

**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION  
CONTRACT #75FCMC18C0019**

On April 6, 2018, the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), Office of Acquisition and Grants Management, awarded a Firm Fixed Price type letter contract for Beneficiary Address Validation services under the authority of Federal Acquisition Regulation (FAR) 6.302-2, Unusual and Compelling Urgency. FAR 6.302-2(c)(1) requires that contracts awarded using this authority shall be supported by the written justification and approvals described in FAR 6.303 and FAR 6.304. Therefore, in accordance with FAR 6.303, the following shall serve as written documentation of the facts and rationale to justify the use of FAR 6.302-2:

**1. Description of Action:**

Nature

- New Requirement
- Follow-On Order
- Modification of Existing Contract Number

Contract Type

- Firm-Fixed Price
- Time and Materials
- Cost Plus Fixed Fee (CPFF)
  - Term
  - Completion
- Cost Plus Award Fee (CPAF)
- Other: \_\_\_\_\_

Projected Cost / Price: \$5,500,000

Funding Source (s): Medicare Integrity Program (MIP) Discretionary

Name of Awarded Contractor: West Publishing Corporation  
West, A Thomson Reuters Business  
Street Address: 610 Opperman Dr.  
City, State, Zip: Eagan, MN 55123

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

The total estimated value of the proposed action is **\$5,500,000**

The Medicare Access and CHIP Reauthorization Act (MACRA) of 2015 requires CMS to remove Social Security Numbers (SSNs) from all Medicare cards by April 2019. A new Medicare Beneficiary Identifier (MBI) will replace the SSN-based Health Insurance Claim Number (HICN) on the new Medicare cards for Medicare transactions like billing, eligibility status, and claim status. CMS is scheduled to start mailing new Medicare cards to beneficiaries beginning in April 2018.

CMS identified a potential risk related to the mailing of the Medicare cards due to the accuracy of beneficiary address information. The concern is that incorrect address data will result in Medicare cards mailed to the wrong beneficiaries.

To mitigate this risk, CMS requires a contractor to perform a validation of Medicare beneficiary address information in advance of the Medicare Card mailing project. The purpose of this validation is to screen address information for all Medicare beneficiaries against public and private data sources prior to the mailing of new Medicare cards. The additional address validation will assist CMS with ensuring that new Medicare cards are mailed to valid addresses and limit the potential exposure for fraud, waste, and abuse resulting from Medicare cards being mailed to invalid addresses.

As detailed below, this action was completed under the authority of FAR 6.302-2 because any delay in awarding this contract to validate the beneficiary address information in advance of the Medicare Card mailing project would result in serious injury to the Government.

In preparation for this analysis, CMS engaged in a test that included a certified mailing to 5,000 Medicare beneficiaries as well as engaging several vendors to analyze the addresses for these same beneficiaries. The vendor analysis results were compared to the results of the certified mailing to assess the viability of using data analysis to screen addresses prior to the mailing. The results provided by West, A Thomson Reuters Business (Thomson Reuters) provided CMS the most confidence in their approach. This means that based on the three vendors participating in the test, Thomson Reuters had the highest rate of identifying the beneficiary in their data system. Thomson Reuters also had the highest match rate with mail that was successfully delivered under the certified mailing. This provided CMS with the confidence that Thomson Reuters success rate in positively identifying the Medicare beneficiary and accurately predicting the address for the new Medicare card mailing.

### **3. Authority and Rationale:**

This acquisition was conducted under the authority of FAR 6.302-2, Unusual and Compelling Urgency. The agency's need to have a contractor perform the beneficiary address validation services is of such an unusual and compelling urgency that the Government would be subject to serious financial injury if this contract was delayed and Medicare cards were mailed prior to the addresses being validated.

In preparation for the mailing of new Medicare cards, CMS worked closely with the Social Security Administration (SSA) and US Postal Service (USPS) on the beneficiary address data. The team conducted analysis and studies to verify that the addresses on file were actual locations for mail to be delivered. In addition, steps were included in the mailing project so that address data would undergo analysis and cleansing through the National Change of Address (NCOA) and Coding Accuracy Support System (CASS).

