



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
U.S. ARMY MEDICAL COMMAND
HEALTH CARE ACQUISITION ACTIVITY
2050 WORTH ROAD, SUITE 37
FORT SAM HOUSTON, TEXAS 78234-6037

MCAA

22 April 2002

MEMORANDUM FOR Chiefs, MEDCOM HCAA Contracting Centers/
Offices/Cell

SUBJECT: Health Care Acquisition Activity Review and Approval
Requirements and Thresholds, Policy Letter (PL) 02-03

1. Purpose. To establish HCAA review and approval thresholds and requirements applicable to all HCAA contracting activities. Contracting activities are identified as all Regional Contracting Offices (RCO), Centers, and Cells.
2. Background. With the January 2000 HCAA reorganization, the PARC/Commander functions are vested in one individual; therefore the Commander's Operating Instructions (COI) were rescinded. Since the MEDCOM Acquisition Instructions is also in need of update, the HCAA thresholds for review and approval of documents pertinent to the contracting process have been unclear.
3. This policy letter is effective 1 May 2002 and remains in effect until rescinded or replaced.
4. The HCAA Policy and Compliance (PAC) Branch conducts all reviews identified in this policy letter and, when possible, gives first priority to documents submitted for review. However, providing timely, thorough reviews is difficult unless requests for review are submitted timely. The following are guidelines for submitting review documents:
 - a. The HCAA PAC Branch requires 15 working days to review commercial activity (A-76) solicitations and 6 working days for all other reviews. Requests for review must be submitted in writing and in sufficient time to comply with the above dates. HCAA PAC Branch will consider requests for reviews in fewer days; however, written justification to support the urgency must be signed by the Office Chief.

MCAA

SUBJECT: Health Care Acquisition Activity Review and Approval Requirements and Thresholds, Policy Letter (PL) 02-03

b. Upon request by the contracting officer, HCAA will review any contracting action or document for any dollar value not required by this policy letter. Such requests must be in writing and describe the type of review requested.

c. Requests for review with appropriate supporting documents must be submitted together through the HCAA Secretary and marked for attention of the PAC Branch. Do not send requests or documents directly to the PARC or any other review authority.

d. The PAC Branch will review draft copies on an exception basis only and as requested by the contracting activity's Chief. Requests must also be in writing. Comments provided on drafts will not serve as the final review, unless agreed upon and so stated in the comments.

5. Actual review and approval requirements, as well as thresholds, are cited in the "Instructions" portion of this PL at Enclosure 1. Other requirements are cited in the following paragraphs. For your convenience an abstract of review and approval requirements and thresholds is at Enclosure 2.

6. Legal Review. Legal review is required of any contract action or document that requires PARC, HCAA Special Competition Advocate, or Higher Headquarters review or approval.

7. Solicitation Review Board (SRB). If not already established each office shall establish criteria for conducting SRBs. An SRB must be conducted prior to release to industry and the composition tailored to the specific solicitation. SRBs may be formal or informal, as determined by the Branch Chief. An informal SRB is made up of individuals who review the solicitation without the members meeting. The Chief of the activity or an alternate appointed by the Chief shall chair the formal SRB. An SRB shall consist of the following members as a minimum: branch chief, contract specialist, contracting officer (cannot be the contracting officer responsible for the solicitation), legal, and technical expert. Corrective actions taken will be documented in the file.

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8. Each contracting activity will also establish written internal review thresholds and procedures specific to the needs of their office. The policy will address at a minimum the review thresholds (i.e., legal, contracting officer, etc.) for solicitations, prenegotiation objective memorandums, price negotiation memorandums, and contracts.

9. Please direct any questions to Ms. Joyce Nadeau, DSN 471-4093.

2 Encls



LINDA H. SMITH
Principal Assistant Responsible
for Contracting

CF:

MEDCOM SJA

HCAA BOB-CAT Webmaster

INSTRUCTIONS

1. General information and definitions applicable to all reviews and approvals:

- Review and approval requirements and thresholds specified apply to all HCAA contracting activities, unless otherwise indicated.

- HCAA requires 15 working days to process an A-76 solicitation review and 6 working days for all other reviews.

