

## DEPARTMENT OF VETERANS AFFAIRS

### Justification and Approval

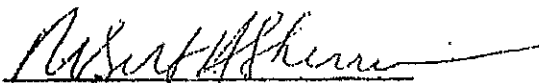
#### For

#### Other Than Full and Open Competition

1. **Contracting Activity:** Department of Veterans Affairs, Network Contracting Office 6 (NCO 6) on behalf of the VISN 6 Radiology Services of the eight VA Medical Centers in VISN 6, intends to procure Picture Archiving and Communications Services (PACS) using other than full and open competition.
2. **Nature and/or Description of the Action Being Processed:** This action is to establish a 180-day "bridge contract" to allow continuation of services to the eight VISN 6 Medical Centers until a new contract can be awarded. The current contract will expire on June 30, 2012. It has already been extended under FAR 52.217-9 for six months and no other options are available to continue services except a sole source contract to the incumbent. A solicitation was previously issued, and award was made in time to transition to a new contract. However, the contract award was protested and sustained by GAO. As a result of the protest decision the new contract was canceled. NCO 6 is in the process of reviewing the requirement and plan to issue a new solicitation in late July 2012 with an objective of awarding a new contract by December 31, 2012. PACS technology is vital to the mission of Radiology Imaging Service at all VISN 6 Medical Centers. Due to the complexity of the requirement and the time and equipment involved in providing PACS a bridge contract with the incumbent, Philips Healthcare Informatics (PHI) is the only viable option to ensure patient care is not compromised.
3. **Description of Supplies/Services Required to Meet the Agency's Needs:** PACS is a system that allows digitized images from X-Ray, MRI, CT, and other medical imaging devices to be stored and retrieved in a central VISN data center. This allows doctors and clinicians to rapidly access images and has reduced the radiology staff time required to do this function. It also allows cross-VISN diagnosis using resources from one medical center to view and diagnose patients at other facilities. Estimated cost for the 180-day firm-fixed price contract is \$ 805,245.80. The proposed contract period is from July 1, 2012 through December 31, 2012. There will be an option to extend the contract for up to 6 months at the same price per study should a contract not be awarded by December 2012.
4. **Statutory Authority Permitting Other than Full and Open Competition:** Under authority of 41 USC §253(g), as implemented by FAR 6.302, other than full and open competition is allowed when:
  - ( ) (1) Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements per FAR 6.302-1;
  - ( X ) (2) Unusual and Compelling Urgency per FAR 6.302-2;
  - ( ) (3) Industrial Mobilization, Engineering, Developmental or Research Capability or Expert Services per FAR 6.302-3;
  - ( ) (4) International Agreement per FAR 6.302-4
  - ( ) (5) Authorized or Required by Statute FAR 6.302-5;
  - ( ) (6) National Security per FAR 6.302-6;
  - ( ) (7) Public Interest per FAR 6.302-7;

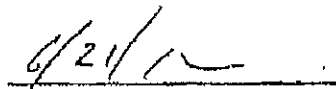
5. **Demonstration that the Contractor's Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above (applicability of authority):** Only Philips Healthcare Informatics is capable of continuing the current highly specialized radiology service to VISN 6 without unacceptable delays and major cost associated with the loss of 5 years of digitized image studies. PHI maintains the repository and backup for all PACS studies done in VISN 6 over the past 5 years. Bringing in another contractor to transfer the data would cause severe delays (estimated at 4-6 months). Bringing in another vendor for a temporary contract would also incur start up costs of at least \$1,000,000.
6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as deemed practicable:** This requirement was competed but due to an upheld protest, the contract was canceled. Market research showed there is competition but given the urgency of this continued requirement, the incumbent is deemed to be the best resource given the less than two week turn around need. Competitive acquisition procedures will be utilized for the long term contract.
7. **Determination by the Contracting Officer that the Anticipated Cost to the Government will be Fair and Reasonable:** The current contract cost is \$5.75 per study archived and the average yearly cost across VISN 6 is \$2,340,000. PHI has offered a lower price of \$3.40 per study archived for the 180-day bridge contract which will bring the total estimated cost to \$805,245.80. The price is considered fair and reasonable because their price is lower than the previously negotiated cost.
8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** Market research was conducted but due to start up cost and the imminent need of this service, it is deemed best to use the incumbent contractor for continued services until a new contract is in place which is now estimated to be in about six months. There are actually 10 known VistA Imaging approved systems in the United States who will be given the opportunity to compete for a base plus four option years Requirements Contract.
9. **Any Other Facts Supporting the Use of Other than Full and Open Competition:** There are no other supporting facts than those specified here.
10. **Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:** Philips Healthcare Informatics.
11. **A Statement of the Actions, if any, the Agency May Take to Remove or Overcome any Barriers to Competition before Making subsequent acquisitions for the supplies or services required:** NCO 6 is conducting a competitive procurement for PACS and the only reason for limiting competition in this case is the urgent need of this requirement.

**12. 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 and belief.



Robert Sherrier, MD  
VISN 6 Lead Radiologist  
VAMC Durham, NC

Date



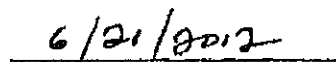
**13. Approvals in accordance with FAR 6.304**

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

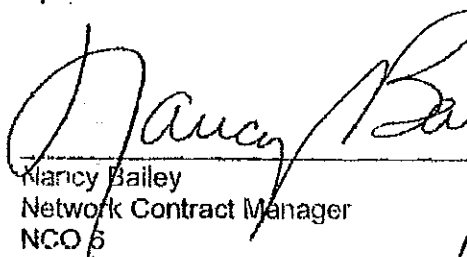


Jeffery A. Benton  
Lead Contracting Officer  
NCO 6

Date

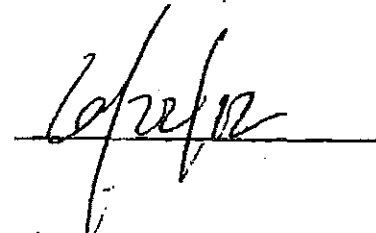


- b. **NCM/PCM:** I certify the justification meets requirements for other than full and open competition.




Nancy Bailey  
Network Contract Manager  
NCO 6

Date



- c. **SAO:** I certify the justification meets requirements for other than full and open competition.

  
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David M. Fitzgerald  
Director  
Service Area Office, East

Date

based on  
PHI being a small business  
6 July 12

- d. **VHA HCA Review and Approval:** I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and recommend approval (over \$50 million), approve (up to \$ 50 million) for other than full and open competition.

  
\_\_\_\_\_  
Norbert Doyle  
Chief Procurement and Logistics Officer  
VHA Head of Contracting Activity (HCA)

Date

7/23/12