



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
PATIENT CENTERED COMMUNITY CARE/CHOICE

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 under regulation FAR 6.302-1, Only one Responsible Source and No Other Supplies or Services will Satisfy the Agency Requirements. This authority would be used to extend performance on the existing Patient Centered Community Care (PCCC) / Choice contract with Health Net Federal Services (Health Net) for a period not to exceed October 1, 2018 through March 31, 2021. This extension will require Health Net to accomplish all necessary close out activities and to ensure a proper transition of PCCC/Choice services from Health Net to VA. The total estimated value of the services from October 1, 2018 through March 31, 2021 is [REDACTED].

Health Net contract, VA791-13-D-0053, was one of two contracts awarded from solicitation VA791-13-R-0014. The contract was initially awarded to support the PCCC program, which was established to provide veterans coordinated and timely access to standardized high-quality care. In the event that the VA Medical Centers (VAMCs) were not able to provide the care internally, care was sourced through the PCCC contract vehicle, which contracted a comprehensive network of non-VA Providers. Modification P00005 incorporated Veterans Access Choice and Accountability Act (VACAA) requirements into the contract on 30 October 2014, which is set to end on September 30, 2018.

3. Background on Services Required to Meet the Agency's 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 PCCC contract was modified to add the Veterans Choice Program (Choice) requirements, as it was determined by the secretary that not enough time existed for the VA to competitively procure new contracts to meet the requirements of VACAA. By doing so, the PCCC/Choice contract became responsible for providing services required under Section 101 of VACAA to include production and distribution of VA Choice cards, implementation and 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 August 1, 2018, Health Net was directed by the Contracting Officer to cease new appointments for non-VA care. However, appointments for community care that had been made prior to August 1,

2018 were permitted to take place through September 30, 2018. This direction was given in anticipation of contract close out.

Under the proposed extension, Health Net will not be providing community care to Veterans or maintaining any of its existing healthcare network community providers, supporting the PCCC/Choice program. This extension is to require Health Net time to submit claims for services rendered under the contract's original period of performance but not yet invoiced, reconcile claims, process claims appeals, and furnish reports related to contract close out. The services to be furnished under the extension are all related to close out of the original contract. No additional tasks are being added related to providing community care to Veterans.

4. Statutory Authority:

The statutory authority that permits this action is 41 U.S.C. 3304(a)(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:

Health Net is the only company capable of completing performance of the open healthcare claims for services ordered during the prior period of performance. Health Net has initiated and furnished care through its network providers to thousands of veterans, as part of the work required by this contract. In many cases, care has been furnished but has yet to be invoiced. Additionally, there are many instances where care has been furnished and invoiced, but the invoice has yet to be paid due to processing issues, thus requiring reconciliation or an appeals process.

During performance under this extension, Health Net will be processing initial claims, reconciling claims, processing claim appeals, uploading medical documents to DOME and furnishing close-out reports. No other company or entity has the capability to finish the work Health Net has already started, for the reasons documented in this section.

As part of this contract, Health Net has entered into agreements, also known as Choice Network Provider Agreements ("Agreements"), with community healthcare providers and entities throughout the country. These Agreements are not governed by the contract between Health Net and VA. VA and all other entities outside the Agreement are not privy to the details of these Agreements. In the event VA mandated a third-party entity to fulfill invoicing and claims processing of these Agreements, VA could violate Health Net's commercial agreements between Health Net and its providers. Health Net is the only company that can reasonably finish the claims process during the period of October 1, 2018 through March 31, 2021 for healthcare services that were furnished under the contract.

Although the information technology (IT) requirements of this contract are governed by VA Handbook 6500, the file structure and format of Health Net's information systems, which house the data related to these claims, is not restricted to a specific format by the contract and thus unknown to the VA. In previous discussions Health Net has stated that the computer processes and data formats that are used internally are proprietary. This makes it impossible to transfer the data to another contractor for reconciliation and processing. Additionally, even if it were possible the time it would take to transfer this data for processing by a different company would be substantial, costly and untimely. Until these claims are processed, community providers are without payment for services rendered. Any further delays caused by efforts to transfer billing processes would delay the payment

to these community providers even further. This would pose a substantial risk of damaging the relationship VA has with community providers and could threaten the future of provider's willingness to furnish care to Veterans.

For these reasons, there is no other company or entity that could reasonably finish this work. Use of any contractor to provide close out services would result in substantial duplication of cost to VA and unacceptable delays in resolving all open healthcare claims. Any attempt at bringing in a third-party would expose the VA to substantial performance, cost and schedule risks. There is no reason for the VA to believe another party would be technically capable of carrying out the work. VA is attempting to preserve their relationships with providers and protect their ability to contract for care in the community.

6. Efforts to Increase Competition:

There is no possible way for VA to increase competition for this requirement. Health Net is the only company that can reasonably close out its existing open healthcare claims due to the reasons provided in paragraph 5 above.

7. Price Reasonableness:

Contract pricing for performance under this extension will be evaluated using all relevant and necessary price analysis techniques. Health Net will be required to submit other than certified cost or pricing data for VA to conduct an extensive price analysis. The Contracting Officer will ensure fair and reasonable prices are negotiated for this action.

8. Market Research:

VA is very familiar with the capabilities available in the market place from the recent market research conducted for PCCC modifications and the CCN acquisition. This market research shows there is no source capable of stepping in and finishing the work currently underway by Health Net. Due to the circumstances previously discussed in paragraph 5 above, no other contractor is reasonably capable of fulfilling the remaining contract close out requirements under Health Net's contract. Regardless of another source's capabilities, any attempt to compete this requirement would significantly harm VA.

9. Other Facts that Support the Action:

The use of other than full and open competition to extend the current contract, allowing Health Net to finish processing claims and rendering payments to community providers and performing related close out services, is the only way to avoid substantial and irreversible harm to the community providers, VA and Veterans. The continuation of services is required to allow Health Net to finish claims processing and close out services. Any attempt to switch contractors would be futile and will further damage VA's relationship with community providers and jeopardize VA's ability to contract for care in the community.

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

No contractors expressed interest in the requirements covered by this Justification & Approval. VA did not request capability statements from industry due to VA's determination that only Health Net can accomplish all required close out services.

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:

CCN will replace the PCCC/Choice contract requirements. The CCN requirement has been solicited under full and open competition and the first region is expected to be awarded no later than the first quarter of calendar year 2019.

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.

Kameron L.

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9/28/2018

Kameron L. Matthews, MD, JD, FAAFP

Acting Deputy Under Secretary for Health for 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

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David F. Little

Date

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

CRAIG ROBINSON
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Craig Robinson

Associate Executive Director

Head of Contracting Activity

National Acquisition Center

Date