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 Dept.
Department No.:	041
For Agenda Of:	December 07, 2010
Placement:	Administrative
Estimated Tme:	
Continued Item:	No
If Yes, date from:	
Vote Required:	4/5

TO: Board of Supervisors

FROM:

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

SUBJECT: **Bid Waiver Request for Server Hardware from General Electric Healthcare**

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

Other Concurrence: Purchasing
As to form: Yes

Recommended Actions:

That the Board of Supervisors:

A. Authorize the Purchasing Manager to issue a purchase order for General Electric Healthcare in an amount not to exceed $400,000 for the purchase, installation and configuration of server hardware as part of the Public Health Department's continuing steps in the implementation of an Electronic Health Record system. The vendor is not a local vendor.

B. Approve a Budget Revision Request 0001247 in the amount of $460,000, for funding the server hardware purchase ($400,000) from GE Healthcare (in item A above) and Microsoft Server Licensing ($60,000) from CompuWave.

C. Approve and authorize the Public Health Department to continue its steps toward the purchase and implementation of an Electronic Health Record system totaling approximately $4.0 million funded by previously established Public Health funds and enhanced with ARRA funds. Expenditures for this project will take place throughout FYs 2010-11 and 2011-12 with the stipulation that the Department will bring forward any and all board contracts to your Board for formal approval.

Summary Text:

The Public Health Department (PHD) has concluded a thorough evaluation for the selection of an Electronic Health Record (EHR) system, including a formal bid process for software and professional services. The bid was awarded to General Electric (GE) Healthcare for its GE Centricity product and contract negotiations are in the final stages. This bid waiver request is for the procurement of server hardware for the project. Purchasing server hardware and software from the same vendor provides significant advantages when troubleshooting system problems, based on PHD's experience with its practice management system.

The request precedes the GE Centricity contract in order to expedite the ordering and staging of the equipment. The GE Centricity software, professional services, and maintenance agreement will be presented to your Board for approval in January 2011. Provisions will be included to return the hardware for a full refund if negotiations fail or if your Board does not approve the GE Centricity agreement. PHD sought quotes from vendors who have contracts with the County for server hardware to compare similar hardware configurations with GE's hardware proposal; GE's quote was lower.

County Code Section 2-39 states that the Purchasing Agent is obliged to purchase all materials, supplies, furnishings and equipment by using a formal competitive bidding process, unless the Board of Supervisors has waived competition under a particular set of circumstances. For the sake of expediency, and due to the valid reasons stated above, PHD is requesting your Board waive the requirement for a competitive bid for purchase of the server hardware to support the PHD EHR.

Background:

The Electronic Health Record project is one of the most important initiatives the Public Health Department has embarked upon. It has been identified in the County's Capital Improvement Plan (CIP) for the last five years. PHD has been diligent in its efforts to build a dedicated reserve to fund the EHR project. Several other information technology (IT) projects are related to the integration of the EHR and are included in the attached budget (Attachment A).

There are numerous reasons for the implementation of an EHR: patient safety will be enhanced by safeguards built into EHR systems; the quality of healthcare will improve and be demonstrated by producing clinical quality measures; and increased efficiencies will be achieved by minimizing the number of duplicative laboratory and radiology tests and having the electronic patient record available at all locations. The EHR will enable PHD to share patient information with community healthcare providers for treatment purposes while meeting HIPAA requirements. Integration with e-Prescribing will provide the ability for providers to see a comprehensive view of patient prescriptions. Patients can request an electronic copy of their health information and will be able to access their information online via a patient portal.

On a national level, the Health Information and Technology for Economic and Clinical Health (HITECH) Act that was signed into law in February 2009 has promoted the use of EHRs by providing financial incentives beginning in 2011 through Medicare and Medicaid when eligible healthcare professionals achieve "meaningful use" of a certified EHR. Medical information will be shared among healthcare providers by the implementation of Health Information Exchanges. The requirements to meet meaningful use were defined in July 2010. A conservative revenue estimate for PHD is $221,000 annually for five years, beginning in late 2011 or when PHD meets the meaningful use requirements for three consecutive months. If PHD does not meet the definition of meaningful use of a certified EHR by 2015, federal financial penalties will begin. PHD is analyzing the requirements to ensure it meets

meaningful use with the intent to maximize the financial incentives during the first year they become available. Time is therefore a critical factor and this server hardware purchase is being brought forward for approval to prevent any hardware order delays.