These steps provided assurances that mail would be sent to valid locations, account for beneficiaries that submitted a change of address request with the USPS, and standardize/evaluate the accuracy of the corrected address data (e.g. court vs CT). Based on these assurances, CMS estimated a relatively low error rate in the address data and incorporated appropriate mitigation steps in the new card mailing project based on the analysis.

After these tests had been performed, CMS performed an additional analysis to test whether or not

the address on file matches the location of the beneficiary. The results of the test raised concern that new Medicare cards could be mailed to a valid location but that location might not necessarily be the current address for the beneficiary. As a result of this additional analysis, CMS identified the need for a contractor that was capable of providing CMS assurance that cards will be mailed to valid addresses where a beneficiary lives and that the invalid addresses, or addresses that do not match other records for the same beneficiary, will be held for further review.

By the time this vulnerability was identified, CMS would have been forced to delay the issuance and mailing of the new Medicare card to conduct a competition for the necessary services to mitigate this risk. Delaying the issuance of the new Medicare cards in order to compete the beneficiary address validation services significantly increases the risk that CMS will not be able to issue all new Medicare cards by April 2019 as required by MACRA. This risk increases when considering the potential amount of addresses that will now need to be held for further review and still issued to the Medicare beneficiary prior to April 2019. Furthermore, delaying the issuance of the new cards would require systems infrastructure updates and wide scale public notifications to inform beneficiaries that the mailing had been delayed. Therefore, CMS had to act quickly to put in place a contract to validate the beneficiary addresses and as such, it was determined that this acquisition met the requirements to be conducted under the authority of FAR 6.302-2.

#### **4. Actions to Increase Competition:**

The letter contract for Beneficiary Address Validation services is entirely based off of the results of the address validation pilot project. CMS maximized competition on the address validation pilot project to every extent possible by contracting with three known vendors who conduct data match and validation services to participate in the address validation pilot project. Even though the pilot project occurred prior to this letter contract, the following results of the pilot project serve as a resource for competition.

These three vendors used a variety of public and non-public data sources to test the validity of the addresses of 5,000 beneficiaries (a subset of the 58,000,000 beneficiaries scheduled to receive a new Medicare card).

In addition to the above Address Validation Project, CMS engaged the Government Publishing Office to perform a certified mailing of 5,000 letters to the same sample of beneficiary addresses.

As previously mentioned, of the three vendors that participated in the address validation pilot project, Thomson Reuters had the highest rate of identifying the beneficiary in their system, had the highest match rate with the successfully delivered certified mailings, and offered the least expensive price for the pilot project. Therefore, engaging Thomson Reuters in the Medicare card mailing process will allow CMS to release new Medicare cards to valid addresses while identifying addresses that require further development and holding<sup>1</sup> the cards until address information is validated.

A notice of proposed contract action (pre-solicitation synopsis) is not required to be publicized in accordance with FAR 5.202(2)—The proposed contract action was conducted under the conditions described in FAR 6.302-2 and the Government will be seriously injured if the agency complies with

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<sup>1</sup> The process of holding the mailing of a subset of Medicare cards will not impact beneficiary access to care and CMS will continue working with partners to update address information and immediately mail a new Medicare card to the correct beneficiary address.

the time periods specified in FAR 5.203.

## **5. Market Research:**

As stated above, prior to this letter contract CMS conducted an address validation pilot project and the results of this pilot project served as market research for this letter contract and were used to form the basis for this action.

CMS selected the following three vendors to participate in the Address Verification Project:

- Thomas Reuters, West



These vendors were selected because they had the data sources necessary to perform this type of data match. These vendors perform similar services for other industries (e.g. credit card, banking). Due to the extensive data resources necessary to perform this type of analysis, CMS believes that only large businesses have the necessary capabilities. CMS has not identified any small businesses with the data resources capable of performing the analysis and matching required to validate beneficiary addresses.

All of the selected vendors submitted comparable pricing for the pilot project that was determined to be reasonable with Thomson Reuters offering the least expensive price.

