BOARD OF SUPERVISORS
AGENDA LETTER

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Department Name:	Public Health Dept.
Department No.:	041
For Agenda Of:	June 07, 2011
Placement:	Administrative
Estimated Tme:	
Continued Item:	No
If Yes, date from:	
Vote Required:	Majority

TO: Board of Supervisors

FROM: Department   Takashi Wada, MD, MPD, Director and Health Officer
      Director(s)   Public Health Department
      Contact Info: Daniel Reid, Assistant Deputy Director, Primary Care & Family
      Health Division, Public Health Department

SUBJECT: **Professional Services Agreement with Cerner Healthcare Solutions, Inc.**

County Counsel Concurrence	**Auditor-Controller Concurrence**
As to form: Yes	As to form: Yes

Other Concurrence: Risk Mgmt
As to form: Yes

Recommended Actions:

That the Board of Supervisors approve and authorize the Chair to execute a Professional Services Agreement with Cerner Healthcare Solutions to provide, implement and maintain a pharmacy software system in the Public Health Department for the period June 7, 2011 through June 30, 2016 in an amount not to exceed $423,121. The vendor is not a local vendor.

Summary Text:

The Public Health Department (PHD) has concluded a formal bid and evaluation process for the selection of a replacement pharmacy software system, including software, software licensing and professional services. The bid was awarded on November 19, 2010 to Cerner Healthcare Solutions, Inc. for its Cerner Etreby Pharmacy Management System 5.0 product. Approval of this Professional Services Agreement will provide for the full implementation, training, maintenance and support of the Pharmacy Management System over a five year period.

Background:

The Public Health Department's current pharmacy management software system was due to be replaced in FY 2008-09. That replacement has been delayed in order to ensure inter-operability with the recently selected GE Centricity Electronic Health Record. In July 2010, the Public Health Department, working with the County Purchasing Department, issued a Request for Proposal for an appropriate pharmacy software system replacement. After thorough review and evaluation, the award was given to Cerner Healthcare Solutions, Inc.

On December 12, 2010 the Public Health Department introduced the Electronic Health Record (EHR) project to the Board via a bid waiver request for the purchase GE hardware for the EHR project. This implementation plan included the pharmacy management system replacement.

The reasons for implementing a new pharmacy management software system at PHD include:

- Outdated existing system that will not meet future requirements

- Patient safety enhancement by safeguards built into new pharmacy management systems

- Quality of healthcare improvements, actively demonstrated by clinical quality performance measures

- Electronic reception and reconciliation of third party payments and patient prescription charges

- Future multiple inventory controls to facilitate compliance with 340-B discount drug purchasing requirements which significantly reduce medication access costs for the pharmacy and its patients

- Enhanced automated formulary adherence (alerts and automatic reminders) to appropriately control patient therapy and costs.

- Enhanced workflow by linking three pharmacy locations and allowing remote access and assistance by pharmacists and pharmacy technicians from one location to another

- Strict adherence to HIPAA requirements

- Improved patient prescriptions processing and safety with e-Prescribing, a requirement for achievement of "meaningful use" designations

- Linkage to patient prescriptions and medication history with outside pharmacies participating in e-Prescribing network

- Planned improvement to patient input through interactive voice recognition system for prescription refills and reminders in English and Spanish languages (see Interactive Voice Recognition below)

- Expansion of access by medical providers to remote prescribing and access to patient medication history through ePrescribing

The following is a cost summary of this agreement:

Project Element	FY 2011-12 One-time Costs	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Total
Pharmacy Software	$75,478					$75,478
Professional Services *	$93,300					$93,300
Switch fees	$1,562	$3,124	$3,124	$3,124	$3,124	$14,057
ePrescribing	$17,519	$35,037	$35,037	$35,037	$35,037	$157,667
Maintenance	$9,180	$18,360	$18,360	$18,360	$18,360	$82,620
Fiscal Year Totals	**$197,038**	**$56,521**	**$56,521**	**$56,521**	**$56,521**	**$423,121**

This Five Year Professional Services Agreement includes expenses related to the pharmacy software, hardware certification, related software interfaces, transaction fees, ongoing maintenance and professional services (including a 20% contingency) for a not-to-exceed amount of $423,121. There are one time costs from the agreement in the amount of $197,038. In addition, the equipment and hardware platform needed to run the software will cost an additional $85,087; bringing the total one-time costs of the entire project to $282,119.

