DEPARTMENT OF VETERANS AFFAIRS

Justification and Approval (J&A)
For
Other Than Full and Open Competition (>SAT)

Acquisition Plan Action ID: 36C262-26-AP-3074

1. **Contracting Activity:** Department of Veterans Affairs (VA), Veterans Integrated Services Network (VISN) 22, Phoenix Veteran Affairs Health Care System (PVAHCS), is the requiring activity. This acquisition is being executed by Network Contracting Office (NCO) 22.

2. **Nature and/or Description of the Action Being Approved:** This document serves as the justification for Other Than Full and Open Competition to establish a follow-on sole-source contract for Community Nursing Home (CNH) Services with Ridgecrest Community Healthcare, LLC dba Ridgecrest Post Acute. The contract will be a Firm Fixed Price (FFP), Indefinite Delivery Indefinite Quantity (IDIQ) with Economic Price Adjustment (EPA). The procurement is being conducted using Acquisition of Commercial Products and Commercial Services, located at Revolutionary FAR Overhaul (RFO) 12.201-1, Simplified procedures. The justification follows the documentation format of RFO 6.104, with the statutory authority based on 41 U.S.C. § 1901, which creates the expectation that qualified Veterans will receive CNH services in their community.

   The VA provides care to Veterans whose primary residence is a nursing home; the Veterans Health Administration (VHA) has a policy that nursing home care may be provided in licensed nursing facilities at the VA's expense.

3. **Description of Supplies/Services Required to Meet the Agency's Needs:** The VA CNH Program is designed to assist Veterans and their families in making the transition from hospital care, nursing home care, or domiciliary care to the community. The primary goal of the CNH program is to maintain or restore the Veteran to the highest level of health and well-being attainable. VA often has a particular need for specialty care services in the CNH program. The services provided will ensure VA patients receive comprehensive nursing home care tailored to their medical, nursing, and psychosocial needs. Services shall include room, meals, standard nursing care, and services such as physician visits, lab work, and x-rays, all provided at the same frequency as for other patients. The resulting contract has an estimated total value of $9,000,000.00 for the duration of one (1) year and eight (8) months. The contract period runs from July 1, 2026 through February 29, 2028, with two ordering periods: One-year followed by eight-months, along with an Option to Extend Services for no more than six (6) months via RFO 52.217-8. The IDIQ limit is set at $9,000,000.00.

   Total Estimated Cost:

Ordering Period 1 (07/01/2026 to 06/30/2027) $5,400,000.00
Ordering Period 2 (07/01/2027 to 02/29/2028) $3,600,000.00

The estimated total value of the contract over the 20-month period is $9,000,000.00. IDIQ Limit: $9,000,000.00.

4. **Statutory Authority Permitting Restricted Competition:**
RFO 12 Procedures for Acquisition of Commercial Products and Services. The statutory authority for applying the Simplified Procedures for Acquisition of Commercial Products and Services of RFO 12.201-1 is 41 U.S.C. § 1901 and is implemented by RFO 12.102(b) for restricting competition on this procurement. Competition is restricted on this procurement for the reasons below:

(X) Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements
( ) Unusual and Compelling Urgency
( ) Industrial Mobilization, Engineering, Developmental or Research Capability or Expert Services
( ) International Agreement
( ) Authorized or Required by Statute
( ) National Security
( ) Public Interest

5. **Demonstration that the Contractor's Unique Qualifications or Nature of the Acquisition Requires the Use of the Authority Cited Above (applicability of authority):** A sole-source award to Ridgecrest Community Healthcare, LLC, the current incumbent, is necessary because the facility currently serves 44 Veterans residing in the Phoenix, AZ immediate geographic area. Disrupting patient care by relocating Veterans to a new facility would cause undue burden on them and their families, potentially interrupting treatment plans and increasing financial and emotional hardship. Competing the requirement would likely cause delays and substantial cost duplication for the Government.

