

**JUSTIFICATION AND APPROVAL
FOR OTHER THAN FULL AND OPEN COMPETITION
Patient Centered Community Care/Choice**

1. Contracting Activity:

The Commodities and Services Acquisition Service (CSAS) is the contracting agency responsible for this procurement on behalf of the Veterans Health Administration's (VHA) Office of Community Care (OCC).

2. Description of the Action Being Approved:

The CSAS is seeking approval to exercise a previously unpriced one-year option under contract VA791-13-D-0054 to support the Patient Centered Community Care Program and to modify the contract to add Regions 1, 2, and 4 previously under VA791-13-D-0053, also known as the Patient Centered Community Care/Choice (PC3/Choice) contract.

The Tri West contract, VA791-13-D-0054, was one of two contracts awarded as a result of solicitation VA791-13-R-0014. The contract was initially awarded to support the Patient Centered Community Care Program, which was established to provide Veterans coordinated and timely access to standardized high-quality care through comprehensive networks of non-VA Providers in the event that VA Medical Centers (VAMCs) are not able to provide the care. Modification P00005 incorporated Veterans Access Choice and Accountability Act (VACAA) requirements into the contract on 30 October 2014. The contract is currently in Option Year 4, which is set to end on 30 September 2018.

Contract number VA791-13-D-0054 was originally awarded on 3 September 2013 with a base period of 18 months plus four, one-year option periods with an additional two, one-year unpriced option periods, to extend the contract if needed and approved by the Deputy Senior Procurement Executive as required by FAR 17.204(e). FAR 17.204(e) states that unless otherwise approved in accordance with agency procedures, the total of the base and option periods shall not exceed 5 years in the case of services. At time of solicitation, VAAR 817.202 indicated that approval must be obtained by the Deputy Senior Procurement Executive (DSPE) to exceed 5 years. This approval was obtained by the Contracting officer on 19 December 2012, and provides the ability to further extend this contract beyond the base period plus four one-year option periods, for an additional two, one-year option periods. As a result, the total term of the contract shall not exceed eight years, as also indicated in FAR 52.217-9 in the contract. The eight-year period covered an 18-month base period, four one-year priced options, and two one-year unpriced options periods. It would also include a six months extension if FAR 52.217-8 were to be exercised in the performance of the contract.

This J&A is submitted to allow for compliance with FAR 17.207(f) which states "Before exercising an option, the contracting officer shall make a written determination for the contract file that exercise is in accordance with the terms of the option, the requirements of this section, and FAR Part 6. To satisfy requirements of Part 6 regarding full and open competition, the option must have been evaluated as part of the initial competition and be exercisable at an amount specified in or reasonably determinable from the terms of the basic contract..." Because this option period cannot be exercised per FAR 17.2 if it has not been evaluated, a Justification & Approval is required to exercise the option period and extend services for both PC3 and Choice CLINS.

This J&A is also to allow the expansion of the network under this contract to include Regions 1, 2 and 4 for nationwide coverage. Knowing the services under contract VA791-13-D-0053 would cease after September 30, 2018, the Government intended on replacing such services under the Community Care Network (CCN) Requirement, which is a competitive action. However, the award of the CCN contract encountered unanticipated delays necessitating the need to analyze options available to ensure continuity of care. Initially the VA contemplated the use of local provider agreements to ensure uninterrupted operations. However, the VA was unable to sufficiently expand the provider base due to the timeframe available to award a new contract. [REDACTED]

[REDACTED] Without the expansion of contract VA791-13-D-0053, it would severely hinder the delivery of healthcare services needed by our Nations Veterans in the above Regions and critically impact patient care.

3. Description of Services Required to meet agency needs:

In May of 2014, the VA came under scrutiny for excessive patient waitlist issues at various VAMC's. As a result of these issues, Congress passed into law the Veterans Access, Choice, and Accountability Act of 2014 (VACAA), Public Law 113-146, enacted August 7, 2014. The existing PC3 contract was modified to add the Veterans Choice Program (VCP) requirements, as it was determined by the Secretary that not enough time existed for the VA to competitively procure new contracts to meet the requirement of VACAA. By doing so, the PC3/Choice contract became responsible for providing services required under Section 101 of VACAA to include production and distribution of VA Choice cards, implementation and maintenance of a call center, coordination of benefits, provision of healthcare, quality management, claims processing, reporting, auditing, funds management, education and training, integration, analysis and testing, information technology security and privacy, clinical documentation, configuration management, communications, implementation and utilization review.

