

JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Acquisition Operations
Strategic Acquisition Center
10300 Spotsylvania Ave, Suite 400
Fredericksburg, VA 22408
2. Description of Action Being Approved: This proposed acquisition is for medical claims support services for the Veterans Affairs Financial Services Center (VA-FSC) in Austin, Texas. This requirement will result in the issuance of a Firm-Fixed-Price contract as a direct award to a Service-disabled Veteran-owned small business (SDVOSB), based from solicitation 36C10G19Q0146.

3. Description of Services:

- a. The Department of Veterans Affairs Financial Services Center (VA-FSC) is a Franchise Fund under the Government Management Reform Act, P.L. 103-356. Consequently, the VA FSC receives no federally appropriated funding and thus is required to market its services to customers. As such, VA-FSC provides financial services to the Department as well as to other government agencies (OGAs).

VA-FSC processes medical claims in support of their customers. Vendors providing medical services and care to individuals send claims to the VA-FSC for adjudication in accordance with appropriate fee schedules based on customer program requirements. The VA-FSC is responsible for processing the associated medical claims submitted by the medical providers in accordance with the Prompt Payment Act and customer program requirements and reimbursing medical care providers on behalf of customers. Current VA-FSC customers include, but are not limited to, 21 Veteran Integrated Service Networks (VISNs) throughout the United States (US), Department of Health and Human Services, dialysis medical claims (Medicare), and compensation claims resulting from Veterans' exposure to contaminated water at Marine Corps Base Camp Lejeune, North Carolina. The Contractor utilizes the VA-FSC's existing claims processing system to process these claims, therefore, services have historically been provided at the Government's facilities in Austin and Waco, TX. The Contractor must assist in the management of, as well as, process a large volume of medical claims efficiently and within specific timeframes. The estimated value of this award is \$3,887,588.97.

4. Statutory Authority: The statutory authority permitting other than full and open competition for this acquisition is 41 U.S.C. 3304 as implemented in FAR Subpart 6.302-5, Authorized or Required by Statute. The statute which authorizes use of this authority is 38 U.S.C. 8127 as implemented in VA Acquisition Regulation (VAAR) Subpart 819.7007 Sole Source Awards to Service-disabled Veteran-owned Small Business (SDVOSB) Concerns. This requirement will result in a Service-disabled Veteran-owned Small Business Direct Award.

5. Rationale Supporting Use of Authority Cited Above: Use of the above cited authority is in accordance with (IAW) VA Acquisition Regulation (VAAR) 819.7004 Contracting Order of Priority—SDVOSB is the VA's first preference for acquisition strategy for acquisition of services and supplies. The proposed source for issue of this acquisition is ATP2 LLC, 10665 Stanhaven Plaza, Suite 207, White Plains, MD 20695. ATP2 LLC is a certified SDVOSB and based upon past performance, is technically qualified to perform these services. In support of the limited procurement time for award of a new contract, use of this authority allows continued performance of the work while remaining in compliance with VA Contracting Priority and socio-economic goals.

a. Explanation for Selection: In accordance with VAAR 819.7007(a) the contracting officer's determination whether to make a sole source award is a business decision wholly within the discretion of the contracting officer. A determination that only one SDVOSB concern is available to meet the requirement is not required. The SDVOSB selection was also based on the vendor's specific experience with performing medical claims management support services under the existing contract.

b. This is a high-level program with a great deal of political interest as it is critical to Veterans' care. If the medical providers are not paid timely, they will not continue to provide services which will impact the Veterans' access to medical treatments. This in turn will negatively impact Veterans' trust in the VA and cause undue stress for those Veterans already seeking care. It is imperative that medical claims are processed timely and an excessive backlog does not accumulate.

c. ATP2 LLC provided technical and professional medical claims processing services in support of the VA FSC and its customers under competitively awarded contract VA119-16-C-0001. Presently, ATP2 processes approximately 750,000 claims monthly or 37,500 claims daily. Additionally, the Contractor responds to approximately 250 written and oral payment inquiries daily via a Help Desk. ATP2 has provided these services to the VA for approximately six years and is well versed in providing and managing the staff that conducts the claims processing. The initial existing contract VA119-16-C-0001 expired on December 12, 2018; and a procurement package was submitted to the SAC Contracting Office for a follow-on contract to continue the services. The 36C10G-19-C-0004 Medical Claims follow-on was approved and awarded on December 12, 2018. The modification P00001 included the use of two, three-months options. The contract period of performance on the options were as such:

Base Dec 12, 2018 – Mar 12, 2019

Option 1: Mar 13, 2019 – June 12, 2019

Option 2: June 13, 2019 – Sept 12, 2019

d. The current follow-on is due to expire on September 12, 2019; however, while the SAC Contracting team awaits the issuance of the competitive medical claims processing solicitation, the continuance of services with ATP2 needs to remain until after the new contract is awarded and a reasonable transition period between contractors has transpired.

e. There would still be a significant performance risk if awarded to another contractor without a proper transition period between contractors. The lack of a transition period does not allow a new contractor time to grasp the significant learning curve associated with the requirement. Awarding a follow-on contract to ATP2 will continue these critical services into December 2019; thereby, allowing the acquisition team time to award the contract and ensuring enough time to solicit the requirement on a competitive basis. The Base period includes the contract period of performance as such:

Base: Sep 13, 2019 – Dec 12, 2019

f. The ceiling of the contract for a 3-month period of performance is \$3,887,588.97.