Many of the Veterans residing at this facility have severe mental health issues, and Ridgecrest Community Healthcare, LLC is uniquely equipped to treat them because it provides both behavioral health and skilled nursing capabilities under one roof, something no other facility in the region can match. Unlike traditional skilled nursing or behavioral facilities, Ridgecrest is designed to manage multiple levels of care and a wide range of behavioral acuities and capacities. This integrated model allows Ridgecrest to provide continuous, specialized care for individuals whose needs extend beyond what typical nursing homes or behavioral health centers can safely and effectively support. Ridgecrest Community Healthcare, LLC is also a locked psychiatric facility that meets VA quality of care standards and is certified by the Centers for Medicare and Medicaid Services (CMS).
Relocating these 44 Veterans would incur transportation costs and require placement in another facility, while causing a disruption in treatment for patients in

need of acute psychiatric care. Additionally, Veterans and/or their spouses would need to be agreeable to the move, and likely many would refuse due to locality. An analysis of inpatient care costs reveals that each Veteran placed at the facility incurs a base cost of approximately $5,000.00 per day, excluding any specialty care services. Further challenges include difficulty placing Veterans and some expected refusals and hospitalizations due to care needs and available CNH placements.

Further ramifications of such a move are there are no adequate or viable options to ensure full compliance with the statutory requirements for contract nursing home care. Moreover, possible relocation could cause decreased access to legally required care and negative impact to hospital flow to include: length of stay, hospital mortality due to delayed discharges and hospital re-admissions, increased unnecessary hospitalization, and emergency room utilization due to decreased bed capacity in the community.

Facilities of this nature are extremely limited, making Ridgecrest Community Healthcare, LLC an essential resource for the PVAHCS for Veterans residing in the surrounding area. Its selection is driven by its unique capacity to support Veterans with complex psychiatric needs. Veterans and their families, in coordination with VA clinicians, have a choice in selecting a nursing home, and continuing with the local incumbent preserves this aspect of patient choice and saves in cost.

A sole-source award is consistent with the VA's strategic goals to ensure timely, accessible, and high-quality care for its beneficiaries. As prescribed in VHA Notice 2020-32 titled Community Nursing Home Program and VHA Handbook 1143.2, the CNH Program has maintained two cornerstones: (1) some level of Veteran choice in choosing a nursing home close to the Veteran's home and family and (2) a unique approach to local oversight of CNHs.

6. **Description of Efforts Made to ensure that offers are solicited from as many potential sources as possible (including whether a notice was or will be publicized as required by RFO Part 5 and, if not, which exception under RFO Part 5 applies):** Although this requirement falls under the CNH program, which permits direct placement based on the clinical needs and preferences of the Veteran, the VA remains committed to promoting competition to the maximum extent practicable. Accordingly, efforts were made to assess the availability of alternative sources capable of meeting the Government's requirements.

   To support this determination, a search was conducted on 03/25/2026 on the Small Business Administration (SBA) Small Business Search using NAICS 623110 and six Small Businesses were found. Of these, none are SDVOSBs or VOSBs nor were they located within the State of Arizona. A further search on the medicare.gov website on 03/26/2026 produced six nursing facilities, however, only four were registered and current in SAM.gov and none can provide both behavioral health and skilled nursing

services. This further confirms the limited availability of qualified providers in the local market.

Due to the unique capacity to support Veterans with complex psychiatric needs that require both behavioral health and skilled nursing capabilities, along with the requirement to be a qualified Institution for Mental Disease (IMD) provider, Ridgecrest Community Healthcare remains the only known facility capable of meeting both the clinical and geographic requirements for the VA.

In accordance with RFO 6.301(b), Availability of the justification, this action will be synopsized at award on SAM.gov, and the approved justification will be made publicly available to ensure transparency.

While competition was considered, the specialized nature of the services, the scarcity of qualified IMD providers to service the psychiatric needs of patients, and the need to maintain continuity of care for this vulnerable Veteran population necessitates a sole-source award in this instance.

7. **Determination by the CO that the Anticipated Cost to the Government will be Fair and Reasonable:** Per RFO 12.204(a) Price Reasonableness, the Medicare rates that are anticipated will be paid under the IDIQ contract are determined by Veterans Affairs Central Office (VACO). A discount percentage off the VACO Medicare Benchmark Rates will be negotiated. The negotiated percentage to the VACO Benchmark Rates will remain constant throughout the life of the contract. The rates are adjusted only when VACO updates the Medicare Benchmark Rates at the end of each government fiscal year and will be effective at the start of the next government fiscal year. The rates are adjusted annually and will be modified in accordance with the Economic Price Adjustment clause. The rates offered are anticipated to be determined fair and reasonable by the CO prior to award based upon the published rates and negotiated percentages.

