



DEPARTMENT OF VETERANS AFFAIRS
National Acquisition Center
Commodities Services and Acquisition Service
555 Corporate Circle
Golden, CO 80401

JUSTIFICATION AND APPROVAL
FOR OTHER THAN FULL AND OPEN COMPETITION
UNUSUAL AND COMPELLING URGENCY
NATIONWIDE DIALYSIS CONTRACT EXTENSION

1. Contracting Activity Identification:

Station ID: 36C791, Agency ID: 3600, Region ID: 36

The Commodities Services & Acquisition Service (CSAS) under the Department of Veterans Affairs (VA), National Acquisition Center (NAC) is the contracting activity responsible for this procurement on behalf of the Office of Community Care (OCC).

2. Description of the Action Being Approved:

CSAS is seeking approval for use of other than full and open competition, unusual and compelling urgency, to modify the contracts shown in section 2a. to exercise the option to extend services on the Nationwide Dialysis Services Contracts (NDSC) by six-months in accordance with FAR 52.217-8, Option to Extend Services. There are sufficient funds within the IDIQ ceiling to cover the six-month extension. The six-month extension is required to guarantee continuity of critical dialysis care until new contracts are put in place. The new dialysis contract(s), are estimated to be awarded no later than January 31, 2019.

a.

CONTRACT	PROVIDER
VA791-15-D-0033	Renal Centers of Guam, LLC
VA791-15-D-0034	RSA-Guam, LLC
VA791-15-D-0035	RSA-Tumon LLC

3. Background on Services Required to Meet the Agency's Needs:

The VA NDSC maintains dialysis services performed in all areas of the United States, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands. The current dialysis capability within Veterans Affairs Medical Centers (VAMCs) does not allow for VA care of the entire Veteran population requiring dialysis services.

Healthcare providers in the community offer dialysis services nationwide for Veterans as authorized by the VAMCs. The providers deliver, supervise, and monitor dialysis services for chronic hemodialysis (outpatient), home hemodialysis, chronic peritoneal (outpatient) dialysis, and training sessions for home-based hemodialysis and peritoneal dialysis. The providers' facilities are located within the geographic locations of the referring VAMCs, and are readily accessible to the Veteran patient population within the Veteran Integrated Service Networks (VISNs). The healthcare provided is delivered in a manner consistent with the needs of the Veterans and standards of quality delivered to the providers' non-VA patients. Personnel

assigned by the providers are licensed by State, Territory, or Commonwealth of the United States or the District of Columbia.

The NDSC awarded three additional contracts in 2015 to supplement the 2013 IDIQ. These contracts are base plus two one-year option periods, and a six-month maximum option period extension, under FAR 52.217-8. The Option Year II period of performance ends on September 30, 2018.

The 2015 IDIQ contract ceiling is \$5,500,000. FSC reported expenditures from October 2015 through July 2018 as approximate \$1,689,157. Therefore, approximately \$3.8M remains to cover expenses in FY 18 through the six-month extension period.

There is sufficient funding within the IDIQ contract ceiling to cover this action, which is estimated at \$[REDACTED] for the six-month extension.

Originally, four Community Care Network (CCN) contracts were anticipated to be finalized and awarded prior to the existing dialysis contract's period of performance ending September 2018. CCN contracts will provide an array of healthcare services, to include dialysis services. Ongoing delays encountered between the regional set up and restructuring of pre-award activities of this complex bundled healthcare contract on CCN has created an urgent requirement for a separate standalone dialysis contracts. New IDIQ dialysis contracts must be solicited and awarded prior to the six-month extension expiration of March 31, 2019 for continuity of Veteran dialysis care.

A new IDIQ contract will consist of a base period, four one-year option periods, and a six-month option to extend mirroring its predecessor contract. The anticipated award would be no later than January 31, 2019. Activities for the new IDIQ solicitation have been initiated, and use of the extension of services under the contracts listed in 2a. will allow Veterans to maintain their healthcare until a new contract can be put in place.

