JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION

1. Contracting Activity: Department of Veterans Affairs (VA)
Office of Procurement, Acquisition, and Logistics
Technology Acquisition Center
23 Christopher Way
Eatontown, NJ 07724

2. Description of Action:

This proposed sole source action is for a six (6) month base period extension, with one (1) six (6) month option period, to the current firm-fixed-price contract 36C10B23C0009 with Oracle Health Government Services, Inc. (hereafter referred to as Oracle Health) for Commercial Off the Shelf (COTS) Licensing, Remote Hosting, Maintenance, and Sustainment of the Laboratory System Re-engineering Project (LSRP).

3. Description of Supplies or Services:

VA requires continued COTS Licensing, Remote Hosting, Maintenance, and Sustainment for LSRP software. LSRP is a laboratory information management system (LIMS) that interfaces with VA's Veterans Health Information Systems and Technology Architecture (VistA) and Oracle Health Millennium, VA's two electronic health records (EHR), and 13 unique (19 total) medical devices. VA requires continued remote hosting of LSRP, including maintenance and sustainment services, meeting all applicable VA specifications while minimizing short and long-term risk. LSRP supports laboratory specimen collection, processing, and testing, and this extension will continue to cover monthly status and on-boarding reports, maintenance for software updates and patches, disaster recovery implementation and support, technical support (24/7/365), cyber security implementation and maintenance per VA Authority to Operate (ATO) requirements, network and application support, testing, capacity planning, operations and maintenance support, and sustainment activities necessary to support geographically dispersed VistA Health Level 7 (HL7) interfaces so data are transmitted/received and structured per national standards.

This action extends the existing LSRP software covering the production, pre-production, and development environments for a six (6) month base period, with one (1) six (6) month option period, for a total potential extension period of one (1) year. Oracle Health does not offer this software as a stand-alone suite that can be run on internal government IT architecture; rather, it is hosted on-premises at Oracle Health's commercial data center under a legacy, unmodernized baseline and has not been, and is not planned to be, modernized to a cloud-native or continuously updated delivery model.

VA requires continued performance under the current contract for the duration of this extension to complete a comprehensive transition off LSRP, conclude the contractual relationship with Oracle Health for this requirement, and ensure all VA patient data, lab workflows, interfaces, and required lab reports are transitioned to the existing VA data infrastructure.

The LSRP COTS software is not modified by VA, and intellectual property (IP) rights are retained by Oracle Health. This extension will continue remote hosting of the current implementation at Oracle Health's data center, system administration and management services, disaster recovery and continuity of operations implementation, software licenses/subscriptions, and technical support, without change to scope, for the duration of the transition.

The period of performance of this proposed extension is a six (6) month base period, from August 5, 2026 through February 4, 2027, with one (1) six (6) month option period, from February 5, 2027 through August 4, 2027, should the option be exercised. The total estimated value of this extension, inclusive of the option period, is [redacted]

4. Statutory Authority:

The statutory authority permitting other than full and open competition is 41 U.S.C. 3304(a)(1) as implemented by the Revolutionary Federal Acquisition Regulation Overhaul (RFO) VA Deviation 6.103-1 entitled, “Only One Responsible Source and No Other Supplies or Services Will Satisfy Agency Requirements.”

5. Rationale Supporting Use of Authority Cited Above:

The contractor is Oracle Health, 10200 Abilities Way, Kansas City, Missouri. In Fiscal Year (FY) 2008, the VA LSRP selected Cerner's Millennium PathNet COTS solution as the Veterans Health Administration (VHA) Laboratory Information Management System (LIMS). The only implementation of LSRP was completed at the Huntington VA Medical Center (VAMC), Huntington, West Virginia, in July 2011 as a pilot. LSRP has been maintained to keep it operational. LSRP is used exclusively at Huntington VAMC.

Oracle Health remains the only source capable of providing this proprietary software. Oracle Health is the original software developer and IP owner and does not authorize any other source to modify its proprietary source code. Oracle Health is therefore the only source with access to the necessary proprietary data elements and systems to design, modify/customize, configure, test, implement, and deliver continued sustainment and maintenance of the LSRP software during the upcoming transition period. Without complete access to the application, database, and business rules, any software changes would introduce an unreasonably high risk of compromising the confidentiality, integrity, and availability of personally identifiable information (PII), protected health information (PHI), and other critical VA sensitive data used in direct Veteran care, affecting patient safety and the real-time critical lab results relied upon by VA providers, until such time as the transition is complete.

