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Decision

Matter of: Healthcare Resolution Services, Inc.

File: B-400826.4

Date: August 13, 2009

Andrew P. Hallowell, Esq., Pargament & Hallowell, PLLC, for the protester.
Matthew C. Hoyer, Esq., Ball Janik, LLP, for Innotion Enterprises Inc., the intervenor.

CPT John J. Cho, Department of the Army, for the agency.

Susan K. McAuliffe, Esq., and Christine S. Melody, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

DIGEST

Protest challenging source selection authority's (SSA) selection of lower-priced proposal based on determination that protester's and awardee's proposals were technically equal is denied where the record shows that, in reconsidering his selection of the protester's proposal for award based on proposal strengths noted by the technical evaluation panel, the SSA reasonably concluded that the strengths noted by the evaluators did not reflect a substantial difference between the proposals and did not warrant the payment of the price premium associated with the protester's proposal.

DECISION

HealthCare Resolution Services, Inc. (HCRS), of Laurel, Maryland, protests the award of a contract for medical records coding, coaching, auditing, and training services to Innotion Enterprises, Inc., of Bethesda, Maryland, by the Department of the Army under request for proposals (RFP) No. W81K00-08-R-0022. HCRS essentially challenges the source selection authority's (SSA) reversal of his earlier selection of HCRS's higher-priced proposal for award. That selection decision had been based on a determination that the HCRS proposal's almost 11-percent price premium was warranted by the slightly higher evaluation rating for three proposal strengths identified by the technical evaluation panel (TEP). HCRS contends that the SSA's new source selection decision is unreasonable and inconsistent with the RFP's terms.

The RFP, issued as a section 8(a) small business set-aside, sought proposals for the provision of medical records coding, coaching, auditing, and training services to staff at clinics throughout Brooke Army Medical Center (BAMC) and/or Wilford Hall Medical Center (WHMC). RFP at 50. The medical records coding services were to include resolving coding errors, performing data entry, and supporting the billing department for the treatment facility. Id. at 51. Award was to be made to the firm found to have submitted the proposal deemed most advantageous to the agency, considering technical and price factors; the two technical evaluation factors (technical capability and past performance) combined were to be significantly more important than price. Id. at 38. The technical capability evaluation factor was composed of four subfactors: management techniques and staffing processes for satisfactorily performing the required work; techniques to ensure a minimum 95-percent coding accuracy rate; methods to recruit and maintain a sufficient number of coder coaches; and approach to meeting the training requirements. Id. at 39.

Of the 15 proposals received in response to the RFP, several, including Innotion's and HCRS's, were rated low risk for past performance, and 14 of the proposals, including Innotion's, were rated satisfactory under the technical capability factor by the TEP; the TEP rated only HCRS's proposal slightly higher, as good, under the factor, based on three strengths noted by the TEP. Specifically, the HCRS proposal was credited by the TEP under the first subfactor (regarding management techniques and staffing processes for performing the work) for two perceived benefits; one was due to the proposal's mention of [deleted], and another for [deleted]. A third strength was credited by the TEP under the second of the four subfactors of the technical capability factor, regarding techniques to ensure a minimum 95-percent accuracy rate; the firm's [deleted] was noted as a strength.

The SSA initially accepted both the TEP's identification of the three strengths and the rating of good assigned by the TEP to the HCRS proposal for the technical capability factor, and selected HCRS for award, concluding that the strengths warranted payment of an almost 11-percent price premium (compared to award to Innotion, which had submitted the lowest-priced proposal among those rated satisfactory for technical capability and low risk for past performance).

Innotion protested the SSA's initial source selection determination. The firm contended that the strengths noted by the TEP for the HCRS proposal, and the SSA's acceptance of them, were unreasonable and inconsistent with the RFP. Innotion also filed a supplemental protest, arguing not only that the strengths found in the HCRS proposal were unreasonable and inconsistent with the RFP, but also that Innotion's lower-priced proposal offered similar features that were not evaluated as

strengths. In response, the SSA decided to set aside the award to HCRS in order to make a new source selection determination.¹

Upon further review of the proposals and evaluation record, the SSA concluded that there was not much difference in terms of the technical merit of the HCRS and Innotion proposals, and that the HCRS proposal strengths cited by the evaluators did not provide additional benefit to the agency so as to support a technical capability rating higher than the other proposals or warrant the payment of a price premium. The SSA reduced the evaluation rating for the HCRS proposal under the technical capability factor to satisfactory to reflect his finding of technical equality among the proposals under that factor. Among the technically equal proposals with ratings of satisfactory for the technical capability factor and low risk for past performance, Innotion's proposal offered the lowest price; HCRS's proposal offered the third lowest price. The SSA selected the lower-priced Innotion proposal for award. This protest followed.