The Health Information and Technology for Economic and Clinical Health (HITECH) Act (February 2009) promotes the use of EHRs by providing financial incentives (via Medicare and Medicaid) when eligible healthcare professionals achieve "*meaningful use*" of a certified EHR. PHD's implementation of a certified EHR and ePrescribing, and the resultant meaningful use status, will result in revenue estimates of $221,000 annually for five years, beginning in late 2011 or when PHD meets the meaningful use requirements for three consecutive months. Conversely, if PHD does not meet meaningful use by 2015, federal financial penalties begin.

PHD provided a comprehensive overview of the entire EHR project including a draft budget with the approximate cost of this pharmacy management system. That budget was updated and submitted with the GE Healthcare Software contract on March 15, 2011. The pharmacy management system has been in the County's Capital Improvement Plan (CIP) for the last two years and PHD has built a dedicated reserve to fund the one-time costs of the project. The increase in ongoing costs of approximately $2,900 per year due to increased functionality, will be covered by cost savings generated by better pharmaceutical formulary controls.

Although not specifically included in the Cerner Agreement, the current Interactive Voice Recognition (IVR) , is scheduled to be upgraded as a parallel project. The IVR is interfaced with the pharmacy software system and provides telephone access for County Patients twenty four (24) hours per day to request prescription refills. The system also automatically notifies patients when their refill requests are ready for pickup. The enhanced IVR system will be provided through the existing vendor (ATEB) but will include both English and Spanish language interactions (currently only English is available) and the system will automatically manage inventory of dispensed medications to prevent illegal diversions and to automatically notify providers when their medications have not been picked up. The one-time and maintenance costs for the IVR system upgrade will be provided through one-time technology rebates available through the County's pharmaceutical prime vendor.

Performance Measure:

The Public Health Department has an extensive Quality Management Plan and associated performance measures for patient outcomes and medical service provision. The implementation of similar pharmacy management systems in other health care settings has demonstrated significant improvement in patient care by ensuring appropriate, high quality of care across multiple providers and multiple pharmacy locations. Currently the Pharmacy performance measure is related to patient customer service in that patients should receive their prescriptions and prescriptions refills within 20 minutes of submission. During initial implementation, this time frame may be slightly higher as staff learn and transition to the new pharmacy system. However, based upon the improved abilities to transmit prescriptions electronically (ePrescribing), reduction in prescription errors and ability to balance workloads remotely

across all three pharmacy locations, patient safety, patient outcomes and patient wait times for their prescriptions are all projected to improve.

Fiscal and Facilities Impacts:

Budgeted: Budgeted

Approval of this action will allow for the purchase of the software, software license fees and professional service fees for training and system implementation and testing at a total cost over five years of $423,121. Additional one time costs for hardware will bring the entire cost of the system to $508,208 over five years. Adequate funding for the one-time costs have been secured and designated in the Public Health Department's Special Revenue Fund and the ongoing costs will be continue to be covered by patient service revenues in the department's pharmacies.

This pharmacy element of the EHR project is projected to have an increase in ongoing costs from the previous pharmacy system of approximately $2,900 a year after the three PHD Pharmacies have gone 'live'; potentially by October of 2011. Concurrent with this project is the elimination of a full time extra help pharmacy technician position that will no longer be necessary with the technology improvements. In addition, the greater functionality of the new system will allow for even greater control of the PHD pharmaceutical formulary that will allow for continued success in the use of less costly generic drugs.

Staffing Impacts:

Currently the Santa Barbara County Public Health Department is using an Extra Help Pharmacy Technician to support workflow with the existing PDX pharmacy management software system. This position is scheduled to be eliminated shortly after full implementation of the pharmacy management system at all three pharmacy locations

Special Instructions:

Please return one fully executed original Agreement and a copy of the minute order to PHD Contracts, Bldg 8, Attn: Rose Davis

Attachments:

Professional Services Agreement with Cerner Healthcare Solutions, Inc.

Authored by:

Daniel Reid, Assistant Deputy Director, PHD Primary Care and Family Health Division