



**Comptroller General
of the United States**

Washington, D.C. 20548

Decision

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Matter of: Medical Development International

File: B-281484.2

Date: March 29, 1999

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Katherine A. Day, Esq., Department of Justice, for the agency.

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DIGEST

1. Protester's contention that agency wrongly gave additional evaluation credit to a feature of the awardee's proposal that exceeded the solicitation's minimum requirements is denied where detailed technical proposals were sought, technical evaluation criteria were used to make comparative judgments about the relative merits of competing proposals, and the judgments made and credit given were consistent with the stated evaluation factors.
2. Protest that awardee obtained an unfair competitive advantage by employing a former government employee who had input into developing the solicitation is denied where the employee's input was limited to participating in changes to an existing boilerplate solicitation; the employee left government service almost a full year before the solicitation was issued; and there is no showing that the employee ever received access to the content of proposals, or other inside information sufficient to establish an unfair competitive advantage.
3. Contention that a price/technical tradeoff in a best value procurement improperly abandoned a predetermined tradeoff formula is denied where--although the solicitation did call for scoring price proposals--there was no indication in the solicitation that award would be made to the offeror receiving the highest overall point score, and where the contracting officer reasonably determined that despite the higher overall score given the protester's technically lower-rated, lowest-priced proposal, the awardee's technically higher-rated, higher-priced proposal presented the best value to the government.

4. Protester's contention that the agency failed to properly score price proposals by awarding proportionally fewer points to higher-priced offers, as it stated it intended to do in the solicitation--a contention shown by the record to be correct--will not be sustained without a concurrent showing that, but for the agency's actions, the protester would have had a substantial chance of receiving the award.

DECISION

Medical Development International (MDI) protests the award of a contract to the University of North Texas Health Science Center (UNT) by the Department of Justice, Federal Bureau of Prisons, pursuant to request for proposals (RFP) No. 178-0418, seeking medical and health care services for inmates at the Federal Medical Center in Fort Worth, Texas. MDI argues that the evaluation of proposals was unreasonable; that the awardee received an unfair competitive advantage by employing a former agency official; and that the price/technical tradeoff improperly abandoned the solicitation's stated evaluation scheme, and was based on a flawed understanding of the relative difference between proposed prices.

We deny the protest.

BACKGROUND

The Federal Medical Center in Fort Worth, Texas, is one of six medical referral centers operated by the Federal Bureau of Prisons. The center has an all-male population of approximately 500 inmates requiring chronic care, and a general population of approximately 800 inmates, together with a 100-bed jail unit reserved primarily for short-term, pre-sentenced inmates. RFP § A.1.1.1. The RFP, issued March 19, 1998, sought proposals for a fixed-price, requirements contract for several types of medical and health care services to supplement those already provided by the center. *Id.* § D.2.4. Specifically, the RFP covers on-site institution services, inpatient and outpatient physician services, and inpatient and outpatient hospital services, with managed care oversight, for a 1-year base period and 4 option years. *Id.* § A.2.1.

The RFP anticipated that award would be made to the offeror whose proposal is considered most advantageous to the government, price and other factors considered. *Id.* § D.3(a). The RFP identified three evaluation factors: technical merit, worth 40 percent of available points; past performance, worth 30 percent of available points; and price, worth 30 percent of available points. *Id.* § D.2.3.3. Within the technical and past performance factors were five subfactors each.¹

¹The five technical subfactors, in descending order of importance, were: technical approach, ability to provide diversity of services, centralized billing, managed care oversight, and professional staff credentials and qualifications. The five past
(continued...)

The RFP requested prices for the three categories of services covered by the solicitation, which were, in descending order of importance, institutional, hospital, and physician services. Id. §§ A.2.4, D.2.3.3. The line items for physician and hospital services contain separate subline items according to whether the service is provided on an inpatient or outpatient basis. Id. § A.2.4.

On the RFP's price schedule, offerors were required to indicate a percentage discount deducted from, or percentage premium added to, one of two standard rates, applicable to the three categories of services. Id. The standard rates used for the pricing schedule were the applicable Medicare rate, or a similar rate called the RBRVS rate.² The RFP provided the following guidance regarding the scoring of prices:

Price proposals will be evaluated to determine which proposal offers the lowest price to the Government. For each category, price proposals will be ranked in order from the highest discount offered to the highest premium offered. The Offeror proposing the best overall discount from the Medicare/RBRVS rate will be considered to be proposing the lowest price. Maximum points for each category will be awarded to the Offeror proposing the lowest price and each Offeror ranked thereafter will be awarded a proportionate number of points. Once each offer has been scored in each pricing category for each contract period, scores will be combined to arrive at a total score for price.