The NDSC provides critical healthcare services to the Veterans who are unable to receive dialysis care from the Veteran's Health Administration (VHA). Approximately 17,000 Veterans are currently receiving dialysis services through the NDSC contracts, with more than 30 Veterans receiving care in Guam. A gap in contractual coverage would have catastrophic results outside of just a lapse in care/coverage. Dialysis services are not optional for Veteran patients with chronic renal failure. It is imperative that no lapse in contractual coverage occurs, as any delay in dialysis service will cause mental/physical distress, discomfort, and potential loss of life.

4. Statutory Authority:

The statutory authority that permits this action is 41 U.S.C. 3304(a)(2) as implemented by FAR 6.302-2, Unusual and Compelling Urgency.

5. Justification for Use of Authority:

The critical services being acquired with the contract modifications is the rationale for the requested justification. Individuals requiring dialysis services traditionally exhibit nausea, fatigue, swelling, vomiting, and toxic levels of waste in the blood. Dialysis treatment is dependent upon age, energy level, overall health, and commitment to a treatment plan. It must be a physician's and/or patient's choice to not have or to discontinue dialysis at any time.

In-center hemodialysis and peritoneal dialysis replaces a small percentage of healthy kidney function, as healthy kidneys function ceaselessly. Dialysis maintains balance of acid/bases and salts in the bloodstream. Missed dialysis treatment(s) will increase the risk of illness, fatigue, heart problems, and even death.

The current environment within VA medical facilities does not allow for exclusive internal VHA care of the Veteran population requiring dialysis. There is an ongoing need for both hemodialysis and peritoneal dialysis for an increasing population to treat chronic kidney disease. The 2013 IDIQ contracts were set up to streamline the ordering of dialysis across the nation using private healthcare companies. Additionally, the 2013 IDIQ contracts were set up to mirror the Medicare methodology for treating End-Stage Renal Disease (ESRD). The 2015 IDIQ also takes advantage of mirroring Medicare methodology.

In 2013, the VA was paying approximately \$486.25 to \$600.00 per treatment in the locations not supported by current contracts or Basic Ordering Agreements (BOAs) through the FEE program. These prices are much higher than VA's contracted highest rates of approximately \$[REDACTED] per treatment for hemodialysis under the NDSC contracts.

Based on the established dialysis network in place of the three contracts, continuing to offer use through the existing contracts, while working on the procurement for the new dialysis contracts, will take advantage of economies of scale and save the Government money, but more importantly ensure continued healthcare services for the Veterans including preventing disastrous consequences.

The solicitation for the 2015 IDIQ to provide dialysis services in Guam was unrestricted, allowing for full and open competition. The proposals were evaluated and awarded based on meeting technical requirements and fair and reasonable pricing. The period of performance for the 2015 IDIQ contracts ends September 30, 2018.

The 2015 IDIQ was specifically awarded to add dialysis services for Guam. There are three active dialysis contracts for Guam. Based on April 2018 Medicare Certification information, there are only 5 facilities that provide services on Guam. Two providers, US Renal Care and Innovative Dialysis Systems maintain five Guam facilities, and all Medicare certified Guam facilities are currently contracted with the NDSC. No other certified Medicare providers exist in the Guam market.

Provider Name	Grand Total Facilities	Percent of Market
Total Depicted	7012	3.26%
US RENAL CARE, INC.	219	3.09%
INNOVATIVE DIALYSIS SYSTEMS	12	0.17%

Facility Name	City	State	Chain Organization
GUAM DIALYSIS CENTER-TAMU	TAMUNING	GU	INNOVATIVE DIALYSIS SYSTEMS
TUMON KIDNEY CENTER	UPPER TUMO	GU	INNOVATIVE DIALYSIS SYSTEMS
GUAM RENAL CARE	SINAJANA	GU	INNOVATIVE DIALYSIS SYSTEMS
RENAL CENTERS OF GUAM	DEDEDO	GU	INNOVATIVE DIALYSIS SYSTEMS
US RENAL CARE FINEGAYAN	DEDEDO	GU	US RENAL CARE, INC.

