



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:** July 12, 2016  
**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(s) Public Health Department  
Contact Info: Dana Gamble, Assistant Deputy Director, Public Health Department  
681-5171

**SUBJECT:** Second Amendment to Cerner Healthcare Solutions Agreement

**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors consider the following:

- a) Approve, ratify, and authorize the Chair to execute a Second Amendment to the Agreement with Cerner Healthcare Solutions, Inc. (Attachment A), for pharmacy management software services, to extend the term for the period July 1, 2016 through June 30, 2019, and to increase funding by the amount of \$185,000, for an amended Agreement maximum amount not to exceed \$618,122.
- b) Determine that these activities are exempt from California Environmental Quality Act review per CEQA Guideline 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 a potentially significant physical impact on the environment.

**Summary Text:**

This item is on the agenda to execute a Second Amendment to the Cerner Healthcare Solutions Agreement. This Second Amendment will extend the term of the Agreement through June 30, 2019.

**Background:**

Your Board approved the Professional Services Agreement with Cerner Healthcare Solutions on June 7, 2011 (Attachment C) for the implementation of a new pharmacy management software system. This Agreement was awarded through a formal bid process with the County Purchasing Division. The

Agreement includes expenses related to the pharmacy software, hardware certification, related software interfaces, transaction fees, and ongoing maintenance of the system. In addition, a contingency amount has been added for one-time purchases of additional and replacement electronic signature pads.

Your Board approved the First Amendment on August 26, 2015 (Attachment B) which allowed for the inclusion of hardware purchases and receipt of a sublicense for pharmacy software.

This Second Amendment (Attachment A) will extend the current Agreement through June 30, 2019 which the department entered into with Cerner in 2011 following an extensive bid process for the selection of a replacement pharmacy software system, including software, software licensing and professional services. The First Amendment added to the Agreement a sublicense for pharmacy software and signature capture pads (hardware) which connect to the system to document patient acceptance of their prescriptions and acknowledgement of pharmacist counseling. Extending the Agreement ensures that the inter-operability continues between the pharmacy software and the GE Centricity Electronic Health Record. Continuing with Cerner is cost-effective as there are no additional start-up fees associated with the ongoing agreement.

**Performance Measure:**

N/A

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			
State	\$ 16,956.00	\$ 16,956.00	\$ 4,631.00
Federal	\$ 39,565.00	\$ 39,565.00	\$ 10,806.00
Fees			
Other:			
Total	\$ 56,521.00	\$ 56,521.00	\$ 15,437.00

This agreement will extend the current agreement for software and interface maintenance, transaction fees, and other software costs at an annual cost of \$56,521 or \$169,563 over the three year term. In addition, a contingency amount of \$15,437 has been added in order to allow for the one-time purchase of additional and/or replacements of electronic signature devices in the three Public Health Department pharmacies. This brings the total dollar amount for the contract extension to \$185,000.

This amount has been included in the Public Health Department’s Adopted Budget for Fiscal Year 2016-17.

**Key Contract Risks:**

This contract is at medium risk:

Cerner was founded in 1979 and is a leading health information technology company providing services for health care organizations worldwide. The PHD has contracted with Cerner for its Pharmacy software since 2011, so the department has a history with the company and its staff supporting this agreement.

Although the Pharmacy system contains electronic protected health information (ePHI), the department and Cerner have safeguards in place to protect patient information. These measures include facility safeguards as well as technical policies and procedures that allow only authorized persons to access ePHI.

**Staffing Impacts:** No additional staffing will be added or reduced as a result of this action.

**Special Instructions:**

Please execute two (2) original Agreements with Cerner Healthcare Solutions and retain one (1) original Agreement and one (1) Minute Order for pick-up by the department. Please email [phdcu@sbcphd.org](mailto:phdcu@sbcphd.org) when available for pickup.

**Attachments:**

- A. Second Amendment to Cerner Healthcare Solutions Agreement
- B. First Amendment to Cerner Healthcare Solutions Agreement
- C. Cerner Healthcare Solutions Agreement

**Authored by:**

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