Id. § D.2.3.3.

The agency initially received three proposals in response to the RFP, but one was incomplete; the remaining two proposals were those submitted by MDI and UNT. After an initial evaluation, discussions, submission of revised proposals, and best and final offers, the agency awarded final point scores. UNT received a higher technical score (149) than MDI (126), and both proposals received the same score for past performance (103). Summary Results of Technical Evaluation, July 28,

¹(...continued)

performance subfactors, of equal importance, were: quality of service, timeliness of performance, cost control, business relations, and customer satisfaction. RFP § D.2.3.3.

²The RBRVS rate is a standard rate schedule called the Resource Based Relative Value Scale. It applies to outpatient physician services and on-site institution services only. Id. §§ A.2.3.1, A.2.3.2. Inpatient/outpatient hospital services and inpatient physician services were priced using the Medicare rate. Id.

1998, at 4, 6. In the area of price, MDI's and UNT's average premiums³--expressed as requested in the solicitation as a percentage above or below the applicable Medicare or RBRVS rate--are shown below:

	<u>MDI</u>	<u>UNT</u>
Institution Services	+ 15 percent	+ 21.69 percent
Inpatient/Outpatient Hospital Services	+ 5 percent	+ 11 percent
Inpatient/Outpatient Physician Services	+ 10 percent	+ 21.64 percent

Scoring of Price Proposals, Aug. 27, 1998, at 1-3. After awarding the maximum price score to MDI for its lower premiums, and attempting to award a proportionally lower score to UNT for its higher premiums,⁴ the overall point scores given the two offerors are shown below:

EVALUATION FACTORS	MDI	UNT
Technical	126	149
Past Performance	103	103
Price	120	82
TOTAL	349	334

Revised Proposal, Overall Evaluation, undated, at 1.

In the Source Selection Decision, the contracting officer acknowledged that MDI received the highest overall score based on the allocation of 70 percent of available points to the technical and past performance factors, and 30 percent of available points to the price factor. Despite the point spread, however, the contracting officer concluded that the UNT proposal offered the best value to the government

³Offerors could propose multiple percentage premiums for use of different facilities and approaches. Price scores were calculated using the average of the premiums.

⁴As discussed in greater detail below, the agency's calculation of price scores failed to award a proportionally lower score to the higher-priced offeror; however, for purposes of this discussion, we display the scores as calculated at the time.

because of its [deleted]. Source Selection Decision, Sept. 9, 1998, at 5-6. Thus, the contracting officer selected UNT for award, and this protest followed.

PROTEST ALLEGATIONS

MDI raises three general challenges to the selection of UNT: (1) that the evaluation of technical proposals was unreasonable; (2) that UNT enjoyed an unfair competitive advantage by virtue of having hired a former Bureau of Prisons employee who was allegedly involved in this procurement; and (3) that the price/technical tradeoff performed by the agency was improper because it abandoned the solicitation's stated evaluation scheme, and because it was based on a flawed understanding of the relative difference between proposed prices. As discussed below, our review shows that the agency's scoring of prices was flawed, but that the protester was not prejudiced as a result of the agency's errors. However, we will first address the protester's contentions regarding the technical evaluation and unfair competitive advantage, which we deny as unsupported by the record.

EVALUATION OF TECHNICAL PROPOSALS

MDI raises only one technical evaluation issue--that the agency wrongly accepted, and improperly gave additional credit to, UNT's offer of a locked 10-bed inmate inpatient facility.⁵ With respect to this feature of the proposal, MDI contends that the agency has improperly accepted an unsolicited offer, and has failed to amend the solicitation to accurately reflect the agency's underlying needs. We disagree on both counts.