- Thresholds do not apply to orders against GSA/FSS contracts, unless the price will be negotiated.

- "All" means any requirement, unless otherwise indicated; i.e., information technology (IT), base operations (BASOPS), DHCP, construction.

- Solicitation means both request for quotes and request for proposals.

- Agency is defined as the U.S. Army or any non-Army customer.

- Dollar amounts include options.

2. Non-Commercial Actions. All services, excluding Construction and Architect Engineering, are presumed to be commercial in accordance with FAR 2.101 (Definition of Commercial Item). FAR 12 (Acquisition of Commercial Items) policies and procedures will be used per Assistant Secretary of the Army (Acquisition, Logistics and Technology) memorandum dated 26 Mar 01. The MEDCOM Special Competition Advocate must approve the Commercial/Non-Commercial Determination for any action over \$25,000 determined to be non-commercial, instead of the Local Competition Advocate. Determinations must be in writing and should be sent electronically.

3. Acquisition Plans (AP) (FAR 7.1, its supplements & PL 01-01). PARC approval is required for APs listed below, prior to synopsis. The AP should include a copy of the final or draft statement of work (SOW). If the final SOW is not available, the AP will address the status.

- All services estimated \$15M for any fiscal year.

- All services estimated \$30M for all years.

- All requirements over the Simplified Acquisition Threshold (SAT) and it is the intent of the contracting officer that the scope of the contract may include use of the contract by more than one Agency.

- Any actions that includes an incentive, such as award term.

- Any commercial activities study (A-76).

ENCL 1

4. Approvals Required When an Acquisition Plan (AP) Is Not Required. A written request, approved by the PARC (prior to synopsis), is required to contract for the following proposed actions. If an AP is required, this information will be included in the AP and a separate approval is not required. The request must describe the requirement, the estimated dollar value, and why the action is in the government's best interest.

- All services proposed to exceed 5 years.
- All non-performance based service acquisitions (AFARS 5137.1).
- All proposed DHCP "requirements" type contracts.
- Multiple award task order (MATO) proposals that exceed 5 pages (AFARS 5116.5).

5. Justification and Approvals (J&A) (FAR 6.303, 6.304) and AFARS 5106.303-1(e).

a. The original J&A with all appropriate signatures is required. Technical and requirements personnel are required to certify on the J&A document any data they provide to support their recommendation for other than full and open competition. Thresholds are:

- Any class justifications - HCAA Competition Advocate.
- Over \$500K-\$10M - HCAA Competition Advocate.
- Over \$10M not to exceed \$50M - Head of Contracting Activity.
- Over \$50M - Assistant Secretary of the Army for Acquisition, Logistics and Technology.

b. A J&A based on "urgency" (FAR 6.302-2) may be processed after award. In such cases, the contracting officer must electronically notify the HCAA Special Competition Advocate prior to proceeding with award. The electronic notification shall provide a description of the item/service, estimated dollar value (including any options), and justification of how a delay would result in serious injury, loss, etc. to the government. The actual J&A must be submitted to HCAA within 10 working days after the award date.

6. Solicitation (RFP and RFQ). Applies to open market items or services, including RFQs for task/delivery orders against GSA/FSS or master contracts (does not apply to iMAP generated master contracts issued by MCC) when the price must be negotiated. PARC approval is required prior to release to

industry. Along with a copy of the solicitation or indication the solicitation can be viewed on PD2, provide (as applicable) a copy of the acquisition plan, legal review, solicitation review board minutes, purchase request, and any other pertinent documents.

- All when other than a FFP type contract is proposed.
- All Commercial Activities Study (A-76).
- All when an incentive (i.e., award term) is included.
- Over \$100K - ERMCCC.
- Over \$300K - PRCO.
- Over \$500K - MCC-NA, GPRCO, SERCO, and WRCO.
- Over \$5M - MCC, DHCP requirements excluded.
- Over \$10M - MCC, DHCP requirements.

7. Pre negotiation Objective Memorandum (POM) (FAR 15.406 and AFARS 5115.406). Prior to conducting negotiations, a POM, approved by the PARC, is required for all negotiated actions over \$500K. The POM is largely a review of the basis for source selection for competitive acquisitions and documents compliance with regulations and policy and good business judgment for sole source acquisitions. Thresholds are:

- Over \$500K - MCC-NA, RCOs and ERMCCC.
- Over \$5M - MCC, excludes DHCP requirements.
- Over \$10M- MCC, DHCP requirements.

