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:	March 10, 2015
Placement:	Administration
Estimated Time:	N/A
Continued Item:	Yes
If Yes, date from:	March 3, 2015
Vote Required:	4/5

TO: Board of Supervisors

FROM: Department   Takashi Wada, MD, MPH, Director and Health Officer, Public
              Director(s)   Health Department
              Contact Info: Ellen Willis-Conger, Assistant Deputy Director, 681-5446

SUBJECT: Orchard Software Corporation Agreement - Laboratory Information System

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

Other Concurrence: Risk
As to form: Yes

Recommended Actions:

That the Board of Supervisors consider recommendations regarding the Public Health Laboratory
Information System (LIS) from Orchard Software as follows:

a) Approve and authorize the Chair to execute a contract with Orchard Software Corporation for a
    Laboratory Information System, not to exceed $294,110 for the period of March 1, 2015 to
    December 31, 2016.

b) Approve the attached Budget Revision Request (BJE0003786) reflecting a transfer of $251,945
    of salary savings to services and supplies and fixed assets for FY 14/15 for the one time purchase
    of a new laboratory information system.

c) Determine that these activities are exempt from California Environmental Quality Act review per
    CEQA Guidelines Section 15378(b)(4) since the recommended actions are government fiscal
    activities which do not involve commitment to any specific project which may result in
    potentially significant physical impact on the environment.

Summary Text:

The Public Health Laboratory has had the current laboratory information system since 1995. Public
Health laboratory testing for communicable diseases is a Health Officer mandate in the state of
California. The current system does not meet business needs and the company does not have adequate

support staff to maintain the operating system. Public Health Laboratory staff has had to develop manual systems for continued operation.

The new laboratory information system from Orchard Software Corporation ("Orchard") meets state and federal requirements in addition to laboratory operation needs. This system was selected through a competitive bidding process that included review of requirements, demonstrations, and on-site observations of the system in other public health laboratories. This system was the lowest cost over the term, and is utilized by other counties in California of similar size. We anticipate full functionality with testing, billing, and reporting to the state and the Centers for Disease Control and Prevention (CDC). This laboratory information system builds in customized testing and tracking of various institutional accounts, and customizes test result delivery to our internal physicians and external partners.

Background:

The Public Health Department operates two laboratories. The Clinical Laboratory supports the Health Care Centers who primarily collect specimens for testing. The role of the Public Health Laboratory (PHL) is distinct from other clinical laboratories. PHL's unique role is to test for communicable diseases within our County and provide resources to private and public health care providers and clinical laboratories to limit the spread of diseases that affect the health of our community. A laboratory information system that supports recording and disseminating timely and accurate test results is critical to meeting this core mission.

The new laboratory information system will provide essential functions including:

1. Integration of Public Health Laboratory equipment and providing test results with Electronic Health Records (EHR) for the Public Health's primary care clinics

2. Web portal access to community based partners: hospitals and providers

3. Streamlined reporting to required agencies (CDC, CalREDIE)

4. Supported billing systems for the variety of public, special grant and private reimbursement sources

5. Streamlined testing and resulting of tests from PHL

6. Improved compliance with Federal HIPAA requirements for patient privacy by providing accurate and appropriate resulting of patient testing to submitting providers

7. Capacity to build reports and data retrieval that will support improved disease surveillance and control, billing management, patient confidentiality, resource and staff management

Purchase and implementation of Orchard Software will result in significant benefits for various internal and external partners including the Public Health Laboratory, finance, information technology, public and private medical providers, public and private clinical laboratories, hospital partners, and the California State Department of Public Health.