In response to the RFP's requirement to provide inpatient and outpatient hospital services, UNT proposed to use the Osteopathic Medical Center of Texas (OMCT) as its "primary inpatient facility for inmate inpatient and outpatient procedures which cannot be accomplished onsite," and explained that OMCT would "establish a 10 bed secure nursing unit solely for the purpose of housing inmates and their accompanying correctional officers." UNT Technical Proposal, May 7, 1998, at 16-17. As stated above, the solicitation here set forth five subfactors under the technical evaluation factor. The first, and most important of these was technical approach. The RFP expanded on this subfactor as follows:

⁵In three other technical areas, MDI argues that the price/technical tradeoff failed to adequately consider identified strengths in its proposal. These issues will be considered as part of MDI's challenge to the price/technical tradeoff.

Technical approach or methodology of accomplishing the objectives of the solicitation. (To include a description of how offeror intends to meet security needs of off-site facility.)

RFP § D.2.3.3.

In evaluating this portion of UNT's proposal, the evaluators accorded value to UNT's offer of a secure inpatient facility. In commenting on the feature, the evaluators noted that "[t]he unsolicited offer to provide a locked prison ward in the community may provide [an] opportunity to cut costs of medical overtime and increase security[,] but cannot be quantitatively measured at this time." Summary of Results of Technical Evaluation, July 28, 1998, at 5. In the Source Selection Decision, this feature of UNT's proposal was expressly enumerated as one of the reasons UNT's higher-priced proposal offered greater value to the government, and was identified as a source of potential savings in the area of staff escorts and contracted guard services. Source Selection Decision, supra, at 3.

MDI argues that since the evaluators described UNT's secure inpatient facility as "unsolicited," the agency has improperly selected an unsolicited proposal in violation of Federal Acquisition Regulation (FAR) § 15.607, which establishes guidelines for handling unsolicited proposals. This contention is wholly unpersuasive. Both UNT and MDI submitted proposals in response to a full and open competition conducted under a publicly-available solicitation. UNT's inclusion in its proposal of a feature not expressly requested in the RFP does not make its proposal unsolicited--regardless of the wording of the evaluation materials quoted above.⁶

We view UNT's decision to offer a secure 10-bed nursing unit, complete with space for correctional officers, as logically within the realm of possible responses to the RFP's request for inpatient and outpatient hospital services--especially given the direction in the first technical evaluation subfactor advising offerors to address the agency's security concerns about off-site facilities. Since the RFP sought detailed technical proposals, and included technical evaluation criteria, offerors here were on notice that qualitative distinctions would be made under various evaluation factors. Doss Aviation, Inc.; Dominion Aviation, Inc., B-275419 et al., Feb. 20, 1997, 97-1 CPD ¶ 117 at 8. In such procurements, evaluation credit properly may be

⁶Similarly unpersuasive is MDI's attempt to shoehorn the facts here into our line of cases where an agency's requirements change after a solicitation has been issued, but offerors are not given notice of the changed requirements and an opportunity to respond. See Symetrics Indus., Inc., B-274246.3 et al., Aug. 20, 1997, 97-2 CPD ¶ 59 at 5-6 (and cases cited therein). Simply put, there is no evidence in this record of any change in the agency's need for medical services.

given where a proposal includes enhancements or features not expressly identified in the solicitation. Id.

In addition, we note that the concept of a locked hospital ward is not new to the industry, or unheard of in the realm of inmate health care contracts. The agency points out that a similar proposal prevailed in such a competition in September 1996. Agency Reply to Protester's Comments, Jan. 19, 1999, at 8 n.2. We also disagree with the protester's contention that this approach will place inmates in the custody of non-agency officials. As the offer clearly states, the facility includes space for agency correctional officers, who presumably will be in charge of the inmates. In conclusion, we see nothing unreasonable about the agency's decision to value UNT's approach in this area, and to consider this approach as one of the features justifying selection of UNT's higher-priced proposal over MDI's proposal. Doss Aviation, Inc.; Dominion Aviation, Inc., supra, at 8-9.

CONFLICT OF INTEREST

Upon MDI's receipt of the agency report, which included a copy of UNT's proposal, MDI learned that UNT was offering the services of Mr. Stephen Robertson, a former employee of the Bureau of Prisons; Mr. Robertson was identified in the proposal as UNT's Associate Director. The resume stated that Mr. Robertson was employed by the agency for several years, and that immediately prior to his departure in May 1997 he had served as the agency's Medical Contracting Coordinator. In this regard, Mr. Robertson's resume stated that he had served as a program manager to assist in the agency's managed health care initiatives. The resume also claimed that he had been "[r]esponsible for developing boilerplate solicitations for the acquisition of comprehensive hospital and physician services. . . ." UNT Technical Proposal, Tab C, Robertson Resume. MDI argues that UNT's inclusion of Mr. Robertson's services in its proposal violates several post-employment conflict of interest restrictions and afforded UNT an unfair competitive advantage.