8. Price Negotiation Memorandum (PNM) (FAR 15.406-3).

PNM is applicable to the same thresholds as cited in paragraph 6 when the negotiated price deviates from the POM by 15% or more.

9. POM/PNM. A combination POM/PNM applies to the same thresholds cited in paragraph 6 when no discussions/negotiations are to be conducted.

10. Ratification of Unauthorized Commitments (AFARS 5101.602-3 and -90). The individual's commander must sign documentation required and prepared by the individual making the unauthorized commitment. For unauthorized commitments \$100,000 or more the signature of the MTF commander is required. Thresholds and approval levels are:

- \$10K or less - Chiefs of HCAA Contracting Activities.
- \$100K or less - PARC.
- Over \$100K - Head of Contracting Activity

Encl 1

HCAA REVIEW AND APPROVAL THRESHOLDS

LEGAL REVIEW:	MCC	MCC-NA	GPRCO	PRCO	SERCO	WRCO	ERMCCC
-All actions that require HCAA or higher headquarters review/approval.	X	X	X	X	X	X	X
PARC APPROVAL REQUIRED:							
PARC APPROVAL REQUIRED:	MCC	MCC-NA	GPRCO	PRCO	SERCO	WRCO	ERMCCC
-Multiple Award Task Order (MATO).	X	X	X	X	X	X	X
Proposals Over 5 pages. (AFARS 5116.5)	X	X	X	X	X	X	X
-All "NOT" Performance Based Services.	X	X	X	X	X	X	X
-All services to exceed 5 years.	X	X	X	X	X	X	X
-All DHCP "Requirements" type contract.	X	X	X	X	X	X	X
APPROVAL IS REQUIRED PRIOR TO ISSUANCE OF SYNOPSIS. WRITTEN REQUEST FOR APPROVAL MUST INCLUDE NOMENCLATURE, DOLLAR VALUE, AND RATIONALE. NOT APPLICABLE WHEN AP IS REQUIRED.							
ACQUISITION PLANS (DFARS 7.103):							
ACQUISITION PLANS (DFARS 7.103):	MCC	MCC-NA	GPRCO	PRCO	SERCO	WRCO	ERMCCC
-Services with estimated total of \$15M for any 1 fiscal year. (DFARS 7.103) PARC	X	X	X	X	X	X	X
-Services with estimated total of \$30M for all years. (DFARS 7.103) PARC	X	X	X	X	X	X	X
-Any action with an incentive. PARC	X	X	X	X	X	X	X
-Any action that includes a non-FFP (Firm Fixed Price) arrangement. PARC							
-Any CA (A76) Study. PARC	X	X	X	X	X	X	X
-Any action and more than 1 agency "may" use. PARC	X	X	X	X	X	X	X
APPROVAL IS REQUIRED PRIOR TO ISSUANCE OF SYNOPSIS. PROVIDE THE ORIGINAL AND 1 COPY. AGENCY IS DEFINED AS THE U.S. ARMY OR ANY NON-ARMY CUSTOMER AND APPLIES EVEN IF YOU HAVE NO FIRM REQUIREMENT. PROVIDE COPY OF FINAL OR DRAFT SOW, OTHERWISE ADDRESS STATUS.							
J&A (FAR 6.304) & AFARS 5106.303-1(a)							
J&A (FAR 6.304) & AFARS 5106.303-1(a)	MCC	MCC-NA	GPRCO	PRCO	SERCO	WRCO	ERMCCC
-\$500,000 or less. KO	X	X	X	X	X	X	X
-Over \$500,000 - \$10M. Special Comp Adv	X	X	X	X	X	X	X
-Over \$10M - \$50M. HCA	X	X	X	X	X	X	X