8. **Description of the Market Research Conducted and the Results, or a Statement of the Reasons Market Research Was Not Conducted:** Market research was conducted in accordance with RFO Part 10 - Market Research, and VAAR Part 810 - Market Research to determine the availability of qualified sources capable of meeting the Government's requirement for CNH services in a locked IMD setting.

   As described in Section 6 above, market research at SBA's Small Business Search and medicare.gov for facilities that can provide the services needed in the Phoenix, AZ area resulted in a scarcity of providers. A review of the market research, the acquisition history, and the need to support Veterans with complex psychiatric needs that require a locked IMD setting, results in Ridgecrest Community Healthcare, LLC,

a Small Business, remaining the only known facility capable of meeting both the clinical and geographic requirements of the VA.
Ridgecrest Community Healthcare, LLC also possesses an average of a 4-star rating confirmed on CMS.gov. The Centers for Medicare and Medicaid Services (CMS) determines the acceptable rating for a nursing home using the Five-Star Quality Rating System. This system assigns an overall rating based on a weighted calculation of three component ratings: Health Inspections, Staffing, and Quality Measures.

9. **Any Other Facts Supporting the Use of Other than Full and Open Competition**: Ridgecrest Community Healthcare, LLC has been providing consistent care to Veterans in this geographical area and to those who are currently living in the facility. The CNH Coordinators have retained the survey reports for Ridgecrest Community Healthcare, LLC for the past several years.

10. **Listing of Sources that Expressed, in Writing, an Interest in the Acquisition:** Ridgecrest Community Healthcare, LLC dba Ridgecrest Post Acute located at 16640 North 38th Street, Phoenix, AZ 85032

11. **A Statement of the Actions, if any, the Agency May Take to Remove or Overcome any Barriers to Competition before Making subsequent acquisitions for the supplies or services required**: Market Research will be a continuous process to help identify new possible sources for these types of services needed within the PVAHCS geographical area.

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.

LINDSEY BUSH Digitally signed by LINDSEY BUSH Date: 2026.05.04 07:56:49 -07'00'

Lindsey Bush
Geriatric Extended Cares (GECS) Supervisor
Phoenix VA Health Care System

13. **Approvals in accordance with the VHAPM Part 806.3 OFOC SOP:**
    a. **Contract Specialist: I** certify the foregoing justification is accurate and complete to the best of my knowledge and belief.

SOLLY KIM Digitally signed by SOLLY KIM Date: 2026.05.04 08:08:23 -07'00'

Solly Kim
Contract Specialist
Network Contracting Office 22

b. **<u>Contracting Officer (required):</u> I** certify the foregoing justification is accurate and complete to the best of my knowledge and belief.

WILLIAM COOK Digitally signed by WILLIAM COOK
Date: 2026.05.04 08:19:06 -07'00'

William Cook
Contracting Officer
Network Contracting Office 22

c. **<u>One Level Above the Contracting Officer (Required of SAT but not exceeding $900K)</u>: I** certify that the justification meets the requirements of other than full and open competition.

FLORA CEPONIS Digitally signed by FLORA CEPONIS
Date: 2026.05.04 10:43:17 -07'00'

Flora Ceponis
Branch Chief, Specialized 1
Network Contracting Office 22

d. **<u>Director of Contracting Review and Approval</u>: I** approve the justification for other that full and open competition for HCA review and approval.

DEMETRIC BROWN Digitally signed by DEMETRIC BROWN
Date: 2026.05.05 09:53:15 -05'00'

Sabrina J. Smith
Director of Contracting
Network Contracting Office 22

e. **<u>VHA RPO HCA Review and Approval</u>: 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 (if over $90 million) or approve ($900K to $90 million) for other than full and open competition.

CURTIS JORDAN Digitally signed by CURTIS JORDAN
Date: 2026.05.13 13:22:32 -06'00'

Curtis M. Jordan
Executive Director, Regional Procurement Office West
Head of Contracting Activity (HCA)