Recreating the current LSRP interfaces through an alternative commercial source would require significant time and cost to purchase and install an instrument manager, interface all medical devices to this device and train all lab personnel on a new system and potentially new workflows. It is estimated that the time to recreate the LSRP interfaces with another vendor is at least a year and would cost an estimated $1.5M. These estimates are based on previous acquisition history. These costs would not be recovered through competition. Therefore, VA has decided to migrate to an internal VA VistA solution in line with other facilities.

LSRP takes lab orders (e.g., blood counts, kidney function, liver function, urinalyses) from physicians via an interface with the health record, coordinates laboratory test processing, and, once results are generated, posts them back into the Electronic Health Record (VistA/CPRS) automatically. Continued, uninterrupted performance during this extension period avoids the operational and patient safety risk of an uncontrolled service gap while VA executes a planned transition off LSRP and conversion of the Huntington VAMC to the existing VA lab solution (VistA-lab), utilized at all other non-EHRM sites.

VA has determined that migrating Huntington VAMC to VistA-lab is the appropriate path forward, consistent with the lab solution already in use at all other non-EHRM VA facilities nationwide.

During this contract extension period, VA will revert the Huntington VAMC lab environment to the legacy VistA-lab implementation. This will bring the Huntington VAMC lab in line with all other VA facilities using VistA nationwide. The transition plan will require Oracle Health to ensure all VA patient data, lab workflows, interfaces, and required lab reports are shared and transitioned seamlessly to the existing VA data infrastructure. This extension will also ensure that, at a minimum, a read-only version of LSRP is maintained in a VA-identified hosting environment until VA can confidently confirm that all VA data has been protected and fully migrated into the VA data infrastructure.

VA's broader Electronic Health Records Management (EHRM) initiative anticipates that Oracle Health Millennium will eventually replace legacy lab functionality at EHRM sites by FY31. Huntington VAMC's migration to VistA-lab under this extension is independent of that broader EHRM timeline and reflects VA's determination that the Huntington VAMC lab environment can and should be aligned with the non-EHRM VistA-lab standard already in use elsewhere.

6. Efforts to Obtain Competition:

Market research was conducted, details of which are provided in Section 8. This effort did not yield any potential sources capable of meeting the Government's requirements other than Oracle Health for continued LSRP support during the transition period.. This action will be synopsized on the Contracting Opportunities Page in accordance with RFO 5.201, and any proposals received will be

evaluated. The justification will be made publicly available along with the solicitation in accordance with RFO Overhaul VA Deviation 6.301(b)(2).

7. Actions to Increase Competition:

VA is using this extension to complete migration of the Huntington VAMC lab environment to VistA-lab, the VA-owned solution already in use at all other non-EHRM facilities. Upon completion of this migration, VA's will run the solution internally until it is part of the larger modernization efforts under EHRM.

8. Market Research:

In July 2026, VA's technical experts conducted market research by performing web based research on similar vendors. The vendors reviewed included Booz Allen Hamilton, Cognosante and Ellumen, HP Enterprise Services, LLC, Liberty IT Solutions, LLC, and Leidos Inc., and concluded that none could establish the required interfaces without a complete replacement and development effort at a significant duplication of time and cost, as described above. As VA completes the transition to a VA owned VistA solution the current LSRP in place is the only way to prevent a gap or loss of data. Based on this market research, the Government's technical experts have determined that only Oracle Health can meet the Government's requirements until the transition is complete.

9. Other Facts: None.

10. Technical/Requirements Certification

[redacted]

11. Fair and Reasonable Cost Determination

I hereby determine that the anticipated price to the Government for this contract action will be fair and reasonable based on price analysis to include comparison of negotiated prices to the Independent Government Cost Estimate and historical pricing.

[redacted]

12. Contracting Officer Certification

[redacted]

Advocate for Competition Approval

In my role as procuring activity Advocate for Competition, based on the foregoing justification, I hereby approve the six (6) month base period extension, with one (1) six (6) month option period, of the current contract for Commercial Off the Shelf (COTS) Licensing, Remote Hosting, Maintenance, and Sustainment of the Laboratory System Re-engineering Project (LSRP), on an other than full and open competition basis pursuant to the statutory authority cited in Section 4 above, subject to availability of funds, and provided that the services herein described have otherwise been authorized for acquisition.

[redacted]