The agency acknowledges Mr. Robertson's role as a program manager involved in policy issues surrounding its procurement of health care for the federal inmate population, but denies that Mr. Robertson, or the agency, violated either the statutory or regulatory restrictions applicable to former government employees. In addition, the agency explains that Mr. Robertson's role was actually less broad than claimed by his resume, and that his departure in May 1997--10 months prior to the release of the solicitation here, in March 1998--did not provide UNT with an improper competitive advantage in this procurement.

The interpretation and enforcement of post-employment conflict of interest restrictions are primarily matters for the procuring agency and the Department of Justice, not our Office. Physician Corp. of Am., B-270698 et al., Apr. 10, 1996, 96-1 CPD ¶ 198 at 5 n.1. Our general interest, within the confines of a bid protest, is to determine whether any action of the former government employee may have

resulted in prejudice for, or on behalf of, the awardee during the award selection process. Creative Management. Tech., Inc., B-266299, Feb. 9, 1996, 96-1 CPD ¶ 61 at 7. Specifically, we review whether an offeror may have prepared its proposal with knowledge of insider information sufficient to establish a strong likelihood that the offeror gained an unfair competitive advantage in the procurement. PRC, Inc., B-274698.2, B-274698.3, Jan. 23, 1997, 97-1 CPD ¶ 115 at 17. In our review, we consider whether the former government employee had access to competitively useful information, as well as whether the employee's activities with the firm likely resulted in disclosure of such information. Id.

Here, although Mr. Robertson claims in his resume to have been responsible for developing the boilerplate versions of solicitations for use in procuring the agency's medical services for inmates, the record shows that his proposal claim was somewhat exaggerated. In materials provided by the agency and intervenor (including an affidavit from Mr. Robertson)--and not contested by the protester--the record shows that the boilerplate solicitation used in these procurements was originally developed in 1991, prior to the time Mr. Robertson assumed his responsibilities in this area in 1994. The record also shows that in August 1996, the agency set out to revise its standardized solicitation, and that Mr. Robertson was responsible for reviewing the revised solicitation and suggesting revisions in the areas of managed care oversight, credentialing and privileging, and quality assurance. UNT's Response to Conflict of Interest Allegations, Mar. 1, 1999, at 2-8.

While the facts above appear to support the agency's claim that Mr. Robertson was only peripherally involved in this procurement, even if we assume that Mr. Robertson's involvement was precisely that claimed in his resume--*i.e.*, that he drafted the boilerplate solicitation for the agency's procurements of medical services, including the procurement here--nothing about this scenario supports a conclusion that UNT received an unfair competitive advantage by hiring him. The mere employment of an individual who is familiar with the type of work required and who helped prepare the specifications or statement of work, but who is not privy to the contents of proposals or other inside information, does not itself establish a conflict of interest or confer an unfair competitive advantage. Physician Corp. of Am., *supra*, at 6-7; Guardian Techs. Intl., B-270213 *et al.*, Feb. 20, 1996, 96-1 CPD ¶ 104 at 6. Since Mr. Robertson departed the agency almost a year before the RFP was issued, there was no chance he was aware of the contents of proposals, and there has been no showing that any other actions on his part have tainted this procurement.

PRICE/TECHNICAL TRADEOFF AND THE EVALUATION OF PRICES

MDI argues that the price/technical tradeoff performed here was improper because it abandoned the preestablished tradeoff formula MDI contends was set forth in the solicitation's stated evaluation scheme. Alternatively, MDI claims that even if the agency could abandon the alleged preestablished tradeoff, the tradeoff ultimately

performed was unreasonable because: (1) the scoring of prices failed to properly weigh the differences between MDI's and UNT's proposed prices; (2) the agency conducted an unreasonable price analysis; and (3) the price/technical tradeoff improperly failed to consider MDI's strengths in three areas.

Predetermined Tradeoff

With respect to the first issue, MDI argues that the solicitation contained a preestablished tradeoff scheme by advising offerors that the technical and past performance evaluation factors were worth 70 percent of available points and the price evaluation factor was worth 30 percent of available points.