HCRS protests that the SSA's new source selection determination is improper. The protester essentially challenges the SSA's failure to find its proposal technically superior based on the three strengths noted by the TEP, and failure to conclude that such alleged technical superiority warranted payment of the additional cost associated with its proposal. HCRS contends that the SSA's changed opinion of the value of these three proposal features is insufficiently explained or supported, rendering his new decision to award to Innotion unreasonable and inconsistent with the RFP's terms. We disagree.

Source selection officials have broad discretion in determining the manner and extent to which they will make use of the results of a technical evaluation panel's assessment of proposals, subject only to the tests of rationality and consistency with the evaluation criteria. Development Alternatives, Inc., B-279920, Aug. 6, 1998, 98-2 CPD ¶ 54 at 9. Where, as here, a higher-level official determines that the technical evaluators' findings do not reflect the actual value of proposals and the selection decision is protested, the agency must show that its ultimate determination is reasonable, with sufficient detail and explanation to permit our Office to review the determination for reasonableness. SAMS El Segundo, LLC, B-291620, B-291620.2, Feb. 3, 2003, 2003 CPD ¶ 44 at 17. Our review of the record provides no basis to question the reasonableness of the SSA's decision to award a contract to Innotion based on his determination that the firm's technically equal, lower-priced proposal was the most advantageous to the agency.²

¹ Our Office subsequently dismissed Innotion's protest of the award, since it was rendered academic by the agency's determination to make a new award decision.

² HCRS contends that our review of the source selection should be limited to the information in the SSA's contemporaneous source selection decision documentation, (continued...)

The SSA prepared a comprehensive source selection decision document summarizing his view of the TEP's findings regarding the 15 proposals received. With respect to the SSA's consideration of the HCRS proposal for his new source selection decision, the document references the evaluators' identification of the three strengths in the proposal. While the SSA recognized that HCRS had been credited for [deleted], he also noted that [deleted] and thus, he did not find any added value from the [deleted]. In the agency report, the SSA further points out that Innotion's proposal also generally discussed [deleted], but that no similar credit as a proposal strength had been added to the awardee's evaluation rating. The agency report also points out that the RFP does not specifically provide for additional evaluation credit for [deleted]. Accordingly, we cannot find unreasonable either the SSA's change in his assessment of the value of the TEP-identified strength or his conclusion that no added value was demonstrated by the protester in its proposal in this regard.

The SSA explained that he also discounted a strength cited by the TEP for [deleted] mentioned in the HCRS proposal [deleted]. The SSA stated that, since there was no mention of [deleted] in the RFP's performance work statement or evaluation criteria, the TEP's award of the credit was inconsistent with the RFP's terms.³

While HCRS contends that the evaluators reasonably credited its proposal with a strength for [deleted], the proposal did not detail [deleted] or otherwise demonstrate that it relates to the evaluation subfactor under which it was noted as a strength by the TEP (management techniques and staffing processes for performance of the coding, coaching, auditing and training work required here). In fact, in a proposal chart [deleted]. Since the protester has not persuasively supported its contention that the credit given by the TEP for the referenced [deleted] was warranted under the RFP's terms or that the SSA unreasonably concluded that the experience did not present any added value to the agency, we cannot conclude that the SSA's

(...continued)

and argues that we should not consider the agency report's more detailed explanation of the reasons the SSA discounted the value of its proposal's three noted strengths. While documents prepared in response to a protest regarding an evaluation or source selection rationale may be accorded less weight than contemporaneous documentation, we consider the entire record in reviewing an agency's source selection, including statements and arguments made in response to the protest. Solid Waste Integrated Sys. Corp., B-258544, Jan. 17, 1995, 95-1 CPD ¶ 23 at 5 n.4.

³ Innotion reports that its proposal received no similar credit for its teaming partner, the incumbent subcontractor of the coding coach services, a firm Innotion states is knowledgeable of, and has already been performing under, [deleted].

discounting of such credit during his review of the previous source selection was unreasonable.

Lastly, the SSA failed to accept a strength noted by the evaluators in the HCRS proposal for a [deleted]. The SSA found that the HCRS proposal failed to demonstrate that the [deleted] offered any additional value; the SSA explains that under the RFP's terms, [deleted] which already provide beneficial results for the agency at no additional cost. The SSA adds [deleted], which, although noted by the evaluators, had not been similarly credited as a proposal strength. The protester has not provided any persuasive basis to question the reasonableness of the SSA's decision that the firm's proposed [deleted] did not present additional value to the agency so as to justify a technically superior rating or warrant the payment of a price premium.

In sum, our review of the record shows no basis to question the reasonableness of the SSA's new source selection decision that, among the technically equal proposals, Innotion's lowest-priced proposal was the most advantageous to the agency.

The protest is denied.

Daniel I. Gordon
Acting General Counsel