On 19 April 2017 President Donald Trump signed S544 (P.L. 115-26) which effectively eliminated the "sunset date" of August 7, 2017 allowing VACAA to continue until all funds in the Veteran Choice Program are depleted. VACAA requires care and services through the Non-VA Care Coordination Program to include Regions 1, 2, and 4. This is accomplished, among other ways, via this contract with TriWest.

The PC3/Choice contract provides Veterans coordinated and timely access to standardized high-quality care through comprehensive networks of non-VA providers, should VA Medical Centers (VAMCs) not be able to provide the care or if the Veteran is deemed eligible for referral to the community based on wait-time for appointment or distance from service. PC3/Choice provides a centrally supported healthcare contract which includes primary care, other medical and surgical services along with skilled home health care. The healthcare provided is delivered in a manner consistent with the needs of the patient and standards of quality delivered to the contractor's non-VA patients.

In addition to establishing VA networks of providers to deliver healthcare to Veterans, the PC3/Choice contracts also provide a vital administrative function. The PC3/Choice contractors currently match the Veterans with a qualified provider closest to their home to address their individual health concerns. The PC3/Choice contractors schedule the Veterans' appointments with the providers, ensure all applicable medical documentation is sent to the providers, gather medical documentation resulting from the appointments and provide it to the VA, while also receiving the providers' claim(s)/invoice(s), paying those claim(s)/invoice(s), and submitting one overall claim/invoice to the VA. The expansion of the Network to include Regions 1, 2, and 4 is crucial for the continuance of medical services to the Veterans

in those regions. VA has been unable to procure Provider Agreements in a sufficient number to service the population of Veterans in Regions 1, 2 and 4.

As stated, the planned CCN contract(s) will replace the PC3/Choice contracts, but have yet to be awarded. The CCN contract(s) are currently in the evaluation phase of the acquisition process, and will require an implementation period of 12 months. Since CCN is intended to replace the PC3/Choice contracts, the addition of the one-year option is required to cover the medical services until CCN is awarded and implemented. The one-year option and the addition of Regions 1, 2, and 4 will allow the least disruption to the existing network and existing processes, and will allow for a seamless transition between the PCCC/Choice contract and the CCN contracts while continuing to meet the high volume of healthcare needs of Veterans currently utilizing this care. Exercising the option period is the only way to ensure there is no disruption to our Veterans. The VA does not have adequate Provider Agreements to provide continued services until the CCN contracts are awarded. Without exercising the option year on the current contract and adding Regions 1, 2, and 4 Veterans healthcare will be severely impacted.

The estimated value of the one-year option modification is approximately [REDACTED]. The estimated cost to add Regions 1, 2, and 4 is approximately [REDACTED]. The requested modification will increase the estimated value of the contract by [REDACTED]. The contract maximum dollar value is \$28,900,000,000 for all regions. Contract maximums have not been met or exceeded.

4. Statutory Authority:

The statutory authority that permits this action is 10 U.S.C. 2304(c)(1) as implemented by FAR 6.302-1 – Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements.

5. Justification for Use of Authority:

TriWest is currently the only company that can reasonably act in sufficient time and within reasonable cost to continue the healthcare service for the additional option year and with the expansion in regions 1, 2, and 4. TriWest has an existing healthcare network established, as well as processes in place, to ensure continuity of services to the Veterans. TriWest is the only company known to have an existing network of providers in all regions associated with these types of healthcare services. Award of the CCN contract is not anticipated until the first quarter of FY19. Following award, CCN will require an implementation period of up to 12 months. As of Sept 30, 2018, TriWest's services will cease if this contract is not extended and expanded. Veterans will lose access to required medical care if the contract option is not exercised and the Regions are not expanded. VA does not have adequate mechanisms to provide the required healthcare services to Veterans without this contract.