As an initial matter, the protester's premise that the solicitation here contains a preestablished tradeoff formula is incorrect. There is no statement in the RFP that award will be made to the offeror whose proposal receives the highest number of points. Instead, the RFP merely adopts a routine weighting of the evaluation factors, and anticipates awarding point scores for price. The use of predetermined formulae to mechanically select awardees is generally disfavored by our Office as an unnecessary--and often unwise--restriction of a selection authority's discretion. See Harrison Sys. Ltd., B-212675, May 25, 1984, 84-1 CPD ¶ 572 at 4-5. Given our views of such formulae, we will not stretch to infer their presence without express language in the solicitation adopting a restrictive approach.

The protester's contentions are also inconsistent with our views of the broad discretion given source selection officials to determine the manner and extent to which they will make use of evaluation results. Grey Adver., Inc., B-184825, May 14, 1976, 76-1 CPD ¶ 325 at 11. Not only do we disagree with MDI's argument that source selection officials must mechanically award contracts to the offeror whose proposal receives the highest number of points merely because the solicitation's evaluation approach scores both cost and technical factors, Resource Management. Int'l, Inc., B-278108, Dec. 22, 1997, 98-1 CPD ¶ 29 at 4-5, but, as we recently held, we view mechanical reliance on a purely mathematical price/technical tradeoff methodology as improper. Opti-Lite Optical, B-281693, Mar. 22, 1999, 99-1 CPD ¶ ___ at 5. Thus, we disagree with the protester's claim that the agency improperly abandoned a preestablished tradeoff scheme.⁷

⁷While we will not foreclose the possibility that an agency could structure a mathematical tradeoff formula in such a manner which encompasses a reasoned cost/technical tradeoff, id. at 5 n.4, we generally consider unwise such restrictions on the discretion of source selection officials to make tradeoff decisions. See Harrison Sys. Ltd., supra, at 5. In any event, there is no evidence of any such formula in the solicitation here.

Improper Scoring of Price Proposals

MDI next argues that the agency failed to properly weigh the relative differences between price proposals by using incorrect prices in its calculation of price scores, and by failing to account for UNT's higher base rate in some pricing categories. With respect to the use of incorrect prices in scoring proposals, there was an error in the scoring, but not the error MDI claimed. After several rounds of pleadings, and a conference call involving the protester, agency, and intervenor, all parties agreed that the agency's methodology for scoring prices failed to determine the proportional relationship between those prices.⁸

The determination that the scoring of prices here was not rational does not end our inquiry. Our Office will not sustain a protest unless there is a reasonable possibility of prejudice, that is, unless the protester demonstrates that, but for the agency's actions, it would have had a substantial chance of receiving the award. McDonald-Bradley, B-270126, Feb. 8, 1996, 96-1 CPD ¶ 54 at 3; see Statistica, Inc. v. Christopher, 102 F.3d 1577, 1581 (Fed. Cir. 1996). Because our decision here turns on prejudice, we set forth below a lengthy analysis of how prices should have been scored to accurately reflect the relative cost of these proposals to the government, as called for in the RFP. Based on our review, we conclude that MDI was not prejudiced by the agency's improper scoring of the price proposals.

Before turning to mathematical calculations, we must address two additional issues. First, in calculating prejudice to MDI, we questioned whether the price comparison (and proportional scoring) should have been based on the total amount the agency will pay for these services, rather than on a review of the percentage premiums above, or discounts below, an offeror's Medicare or RBRVS rate. In this regard, MDI appears to argue that the comparison should focus only on the percentage premiums (no offerors proposed discounts), for those categories where the underlying reimbursement rate was the same for all offerors.

In our view, this approach will not yield a rational result and is inconsistent with the RFP. All parties agree that the agency here will pay the underlying

⁸MDI, by focusing on one price category only, assumed that the agency had imported a mistake from the price analysis into the scoresheets. Specifically, MDI noted that at one point in the price analysis, the documents reflect MDI's average price for hospital services as "Medicare plus 10 %." Price Analysis, Sept. 11, 1998, at 2. In fact, MDI had an average hospital services rate of Medicare plus 5 percent--and this rate was properly used in the price scoring. Scoring of Price Proposals, Aug. 27, 1998, at 3. The error in the price scoring did not result from the use of an incorrect price, as MDI alleged, but from the use of a flawed calculation methodology, which was expressly stated on the first page of the Scoring of Price Proposals document (released to the protester's counsel under a protective order).

reimbursement rate plus the premium for the services covered by this contract. Since there is no dispute about this fact, ignoring the underlying base rate ignores all but a small portion of the cost to the government.