-Over \$50M. ASAALT	X	X	X	X	X	X	X
THRESHOLDS APPLY TO INITIAL BASE PERIOD, AS WELL AS EACH OPTION INCLUDED IN THE INITIAL J&A. SUBMIT ORIGINAL J&A SIGNED & DATED BY APPROPRIATE PERSONNEL. J&A FOR EACH OPTION REJUSTIFICATION SHOULD ALSO INCLUDE A COPY OF THE PREVIOUSLY APPROVED J&A.							
SOLICITATIONS (RFPs AND RFQs):							
SOLICITATIONS (RFPs AND RFQs):	MCC	MCC-NA	GPRCO	PRCO	SERCO	WRCO	ERMCCC
-All over \$100,000. PARC							X
-All over \$300,000. PARC				X			
-All over \$500,000. PARC		X	X		X	X	
-All over \$5M (\$10M-DHCP). PARC	X	X					
-All CA (A76) Studies. PARC	X	X	X	X	X	X	X
-All when other than Firm Fixed Price type contract proposed. PARC	X	X	X	X	X	X	X
-All that include an incentive. PARC	X	X	X	X	X	X	X
APPROVAL IS REQUIRED PRIOR TO RELEASE TO INDUSTRY. PROVIDE THE COMPLETE FILE (IF POSSIBLE). IF IT CANNOT BE PROVIDED, FURNISH (AS APPLICABLE) A COPY OF PR, LEGAL & KO REVIEW, MCC COORDINATION FOR ACTIONS OVER \$500K-RCOs & ERMCCC, MARKET RESEARCH REPORT (FAR 10.002), FINALIZED DD 2579, AND ACQ PLAN.							
POM (AFARS 5115.406):							
POM (AFARS 5115.406):	MCC	MCC-NA	GPRCO	PRCO	SERCO	WRCO	ERMCCC
-Over \$500,000. PARC		X	X	X	X	X	X
-Over \$5M (\$10M DHCP). PARC	X						
POM/PNM: REQUIRED FOR SAME THRESHOLDS IF NO DISCUSSIONS/NEGOTIATIONS ARE CONDUCTED.							
PNM: REQUIRED FOR SAME THRESHOLDS IF AMOUNT NEGOTIATED DEVIATES FROM POM BY 15% MORE OR 15% LESS.							
RATIFICATIONS (AFARS 5101.602-3):							
RATIFICATIONS (AFARS 5101.602-3):	MCC	MCC-NA	GPRCO	PRCO	SERCO	WRCO	ERMCCC
-\$10K or less. Office Chief	X	X	X	X	X	X	X
-Over \$10K - \$100K. PARC	X	X	X	X	X	X	X
-Over \$100K. HCA	X	X	X	X	X	X	X
SERVICE ACTIONS DETERMINED NON-COMMERCIAL							
SERVICE ACTIONS DETERMINED NON-COMMERCIAL	MCC	MCC-NA	GPRCO	PRCO	SERCO	WRCO	ERMCCC
-All Over \$25K. Special Competition Adv	X	X	X	X	X	X	X
CONSTRUCTION AND ARCHITECT-ENGINEERING ARE EXCLUDED. SEND ELECTRONICALLY.							

Encl 2

- NOTES:
- 1) APPLIES ONLY TO TASK/DELIVERY ORDERS AGAINST GSA/FSS CONTRACTS WHEN PRICE HAS TO BE NEGOTIATED.
 - 2) SUBMIT ALL ABOVE ACTIONS TO HCAA SECRETARY. DO NOT SUBMIT DIRECTLY TO THE PARC OR OTHER APPROVAL AUTHORITY.
 - 3) SUBMIT ALL ACTIONS IN SUFFICIENT TIME TO ALLOW HCAA 6 WORKING DAYS FOR REVIEW, ETC., EXCLUDING A76 STUDIES. ALLOW 15 WORKING DAYS FOR A76 REVIEWS.
 - 4) DOLLAR AMOUNTS CITED INCLUDE OPTIONS.
 - 5) ANY ACTION THAT REQUIRES APPROVAL ABOVE THE PARC LEVEL REQUIRES PRIOR HCAA REVIEW/APPROVAL.
 - 6) "ALL" MEANS CONSTRUCTION, DHCP, SUPPLIES, SERVICES, ETC.
 - 7) APPLIES TO ALL OFFICES, UNLESS OTHERWISE INDICATED.