Veterans will be without healthcare under PC3/Choice, because the anticipated CCN contracts were not awarded. The VA does not currently have the contracting mechanisms, staffing or resources to handle the influx of Veterans back to the VA without the expansion of Regions 1, 2, and 4. This will put Veterans healthcare services at risk. This is an unacceptable risk to the VA and our Veterans. No other contractors outside of TriWest have an established provider network that could reasonably provide the required services following September 30, 2018. This has been confirmed with a Sources Sought issued on July 31, 2018 and an amendment issued to it on Aug 1, 2018. Four responses to the Sources Sought were received. The Program Office, VHA Office of Community Care, has determined that the response was not a reasonable option to be considered for continued high quality Veteran healthcare at this time.

The continuation of Veteran's health care is the priority of this contract and Tri West has an established network and capabilities to provide the services. The VA relies heavily on community healthcare

providers to meet the healthcare demands of veterans. TriWest has developed regional networks over the course of the contract in order to provide VA-required healthcare services. The current network established by TriWest under the PC3/Choice contract will continue to provide healthcare under VACAA with this extension until the funds are depleted.

There would be a devastating effect by not extending TriWest's contract. TriWest currently covers Regions 3, 5, & 6 and failure to extend the contract would lead to half of the nation's Veterans not being covered for use of the PC3/Choice program. With half of the nation losing coverage under the Health Net Federal Services contract< Regions 1, 2, and 4, coming to an end on September 30, 2018, it is paramount that the VA extends TriWest's contract to continue to provide coverage to Veteran's in TriWest contract location perimeters. The expansion of TriWest coverage to include Regions 1, 2, and 4 is paramount so that no Veterans lose health care services. The VAMC's, in all regions, are not prepared to take back the significant number of Veterans that would have to return to the VAMCs for medical coverage.

Exercising the option year and expanding into Regions 1, 2, and 4 is the only way to continue services the nations Veterans without disruption to healthcare services. Given that no regions of the CCN contract is ready to award and without sufficient Provider Agreements in place, not extending TriWest's and adding the additional regions would result in unacceptable delays in fulfilling the VA's requirement to fulfill healthcare services to our Nations Veterans.

6. Description of efforts made to solicit offers from as many sources as is practicable:

Due to the delay in the award of the CCN contract regions, the circumstances have changed so that the VA will need to extend PC3/Choice and expand the TriWest regions in order to provide required healthcare services to our Veterans nationwide. The Sources Sought confirmed that there are no other vendors that are capable of or reasonably expected to perform these services nationwide. The CCN solicitation is currently in the evaluation stage and the 1st region is expected to be awarded by 1st quarter FY19. CCN will replace PC3/Choice.

7. Determination that the anticipated cost to the Government will be fair and reasonable:

Prior to awarding the modification, the VA will perform a price analysis to ensure the prices offered are fair and reasonable. This will be accomplished using the Consumer Price Index (CPI) and historical pricing. The VA will ensure that these pricing requirements are adhered to in accordance with the FAR and contract.

8. Description of the market research conducted:

To exercise the one-year option and to expand to Regions 1, 2, and 4 a Sources Sought was issued in July 31, 2018. An amendment was issued on Aug 1, 2018 to make corrections. Four contractors responded with a capabilities statement. The Government provided a meaningful opportunity for offerors to demonstrate an ability to perform the requirements of the scope of work and duly considered each capability statement received. However, the Government recognized the need for uninterrupted operation of services and considered the probability of delays that may be incurred as well as the cost of building a new infrastructure in making its determination regarding the capability of an offeror to meet the requirements of the scope of work within the timeframe required. The Government considered the historical implementation costs and timeframes when reviewing capability statements received. As demonstrated through this effort, the implementation timeframe for a new offeror to start up/implement a regional network as required for this requirement is approximately 12 twelve months. This requires extensive implementation planning in the development of a network and the training of

providers. For example, one important aspect of this requirement is implementation of outbound calls. Previous implementation timeframes for this activity alone allowed 21 calendar days for the proper implementation of this activity, which in and of itself, would cause an unacceptable delay.