For example, by comparing only the percentage premiums, as the protester urges, a proposal offering a premium of 10 percent above the reimbursement rate is viewed as twice as expensive as a proposal offering a premium of 5 percent above the reimbursement rate. Applying the proportional scoring method to this approach, the proposal with the 10 percent premium will receive only half as many points as the proposal with the 5 percent premium. Simply put, this approach does not provide an accurate comparison, and it does not result in an accurate proportional award of points. Thus, we conclude that, for those categories where the reimbursement rates do not vary, the only comparison that accurately reflects the relative prices of these proposals is a comparison using a base of 100 adjusted by the proposed premium--or, as in the example above, a comparison of 110 to 105.⁹

The second issue to be considered before turning to the actual calculations is MDI's argument that the agency's approach to comparing only percentage premiums above Medicare reimbursement rates fails to capture differences in the underlying rates--an argument inconsistent with MDI's opposition to the approach described above. In essence, MDI argues that the agency's evaluation overlooks the difference in the Medicare Part A rates applicable to the inpatient hospital services portion of the pricing scheme. As MDI explains, and as the parties generally agree, UNT's status

⁹With respect to the protester's complaint that this approach is inconsistent with the solicitation's stated evaluation scheme for scoring prices, we disagree. As quoted above, the solicitation stated that

price proposals will be ranked in order from the highest discount offered to the highest premium offered. The Offeror proposing the best overall discount from the Medicare/RBRVS rate will be considered to be proposing the lowest price. Maximum points for each category will be awarded to the Offeror proposing the lowest price and each Offeror ranked thereafter will be awarded a proportionate number of points.

RFP § D.2.3.3. Nothing in this scheme says that the comparison of prices will be based solely on a comparison of the discount rate; in fact, the provision states that the comparison will be of prices. Since the prices here clearly include the underlying base to which the premium is applied, we think the protester's criticism that this approach abandons the RFP's evaluation scheme is invalid. We also note that the protester's criticism of this approach is inconsistent with its contention, discussed below, that the agency failed to consider the greater underlying cost associated with UNT's higher Medicare Part A reimbursement rate.

as a teaching hospital results in higher Medicare Part A reimbursement rates because of the greater expenses associated with running a teaching hospital. These higher reimbursement rates apply only to the pricing of inpatient hospital services; the remaining rates in the price schedule are constant from one offeror to the next.

Using a detailed price list for 503 standard Medicare medical procedures (included in both MDI's and UNT's proposals), MDI calculates that UNT's Medicare base rate for inpatient hospital services will be as much as 40.81 percent higher than MDI's rate. MDI Comments on the Supp. Agency Report at 8. Given the fact that MDI is apparently correct in its contention that UNT's underlying inpatient hospital rate is higher than MDI's rate, we are prepared to adopt--for purposes of assessing prejudice--the assumption that UNT's Medicare Part A rate will be 40 percent higher than MDI's rate.

We now turn to the actual calculation of the proportional price differences between the proposals--the calculations required by the RFP. We conclude that while MDI would receive the maximum number of available points (120) for proposing the lowest price, the calculation of the proportionate number of points for UNT's proposal leads to the assignment of 101.8 points. These figures were obtained using the steps below.¹⁰

(A) The maximum points available for institution services, inpatient/outpatient hospital services, and inpatient/outpatient physician services are 60, 40, and 20, respectively, as set forth in the evaluation materials. As the lowest priced offeror in all three categories, MDI receives all available points.

(B) For institution services, UNT receives 56.7 points, calculated as follows: 115 (base of 100 plus MDI's premium) divided by 121.69 (base of 100 plus UNT's premium) multiplied by 60 (total points for this category).

(C) For inpatient/outpatient hospital services, UNT receives 27 points, calculated as follows: 105 (base of 100 plus MDI's premium) divided by 155.4

¹⁰These calculations use the average of the premiums entered by MDI and UNT on the solicitation's price schedule, as shown earlier. To recap, MDI's average premiums for institution services, inpatient/outpatient hospital services, and inpatient/outpatient physician services, are 15 percent, 5 percent, and 10 percent, respectively. UNT's average premiums for these categories are 21.69 percent, 11 percent, and 21.64 percent, respectively.

