

**LIMITED SOURCES JUSTIFICATION**

**ORDER >SAT**

**FAR PART 8.405-6**

**Acquisition Plan Action ID: 36C242-18-AP-4424**

- 1. Contracting Activity:** Department of Veterans Affairs, VISN 02 (South Only)  
New York Harbor, Bronx, East Orange NJ, Hudson Valley and Northport VA Medical Centers.
- 2. Description of Action:** This acquisition is conducted under the authority of the Multiple-Award Schedule Program ([41 U.S.C. 251](#) and [40 U.S.C. 501](#)).

VHA Network Contracting Office 02 intends to award an FSS task order to continue providing Philips's Picture Archiving and Communication System (PACS) for the Radiology Departments at the VA Medical Centers identified above while a replacement system is implemented. This action is intended to ensure continuation of this vital service. The VA National Acquisition Center (NAC) has an open competitive solicitation (RFQ 36A79718Q0005) to procure a long-term replacement of this system. The term of this action will be a one-year base with four 6-month option periods.

Base: October 1, 2018 to September 30, 2019  
Option 1: October 1, 2019 to March 31, 2020  
Option 2: April 1, 2020 to September 30, 2020  
Option 3: October 1, 2020 to March 31, 2021  
Option 4: April 1, 2021 to September 30, 2021

Order against: ☒ FSS Contract Number: GS-35F-0134X

Name of Proposed Contractor: Philips Healthcare Informatics

Street Address: 4100 E. Third Avenue, Suite 101

City, State, Zip: Foster City, CA, 94404-4819

Phone: 760-485-8343

**3. Description of Supplies or Services:**

The estimated value of the base period is \$1,038,435.20. The total estimated value of the base and all options is \$2,085,652.80.

This requirement is for VISN 02 South to maintain uninterrupted use of their current FDA approved PACS system which is used to electronically store medical images from modalities in Radiology/Imaging and to transmit images to diagnostic and clinical review workstations. Currently, VISN 2 South has approximately 12 years of images in a Philips proprietary archive. Continuation of this service is critical and required to ensure patient care is not negatively impacted.

**(4) IDENTIFY THE AUTHORITY AND SUPPORTING RATIONALE (see 8.405-6(a)(1)(i)(A), (B), and (C) or 8.405-6(b)), AND IF APPLICABLE, A DEMONSTRATION OF THE PROPOSED CONTRACTOR'S UNIQUE QUALIFICATIONS TO PROVIDE THE REQUIRED SUPPLY OR SERVICE.**

☐ An urgent and compelling need exists, and following the ordering procedures would result in unacceptable delays.

☒ Only one source is capable of providing the supplies or services required at the level of quality required because the supplies or services are unique or highly specialized;

The current PACS vendor (Philips) stores image data in a proprietary DTS compression format, along with annotations and markups placed by Radiologists when the images were interpreted. No other vendor can access this database of stored medical images in a seamless and timely fashion. Abrupt cessation of services would be detrimental to patient care from a quality, safety, time and cost standpoint. Upon award of a contract off NAC RFQ 36A79718Q0005, the transition process will begin. The transition of images from the current proprietary format into a vendor neutral archive is a complex, time consuming process that is likely to take from 18 – 24 months to complete. This transition is expected to begin in December of 2018. Quotes are due in response to the NAC RFQ by October 03, 2018. During the transition period it will be necessary to maintain a contract with the current vendor to ensure the integrity and safe conversion of the data. Only Philips can maintain the functionality of the current PACS solution for clinical care while the data is migrated to a vendor neutral archive. Philips has recently replaced some of the system hardware and will not need to install or replace any hardware to provide continued service under this agreement. Maintaining the Philips system is the only option that would not severely disrupt clinical operations during the transition period, as the introduction of a new vendor during the 18-24 month transition period may require both Radiologists and Clinicians to access separate systems for comparison of old and new images.

☐ In the interest of economy and efficiency, the new work is a logical follow-on to an original Federal Supply Schedule order provided that the original order was placed in accordance with the applicable Federal Supply Schedule ordering procedures. The original order must not have been previously issued under sole source or limited source procedures.

☐ Items peculiar to one manufacturer:

☐ A patent, copyright or proprietary data limits competition. The proprietary data is: (If FAR 8.405-6(a)(2)iii before posting. Do not include specific proprietary data. Only mention the type of equipment, procedure, etc. to show that proprietary supplies or services are being procured.)

☐ These are “direct replacements” parts/components for existing equipment.

☐ The material/service must be compatible in all aspects (form, fit and function) with existing systems presently installed/performing. Describe the equipment/function you have now and how the new item/service must coordinate, connect, or interface with the existing system.

**(5) DESCRIBE WHY YOU BELIEVE THE ORDER REPRESENTS THE BEST VALUE CONSISTENT WITH FAR 8.404(d) TO AID THE CONTRACTING OFFICER IN MAKING THIS BEST VALUE DETERMINATION:**

This procurement is intended to provide uninterrupted services until a new system can be put in place following award of the NAC contract. Philips is offering to continue this service at lower rates than those established on Task Order VA243-16-F-2192, also off Philips GSA FSS Contract GS-35F-0134X. The fee per study award on Task Order VA243-16-F-2192 was \$5.05, while Philips has offered to continue this service at a rate of \$4.40 per study.