As TriWest already has a mature and viable network, there is not a substantial cost in the expansion of the services in the period of performance required because it has an established infrastructure that is already integrated with the Department. In reviewing the capability statements received, it was determined that there would be a substantial duplication of costs should it proceed with a competitive acquisition for the period of performance required. In applying this exception, the Competition In Contracting Act (CICA) and the FAR provide that in the case of a continuation of contract requirements for highly specialized services, such services may be deemed to be available only from the original source and may be procured through procedures other than competitive procedures when it is likely that award to a source other than the original source would result in (i) substantial duplication of costs to the United States which is not expected to be recovered through competition; or (ii) unacceptable delays in fulfilling the agency's needs. CICA and the FAR provide that either substantial duplication of cost to the government or unacceptable delays in fulfilling the agency's requirements are alternative bases to support a sole source for a continuation of highly specialized services. In reviewing this requirement and the capability statements received, it was determined that there would be both a substantial duplication of costs and unacceptable delays that would impact patient care.

Further, in the administration of the current contract the specialized nature of the integrated service networks required by the VA, have revealed several problematic areas that have necessitated extensive discussion and resolution. The Government is currently in the process of resolving these issues and has been addressing such issues over the past two years. This has necessitated the need for extensive discussions and modifications to the existing contract and are still ongoing. As a new offeror would not be familiar with these issues and these unique problematic areas, it is reasonable to assume that these issues would not be resolved in a timely manner as required because they would not have the historical awareness or capability to adequately address problematic areas germane to the technical complexity of the requirement. This would impact the ability of the Department to provide timely resolution of these issues without a duplication of effort and cost.

9. Any other facts supporting the use of other than full and open competition:

The use of other than full and open competition to obtain the required services is the only way to avoid great harm to the VA and Veterans. The continuation of services is required to allow the full implementation of CCN. No CCN regions have currently been awarded and contractually a full year is allowed for a contractor to establish full health care delivery in each region.

10. Listing of sources that expressed an interest in the acquisition:

Four contractors responded to the Sources sought. [REDACTED]

[REDACTED] It has been determined that none of the four contractors currently have the capabilities to have a stand-up operation, serving Veterans, without a minimum of a six months or longer start-up period. It is imperative that the healthcare services for the Veterans nationwide continue without interruption.

11. A statement of the actions, if any, the agency may take to remove or overcome any barriers to competition before any subsequent acquisitions for the services required:

As previously stated, CCN will replace the PC3/Choice contract requirements. The CCN requirement has been solicited under full and open competitive requirements and the first region is expected to awarded not later than the first quarter of FY19. The extension and expansion of the current PC3/Choice contract for TriWest is required to fulfil healthcare services to Veterans until CCN awards can be made.

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.

Kameron L. Digitally signed by Kameron L.
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Date: 2018.09.07 16:47:14 -04'00'
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Dr. Kameron Matthews
Assistant Deputy Under Secretary
for Health for Community Care, VHA

Date

13. Contracting Officer's Certification:

I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Heather L. Dale Digitally signed by Heather L.
Dale 990955
Date: 2018.09.07 14:05:28 -06'00'
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Heather L. Dale
Director, Commodities and Services Acquisition Service

9/7/18
Date

Concur:

- a. NAC HCA Review and Approval: I have reviewed the forgoing justification and recommend approval for other than full and open competition.

CRAIG ROBINSON Digitally signed by CRAIG
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Date: 2018.09.07 15:39:32 -05'00'
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Craig Robinson
Head of Contracting Authority
National Acquisition Center

Date

Concur:

- b. Agency Competition Advocate: I have reviewed the forgoing justification and recommend approval for other than full and open competition.



D. Edward Keller
~~Acting~~ Associate Executive Director
Office of Procurement Policy, Systems and Oversight
Agency Advocate for Competition

Date

11 Sep 18

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 for other than full and open competition.



Ricky Lemmon
Acting Senior Procurement Executive
Office of Acquisition & Logistics

Date

9-11-18