6. Efforts to Obtain Competition: In accordance with VAAR 819.7007(a) the contracting officer's determination whether to make a sole source award is a business decision wholly within the discretion of the contracting officer. A determination that only one SDVOSB concern is available to meet the requirement is not required. A notice shall be posted on FBO.gov in accordance with FAR Part 5.

7. Price Reasonableness: Price Reasonableness will be determined by using the rates on the current contract, the Independent Government Cost Estimate, a comparison with similar contracts in the same industry, and knowledge and previous experience of the Program Office. The current contract incorporated labor rates from a revised Service Contract Act wage determination, so the current contract rates are in line with industry standards. A price analysis was conducted by comparing the unit prices to the unit prices listed on GSA schedules for similar work. It was determined from this analysis that the pricing was still fair and reasonable and that no savings would be gained from resoliciting as a new procurement would generate administrative costs, training costs for new contracted personnel and bringing a new contractor up to the required performance level.

8. Market Research: Market Research (MR) was conducted IAW FAR Part 10 Market Research, which describes the policies and procedures for conducting market research to arrive at the most suitable approach to acquiring, distributing, and supporting supplies and services. FAR Part 10 implements the requirements of 41 U.S.C. 3306(a)(1), 41 U.S.C. 3307, 10 U.S. C. 2377, and 6 U.S.C. 796. The Government must secure a source in the most efficient manner that minimizes risk to quantity, cost, and quality of processing medical claims.

a. In accordance with the above cited authority, VAAR 819.7004 and Public Law 109-461, "the Veterans Benefits, Health Care, and Information Technology Act of 2006", Sections 502 and 503; 38 U.S.C. 8127(c); and VAAR 819.7007, "Sole source awards to a verified service-disabled Veteran-owned small business", an SDVOSB is determined to be the potential provider of the required services. The scope of this requirement dictates the vendor continue to provide the services it is currently performing under contract 36C10G-19-C-0004.

9. Other Facts: The Procuring Contracting Officer has determined that this proposed action meets all the requirements of 38 U.S.C. 8127. This acquisition is below the \$5,000,000.00 threshold, ATP2's System for Award Management (SAM) record is active through November 15, 2019 and their record revealed 0 (zero) active exclusion/debarred records.

ATP2 is also registered in VetBiz as an SDVOSB and therefore eligible for receipt of direct awards from the VA. A search of "ATP2 LLC" using the Federal Awardee Performance and Integrity Information System (FAPIS) returned 0 (zero) records in the FAPIS system, no proceedings in the Entity Management section of the System for Award Management (SAM.gov), and no exclusions records in the Performance Information section of SAM.gov. ATP2 is a responsible SDVOSB for performance of the services described herein.

10. Listing of Sources Expressing an Interest: A Request for Quotation (RFQ) was posted in August 2019 for the re-competition of the follow-on contract. Approximately 15 vendors responded to questions from that posting; of that quantity of interested vendors, four were large businesses, one was a small business, and 11 were SDVOSBs.

11. Actions to Overcome Barriers to Competition: All future requirements will be solicited and award competitively, and managed and administered in accordance with FAR/VAAR and other applicable acquisition strategy policies and procedures related to the requirement.

12. Procuring Contracting Officer Certification: I certify that this justification is accurate and complete to the best of my knowledge and belief.

Sharon Redman
Contracting Officer
Strategic Acquisition Center

Date: 09/11/2019

Signature: SHARON E REDMAN
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Digitally signed by SHARON E REDMAN
705597
Date: 2019.09.11 11:49:06 -04'00'

13. I certify that all supporting data which form the basis of this justification is complete and accurate.

Rachael Petteys
Deputy Director, Business Office
Financial Services Center
Organization

Date: Rachael M
Petteys 308352
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Rachael M Petteys 308352
Date: 2019.09.11 11:19:20
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Signature: _____

Approval

In accordance with VA Procurement Policy Memorandum (PPM) (2013-01), Sole Source Contracting under Title 38, U.S.C. Sections 8127 and 8128, based on the foregoing justification, I hereby approve the acquisition of medical claims support services on other than full and open competition basis pursuant to the statutory authority cited in paragraph 4 above.

Donald J. Jones 926524
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Date: 2019.09.12 10:54:32 -04'00'

Donald J. Jones
Competition Advocate
Strategic Acquisition Center-Fredericksburg

Date: 9/12/2019

Competition Advocate
Tracking Number DJ014