**(6) DESCRIBE THE MARKET RESEARCH CONDUCTED AMONG SCHEDULE HOLDERS AND THE RESULTS OR A STATEMENT OF THE REASON MARKET RESEARCH WAS NOT CONDUCTED:**

The intent to solicit only one source for this requirement was publicized on FBO notice 36C24218U0153, rather than GSA, since no other Schedule 70 contract holders offer PACS solutions. No responses to 36C24218U0153 were received. An online search revealed that Four Points Technology, LLC (SDVOSB) is an authorized reseller of Philips products and services. Four Points holds SEWP Contract NNG15SD22B. Four Points was contacted by phone and they confirmed they can offer this Philips service. Four Points themselves are not capable of meeting this need. The plan outlined by Four Points is to pass all work through to the large business original equipment manufacturer (OEM), Philips. Utilizing a small business distributor, such as Four Points, in this situation would not add value but would add risk and an additional contracting layer. The potential for this system to be completely replaced upon an award off the NAC RFQ causes this contract to carry moderate performance risk. If a transition does occur, coordination efforts would be considerably more complicated should the VA continue to operate the Philips PACS via a contract with a distributor and not Philips themselves. Utilizing an SDVOSB that will pass all performance requirements onto a Large Business subcontractor is not appropriate. Furthermore, the rule of two has not been met.

A search of VIP using NAICS “511210” and keywords “picture archiving and communication system” did not return any results. No other potential sources were solicited because while

there are other potential sources capable of replacing the Philips PACS solution in full, none of those sources can provide uninterrupted service during this period.

**(7) ANY OTHER FACTS SUPPORTING THE JUSTIFICATION:**

The need for an all new PACS solution is being met through competitive means on NAC RFQ 36A79718Q0005. Attempting to implement an entirely new PACS solution now would not meet the current need. Additionally, attempting to implement a new PACS solution, rather than continue using the Philips PACS, would duplicate the efforts of NAC RFQ 36A79718Q0005 and could cause the VA to award conflicting contracts.

While this action is being initiated with urgency to prevent a lapse in this critical service, urgency is not one of the reasons this action is being conducted without competition. Having additional time to plan for this procurement would not have allowed for a competitive procurement. In this case, it is unavoidable that the services of the incumbent are required at least until the NAC awards and implements a new PACS solution.

**(8) A STATEMENT OF THE ACTIONS, IF ANY, THE AGENCY MAY TAKE TO REMOVE OR OVERCOME ANY BARRIERS THAT LED TO THE RESTRICTED CONSIDERATION BEFORE ANY SUBSEQUENT ACQUISITION FOR THE SUPPLIES OR SERVICES IS MADE:**

Network Contracting Office 02 will work to ensure there is improved coordination and communication between the VISN 2 Medical Center customers, NCO 02 CO's and the National Acquisition Center. This will help prevent similar situations limiting competition relating to the contract to be awarded off NAC RFQ.

**(9) 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. I understand that processing of this limited sources justification restricts consideration of Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4. *(This signature is the requestor's supervisor, fund control point official, chief of service or someone with responsibility and accountability.)*

Alan X Liu  
511640

Digitally signed by Alan X  
Liu 511640  
Date: 2018.09.24  
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Alan Liu, PACS Administrator  
VA New York Harbor Healthcare System

**(10) APPROVALS IN ACCORDANCE WITH THE VHAPM Part 806.3 OFOC SOP:**

**a. CONTRACTING OFFICER'S CERTIFICATION (required):** I certify that the foregoing justification is accurate and complete to the best of my knowledge and belief.

Joseph R.  
Cellino 391287  
Joseph Cellino, Contracting Officer  
Network Contracting Office 02

Digitally signed by Joseph  
R. Cellino 391287  
Date: 2018.09.24  
15:09:47 -04'00'

**b. One Level Above the Contracting Officer (Required over the SAT but not exceeding \$700K):** I certify the justification meets requirements for other than full and open competition.

Cheryl M  
Brimmer 113171  
Cheryl Brimmer  
Branch Chief, Services Team 1  
Network Contracting Office 02

Digitally signed by Cheryl  
M Brimmer 113171  
Date: 2018.09.24  
15:11:30 -04'00'

**HIGHER LEVEL APPROVAL (Required for orders over \$700,000):**

**c. VHA SAO HCA REVIEW AND APPROVAL (over \$700,000 to \$68 million):** I have reviewed the foregoing justification and find it to be complete and accurate to the best of my knowledge and belief and approve for restricting consideration of the Federal Supply Schedule contractors to fewer than the number required by FAR Subpart 8.4.

Brent Goe  
625253  
Brent Goe  
Acting Executive Director, SAO East

Digitally signed by Brent  
Goe 625253  
Date: 2018.09.25  
08:41:00 -04'00'