The NDSC maintains a large network for dialysis services that the VA leverages because the VA cannot handle the current capacity of requested dialysis services in the VAMCs. The outsourced dialysis providers within this network allows the VA to maintain continuity of dialysis services by means of the individual three contracts. These dialysis contracts are needed to ensure the VA can continue to satisfy the dialysis needs for all Veterans. It is in the VA's best interest to extend the dialysis services under the authority FAR 52.217-8 for six-months.

6. Efforts to Increase Competition:

The contract extension modifications will not be synopsisized due to urgent and compelling reasons indicated within exception FAR 5.202(a)(2). However, pre-solicitation activities are underway, for the new dialysis contract(s) with planned usage of competitive procedures. A Request for Information (RFI) was posted to the Governmentwide point of entry (FBO.gov) on April 10, 2018 and amended April 25, 2018. Responses were due on May 13, 2018. Ten interested providers responded to the RFI, providing vital information and concerns regarding the future dialysis contract and CCN contracts. Eight respondents are current contractors, and two contractors responded who are not currently under contract. The two contractors who are not currently on contract are SDVOSBs. The SDVOSBs were not registered in the Vendor Information Pages, and do not possess the required Medicare certification. The RFP for the new dialysis contract (base plus four) is expected to be posted in October 2018. However as of April 2018, all Certified Medicare facilities in Guam were already on contract.

7. Price Reasonableness:

The Contracting Officer has determined the prices to be fair and reasonable by validating the awarded prices for Option Year IV dialysis services and ensuring current pricing does not change with the six-month extension in accordance with FAR 52.217-8, Option to Extend Services. The six-month extension was not evaluated at the initial time of award. Pricing between the base year and all option years was identical through all NDSC contracts further supporting the fair and reasonable determination.

8. Market Research:

As shown above in number 5, there are only five facilities that are Medicare Certified in Guam, and all five are currently on contract. There are no other providers at this time for the Guam market.

The applicable NAICS code is 621492 for Kidney Dialysis Centers. SAM.gov reflects 3,687 vendors registered with this NAICS code. Twenty-two vendors are registered in VIP with this NAICS code. However, after reviewing the capabilities narrative of each of the 22 vendors, none appear to actually provide dialysis services and instead provide healthcare consulting or general healthcare services.

9. Other Facts that Support the Action:

Due to the unusual and compelling urgency, the Government could be harmed by losing dialysis services coverage by aiding in the discomfort of up to 30 Veterans currently utilizing the NDSC in Guam.

10. Interested Sources:

Two vendors with five facilities, representing three contracts are interested in providing services in Guam. As of April 2018, all Medicare certified facilities were on contract.

Ten companies responded to the RFI. Eight companies already have current contracts. The two other respondents are SDVOSBs, and were not registered in VIP and do not meet the technical requirements of Medicare Certification. It was unclear if any of the respondents provided services in Guam.

11. Actions Taken to Remove Barriers to Competition

A competitive procurement is planned to take place within the next 6-months by January 31, 2019, while concurrently meeting the urgent needs of our Veterans through the current NDSC vendors who the VA already verified Medicare certified for End-Stage Renal Disease.

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.

Christopher A
DeWitt 1119147

Digitally signed by Christopher
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Date: 2018.09.11 09:43:36
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Sandra Cox
Program Manager
National Dialysis Services
VHA Office of Community Care

Date

13. Approvals in accordance with FAR 6.304 and VAAR 806-304-1

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

david.little@va.gov
Digitally signed by
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David Little

9/11/2018

Date

- a. Legal Review has been performed by:

Elyse M Griffiths
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Date: 2018.09.11 15:05:05 -05'00'
Elyse Griffiths
Staff Attorney, NAC
OGC

- b. NAC HCA Review and Approval: I have reviewed the foregoing justification and recommend approval for other than full and open competition. Upon the basis of the following, I as the Head of Contracting Activity (HCA), hereby approve 3 contract modifications to the existing National Dialysis Services Contracts (NDSC) pursuant to the authority of 41 U.S.C. 3304(a)(2), Use of Noncompetitive Procedures.

CRAIG ROBINSON
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Digitally signed by CRAIG
ROBINSON 254508
Date: 2018.09.18 12:51:35
-05'00'
Craig Robinson
Associate Executive Director
Head of Contracting Activity
National Acquisition Center

Date