



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Department Name: Public Health
Department No.: 041
For Agenda Of: September 17, 2013
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Takashi Wada, MD, MPH, Director and Health Officer
Director Public Health Department
Contact Info: Dan Reid, Assistant Deputy Director (681-5173)
SUBJECT: Second Amendment to System Agreement with GE Healthcare

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute a Second Amendment to incorporate a Change Order to the System Agreement with GE Healthcare for the period March 15, 2011 through March 14, 2016, in an amount not to exceed \$73,227.30 for one-time Patient Portal software license purchase, related professional services and ongoing annual support and maintenance for an Agreement maximum of \$1,746,352.51.
- b) Determine that the recommended actions are fiscal activities which do not involve any commitment to a specific project which may result in a potentially physical impact on the environment and are thus exempt from California Environmental Quality review pursuant to CEQA Guidelines Section 15378(b)(4).

Summary Text:

This item is on the Agenda to execute a Second Amendment with GE Healthcare for the addition of Patient Portal software and its associated licensing, installation and maintenance to the existing Electronic Health Record (EHR) System Agreement. A Patient Portal software system will add an online tool for Public Health Department (PHD) patients to access elements of their records within the EHR, communicate securely with their physician and other clinical staff, receive laboratory results, as well as reminders about appointments and needed healthcare. A Patient Portal within the EHR is an essential element of *Meaningful Use*. Meaningful Use is a collection of mandatory elements of an EHR, all of which ensure high quality patient care and monetary incentives from Medicare and or Medi-Cal

The \$73,227.30 Change Order included with this Second Amendment includes \$36,666.30 of additional expenditures for third party software licenses, \$5,400 for professional services to ensure appropriate expansion of the user licenses as well as coordination with other third party software vendors associated with the EHR, and an additional \$31,161 of ongoing annual maintenance support (through the term of the Agreement) to maintain the user licenses and interoperability with third party software applications. The new maximum for the five year period of the Agreement that ends in March 2016 will be \$1,746,352.51.

Background:

On March 15, 2011 the Board of Supervisors authorized the System Agreement with General Electric Healthcare for the GE Centricity EHR. The inclusion of a Patient Portal system for the EHR has been planned and is part of what is termed *Phase II Implementation* of the EHR. The Patient Portal system is necessary to facilitate the PHD meeting Meaningful Use requirements. Meaningful Use is a set of performance measures and EHR functionality requirements determined by the Centers for Medicare and Medicaid (Medi-Cal in California) that are required to receive incentives for EHR implementation as well as avoid future fee for service payment reductions. PHD is currently meeting many Meaningful Use requirements such as ePrescribing. PHD has successfully applied for more than \$1.3M of EHR incentives from Medi-Cal for the Year 1 and Year 2 implementation of the EHR and is expecting further payments in the near future. Similar incentives are available upon achievement of Meaningful Use requirements for Years 3-6 of implementation.

Performance Measure:

PHD has an extensive Quality Management Plan and associated Performance Measures for patient outcomes and medical service provision. The implementation of the EHR in PHD health care settings has demonstrated significant improvement in patient care by ensuring appropriate, high quality of care across multiple providers and multiple treatment settings (e.g. health care centers, hospitals, pharmacies, etc.). As described above, full implementation of the EHR will allow PHD to meet Meaningful Use requirements. Preliminary analyses of partial implementation are demonstrating very good provider performance towards meeting or exceeding these objectives.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal	\$ 54,530.70	\$ 12,464.40	\$ 42,066.30
Fees			
Other:			
Total	\$ 54,530.70	\$ 12,464.40	\$ 42,066.30

Narrative:

The current year amount of \$54,530.70 for this Patient Portal software license purchase, professional services, and first year of maintenance is paid with supplemental federal funding from the Health Resources Services and Administration (HRSA) in the amount of \$55,000. The ongoing costs of \$12,464.40 annually will be paid from increased patient reimbursements from Medicare, as Medicare

payment rates will increase for Federally Qualified Health Centers with the implementation of the Patient Protection and Affordable Care Act (ACA) in January of 2014.

This Amendment will become part of the PHD's GE Healthcare Agreement which will end in March of 2016. As a result, the amendment contains the payment of ongoing licensing fees for a period of 2 ½ years. Thus, the total Agreement amendment is \$73,227.30: \$36,666.30 for the Patient Portal software, \$5,400 for professional services, \$12,464.40 for the first year's licensing, and \$18,696.60 for an additional 1 ½ years of licensing.

Key Contract Risks:

This Second Amendment involves a multinational company, GE Healthcare, with a solid financial status and long-term history. GE Healthcare is utilizing a third party software company, Kryptiq Corporation owned by SureScripts, to provide the Patient Portal software. Although the acquisition of the Kryptiq Corporation by SureScripts is so recent that the long-term viability of this corporate structure is unknown, the Kryptiq Corporation has a multi-year history of partnering with GE Healthcare to provide software modules (Secure Messenger, Indexing System, Patient Portal, etc.) for the GE EHR (Centricity). In addition, as this Second Amendment is part of the GE Healthcare Agreement, GE Healthcare provides the warranty and maintenance guarantees for this product. The entire Agreement and Amendments is a mission critical EHR system and more than 50% of the funding to support this Agreement originates from federal healthcare contracts (e.g. Medicare and Medi-Cal) and Meaningful Use incentives. Medicare and Medi-Cal (known as CMS) have been stable funding sources for decades. In addition, there are risks associated with not moving forward with the implementation of a Patient Portal, as a Patient Portal is a critical element to an EHR system to achieve Meaningful Use requirements. Without the Meaningful Use achievement, PHD will lose several hundred thousand dollars of incentives from CMS and in the next 3-5 years will be penalized by CMS through reduction of fee for service reimbursements.

Staffing Impacts:

There are no staffing impacts associated with the approval of this Second Amendment to the GE Healthcare System Agreement.

Special Instructions:

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

Attachments:

Second Amendment to the System Agreement with GE Healthcare

Authored by:

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