Fiscal and Facilities Impacts:

Budgeted: No

Fiscal Analysis:

Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
General Fund			
State		$ 8,823.00	
Federal		$ 8,823.00	
Fees		$ 17,647.00	
Other: salary savings	$ 251,945.00		$ 251,945.00
Other: Health Care Fund			$ 147,055.00
Total	$ 251,945.00	$ 35,293.00	$ 399,000.00

The total one-time project cost to upgrade the Public Health Laboratory Information System is $399,000, which is expected to span two Fiscal Years: FY 14-15 and FY 15-16. The amounts for each fiscal year comprising this total cost are detailed below. The total two year cost for the Orchard Software product is $294,110, with half that amount ($147,055) payable in each Fiscal Year.

The remaining $104,890 requested for the current year FY 14-15 budget is projected to consist of: $42,400 for computer hardware and servers; $32,490 for personal computers and barcode scanner/readers; and $30,000 for other non-capital equipment add-ons, such as backup and communication hardware. A transfer of salary savings appropriation to the services and supplies and fixed assets line item accounts is set forth in Budget Revision number BJE-0003786.

The FY 15-16 amount of $147,055 for the continued scheduled payments for the Orchard Software Product will be included in the Public Health Department's Recommended FY 15-16 budget to be funded by a release of designated Special Revenue Health Care Funds.

Following initial contract period to establish the Orchard Software LIS, ongoing system maintenance costs of $35,293 will begin in FY 15-16 and will be funded by fees to outside providers and hospitals, and by patient service reimbursements from Medicare, Medi-Cal and other public programs.

Key Contract Risks:

Per the County's Service Contract and Grant Compliance Management Policy, staff evaluated the risks of this contract and took action to mitigate those risks. The sensitive nature of this type of activity, involving confidential information and specimen collection, would be inherent in any vendor agreement for this service, regardless of the particular vendor selected. Staff will ensure adequate monitoring of the contract and has included the following contract terms to mitigate risks:
- Clearly defined milestones/ deliverables for each work phase.
- Full payment only upon successful system installation and satisfactory completion of all deliverables.
- Termination for convenience with 30 days written notice.
- Access to source code should support from the vendor be suspended/terminated unexpectedly.
- Health Insurance Portability and Accountability Act Busness Associate Agreement included in the agreement to ensure compliance with the handling of private protected information such as patient records and test results.

Although the Orchard Software is a privately held company and their financial statements are not public, staff has confidence in this company and their software based on a number of factors including:

- The company has been in business since 1993
- There are a number of California county Public Health Laboratories who have successfully installed Orchard software including San Mateo County, Tulare County, San Joaquin County, Santa Cruz County, and San Bernardino County.
- The company agreed to Santa Barbara County's standard terms and conditions

In addition, as the Public Health Department has not worked with Orchard Software previously, the Department conducted a thorough investigation of systems and demonstration including consulting with current users of their software. A team of Laboratory staff, IT and finance staff from Santa Barbara County traveled to Tulare County to observe the function of the Orchard Software in that peer County. We also had extensive consultation with San Bernardino County, a long time user of Orchard Software.

Orchard Software is an independently owned company and has been in business since 1993, with over 1400 private and public users in the United States. Peer reviews of LIS systems among 19 California Public Health Laboratories quickly identified Orchard's system as an excellent operating system, and Orchard Software Corporation as a reliable and responsive company to work with. The laboratory information system from Orchard Software Corporation was selected through a competitive bidding process and meets state and federal requirements in addition to laboratory operation needs.

There are a limited number of vendors who have information technology systems for Public Health Laboratories. If Santa Barbara County were to terminate this contract and initiate a new Request for Proposal process, it is likely that we would have the same respondents.

Staffing Impacts:

Legal Positions:	FTEs:
0	0

Special Instructions:

Please execute two (2) original Agreements with Orchard Software Corporation and retain one (1) original Agreement and one (1) Minute Order for pick-up by the department. Please email phdcu@sbcphd.org when available for pickup.

Attachments:

Orchard Software Corporation Agreement

Budget Revision Request (BJE #0003786)

Authored by:

Ellen Willis-Conger, Assistant Deputy Director, Community Health, 681-5446