(UNT's base of 140¹¹ plus 11 percent [UNT's premium] of 140) multiplied by 40 (total points for this category).

(D) For inpatient/outpatient physician services, UNT receives 18.1 points calculated as follows: 110 (base of 100 plus MDI's premium) divided by 121.64 (base of 100 plus UNT's premium) multiplied by 20 (total points for this category).

Inserting these revised price scores into the overall evaluation yields the following results:

EVALUATION FACTORS	MDI	UNT
Technical	126	149
Past Performance	103	103
Price	120	101.8
TOTAL	349	353.8

Since a proper calculation of the proportional differences between MDI's and UNT's prices shows that UNT should have been the overall highest-rated offeror, we conclude that MDI was not prejudiced by the agency's errors in scoring the price proposal.

Other Challenges to the Price/Technical Tradeoff Decision

MDI's final two challenges are that the price analysis conducted here failed to capture the relative difference between the proposed prices (and thus infected the underlying tradeoff decision), and that the tradeoff decision unreasonably ignored MDI's evaluated strengths. We disagree on both counts.

With respect to MDI's challenge to the price analysis, the depth of an agency's price analysis is a matter within the sound exercise of the agency's discretion.

Management Tech. Servs., B-251612.3, June 4, 1993, 93-1 CPD ¶ 432 at 8. The purpose of a price analysis is to "ensure a fair and reasonable price, given the circumstances surrounding the acquisition." FAR § 15.404-1(b)(2). In our view, the price analysis here had a different purpose than the evaluation of prices, discussed

¹¹This portion of the calculation assumes, based on MDI's claim, that UNT's reimbursement rate for in-patient hospital services will be 40 percent higher than MDI's rate. Thus, UNT's base is therefore stated as 140, and its 11 percent premium in this area is multiplied by this base.

above, which sought to determine the relative difference between the offered prices and to award proportionally fewer points to higher-priced proposals.

The price analysis conducted here examines the proposed prices in four different ways: (1) it compares the proposed premiums offered by the two offerors; (2) it compares the proposed premiums with other premiums offered under previous contracts; (3) it compares the proposed premiums with market or regulated prices; and (4) it considers the relationship between the proposed premiums and the independent government estimate.¹² The analysis notes that the use of Medicare rates should save the agency money compared to using unrestricted fee schedule rates, and notes that Medicare rates are regulated by the Health Care Finance Administration, providing additional assurance that the prices charged will be in line with appropriate and reasonable fees for such services. Price Analysis, Sept. 11, 1998, at 4.

Based on our review of this record, we conclude that the agency has generally ensured that prices will be reasonable by importing standard Medicare and RBRVS reimbursement rates to price its contract. In addition, because we view the purpose of the price analysis as distinct from the price evaluation, we disagree with the protester's contention that the price analysis here should have shed light on the underlying differences between the offerors' inpatient hospital services rates. Although the protester was able to find at least one error in the agency's analysis (as mentioned earlier, the analysis wrongly identified one of the protester's premiums), and makes much of the lack of a conclusion with regard to comparing prices with the government estimate, we consider the price analysis thoughtful, detailed, and an appropriate assessment of the reasonability of the offered prices.

Finally, in three different areas MDI argues that the price/technical tradeoff overlooked strengths in MDI's proposal in accepting UNT's proposal. In this regard, we have reviewed each of MDI's claims and the record shows that MDI received credit for its strengths during the evaluation. We are aware of no requirement that an agency restate each of an offeror's strengths when comparing proposals, and we have seen nothing unreasonable about the decision not to elevate any of these strengths to the tradeoff discussion.

In conclusion, our review of the record here, and the specific challenges raised by MDI, compels us to note that the source selection decision prepared by the contracting officer in this case was not a mechanical determination based only on point scores or prices. Rather, it was a detailed attempt by the contracting officer to weigh the features that led him to conclude that the proposal of UNT offered the

¹²In this fourth area, the analysis concludes that the comparison is not meaningful because the government's total estimate of costs cannot be compared with the premium over reimbursement rates used to price this contract.

best value to the government. As a result, the selection decision--despite the miscalculated price scores in the underlying evaluation--appears an appropriate exercise of agency discretion.

The protest is denied.

Comptroller General
of the United States