The maintenance and technical support of 3M GPS software is critical for the software to continue to remain operational in support of medical claims processing which is a mandated under the Veterans Access to Care Act of 2014.

6. Efforts to Obtain Competition: Market research was conducted, details of which are in the market research section of this document. This effort did not yield any additional sources that can meet the Government's requirements. There is no

competition anticipated for this acquisition. Additionally, the proposed action will be synopsisized on the Federal Business Opportunities Page in accordance with FAR 5.201. Any proposals that are received shall be evaluated.

7. Actions to Increase Competition: The Government will continue to conduct market research to ascertain if additional solutions are able to integrate with VA eCAMS HCE.

8. Market Research: Market research was conducted in March and April 2018 to ascertain the ability of any other source besides 3M to provide healthcare claims pricing methodology software and maintenance that meets the Government's requirements. The research consisted of reviewing similar software such as AMPS and RevCycle Pro. A review of these software products determined that neither can integrate with PCM and eCAMS without a redesign of the respected solutions. Additionally, AMPS does not provide all of the Government required functionalities, specifically the ability to provide required IPF, LTCH, and Inpatient Rehab grouping and pricing. The Government directly contacted eCAMS HCE representatives on March 21, 2018 and received confirmation that only 3M GPS pricer capabilities can integrate with the eCAMS HCE solution and that any other software would require a redesign and redevelopment. Additionally, the Government contacted PCM representatives on April 2, 2018 and received confirmation that no other software offers all of the required grouper/pricer functionalities. Therefore, only 3M GPS software and software maintenance can meet the Government's requirements.

9. Other Facts: VA FCS awarded competitive procurement contract, 36C10B19C2551, on November 2, 2017 with CNSI eCAMS HCE claims processing solution. The contract has a period of performance of 24 months with three 12-month option periods and it is anticipated that VA will continue its support for the immediate future following the end of the contract's period of performance.