PHD began the selection process by contracting with ECG Consulting in April 2010 to ensure potential EHR systems met the needs of the department as well as the criteria for meaningful use. A formal bid process ensued, four vendors were asked to demonstrate their products, and GE Healthcare was chosen as the preferred vendor. The cost of the GE Healthcare Centricity software, professional services, and maintenance agreement is approximately $1,250,000 which will be brought before the Board in January 2011. In addition to this bid waiver request for $400,000 for server hardware, the all-encompassing project budget (Attachment A) also includes labor expenses related to the project, workstation upgrades and additional exam room workstation installations, interfaces with existing healthcare systems, related system upgrades, infrastructure changes for computer room and exam rooms, data conversion and a 10% contingency for a project total of approximately $4.0M.

Labor	$1,075,968
GE Servers and Microsoft licensing (Compuwave)	451,746
GE Software & Professional Services	772,987
GE Maintenance	70,573
Hardware - workstations, printers	351,400
Interfaces to existing PHD systems	121,800
e-Prescribing	50,000
Upgrades (Practice Management, Clinical Lab, Pharmacy)	345,500
Facility/Infrastructure improvements	344,500
Data Conversion	100,000
Sub-total	$3,684,474
Contingency (10%)	353,447
Grand Total	$4,037,921

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 an EHR in other health care settings has demonstrated significant improvement in patient care by insuring appropriate, high quality of care across multiple providers and multiple treatment settings (e.g. health care centers, hospitals, pharmacies, etc.).

Fiscal and Facilities Impacts:

Budgeted: Not Budgeted

Approval of this action and the related Budget Revision Request to release designated funds in the amount of $460,000 will allow for the purchase of the hardware platform and Microsoft Licensing as an initial step toward PHD's implementation of the GE Centricity Electronic Health Record. The preliminary project plan and budget indicates that the entire project is estimated to cost approximately $4.0 million dollars. Adequate funding for the project in this amount has been secured and designated in the Public Health Department's Special Revenue Fund. After the PHD's negotiations with GE are final,

we will return to your Board with an additional budget revision to release designated funding adequate to provide for the projected expenditures expected to be expended by the end of Fiscal Year 2010-11. Any additional project expenditures and related designation releases in the subsequent year will be part of the department's Fiscal Year 2011-12 budget submission.

The EHR project is projected to have ongoing costs of approximately $635,000 a year after the 6 PHD Health Care Centers have gone 'live' by December of 2012. Medicaid incentive payments will assist the department in covering the ongoing costs for the first five years and will reduce the uncovered amount by a conservative estimate of $221,000 per year. The net ongoing costs estimated at approximately $400,000 will be covered by staff reductions in the areas of Data Entry and Health Information Management (Medical Records) because of the automation features of the EHR.

Staffing Impacts:

There are no staffing impacts associated with this acceptance of the Bid Waiver and Budget Revision Request. PHD does expect to use approximately 4.0 FTEs of temporary and contract labor and has hired an ordinance 1.0 FTE Project Manager through the implementation stages of the project. After the EHR is operational, it is expected that staffing reductions of approximately 8.0 to 10.0 FTEs in the areas of Data Entry and Health Information Management (Medical Records) will occur as our practice becomes more automated. PHD has already started its planning process for finding other suitable positions, where possible, for those affected when the automation is complete.

Special Instructions:

Please return a copy of the minute order to Purchasing, Attn: Mark Masoner. Please email a copy of the minute order to Public Health Department, phdcu@sbcphd.org.

Attachments:

Attachment A
BRR #0001247

Authored by:

Anne M. Fearon, Deputy Director, Public Health Department