## **6. Procurement History:**

Previous services were acquired using a government purchase card. The dollar amount of each contract was under the micro-purchase threshold which aligned with the purchase card strategy.

In accordance with FAR 13.203(a)(2), the previous data match/data validation services were not competed. However, each of the micro-purchases were distributed equitably among the three pilot companies and their prices were considered reasonable by the individual appointed in accordance with FAR 1.603-3(b).

## **7. Additional Information to support the justification**

CMS plans to use Thomson Reuters to match and validate all address information for all beneficiaries. CMS will phase the mailings (mailings will occur on a flow-basis but scheduled to begin in April 2018); therefore, Thomson Reuters will be able to verify each beneficiary address (phased and based upon CMS' mailing schedule) before the mailing occurs. All addresses that are not able to be verified, will be batched and mailed out at a later date.

## **8. Listing of the sources, if any, that expressed, in writing, an interest in the acquisition.**

Due to the urgent nature of this acquisition, CMS reached out to known vendors with the capability to perform large-scale address validation services. All capable vendors were included in the pilot to test the address of 5,000 beneficiaries (a very small subset of the beneficiaries scheduled to receive a new Medicare card).

## **9. A statement of the actions, if any, the agency may take to remove or overcome any barriers**

**to competition before any subsequent acquisition for the supplies or services required.**

This will be a one-time procurement. Once the beneficiary addresses are validated and the new Medicare cards are issued there will no longer be a need for these services. Therefore, the agency did not need to take any action to remove or overcome barriers to competition prior to any subsequent acquisition.

**Approvals:**

1. **Program Office Certification:** This is to certify that portions of this justification have been developed by the undersigned program office personnel, including supporting information and/or data verifying the Government's minimum needs, schedule requirements and other rationale, which form the basis for this justification for other than full and open competition.

Desiree Y.

Digitally signed by Desiree Y.

Wheeler -S

Wheeler -S

Date: 2018.05.01 15:57:02 -04'00'

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**Contracting Officer Representative (COR) / Date**



5/1/2018

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**Program/Project Manager (P/PM) / Date**

2. **Contracting Officer Certification:** This is to certify that the justification for the proposed acquisition has been reviewed and that to the best of my knowledge and belief, the information and/or data provided to support the rationale and recommendation for approval, is accurate and complete.

**Best Value Determination:** By my signature below, after review of the relevant documents, I have determined that the contract subject to this Justification represents the best value for the Government as set forth in FAR 6.303-2(b)(7), and constitutes a fair and reasonable price. The basis for my determination is as follows:

The anticipated cost to the Government has been reviewed and has been determined to be fair and reasonable based upon a review of the rates paid in the above-referenced address validation project with multiple vendors. The cost of this action is comparable to the cost per reviewed unit of the pilot program.

Michael J.

Digitally signed by Michael J.

Connors Jr -S

Connors Jr -S

Date: 2018.05.04 09:11:31

-04'00'

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**Contracting Officer / Date**

3. **OAGM Approvals**

I hereby confirm the circumstances described above apply and approve the justification for other than full and open competition.

Theresa A.

Digitally signed by Theresa A.

Schultz -S

Schultz -S

Date: 2018.05.04 09:41:23 -04'00'

**OAGM Division Director / Date**

**Theresa A. Schultz -S** Digitally signed by Theresa A. Schultz -S  
Date: 2018.05.04 09:41:44 -04'00'

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**OAGM Group Director / Date**

**4. Head of Contracting Authority (HCA) Approval**

I hereby confirm the circumstances described above apply and approve the justification for other than full and open competition.

**Melissa A. Starinsky -S** Digitally signed by Melissa A. Starinsky -S  
Date: 2018.05.04 11:41:59 -04'00'

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**HCA Name / Date**

**5. CMS Competition Advocate (CA) Approval**

I hereby confirm the circumstances described above apply and approve the justification for other than full and open competition.

**Karen E. Jackson -S** Digitally signed by Karen E. Jackson -S  
Date: 2018.05.04 14:20:26 -04'00'

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**Name / Date**