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**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: Riverside County Regional Medical Center

SUBMITTAL DATE:
4/07/04

SUBJECT: Third Amendment to the Master Agreement with Cerner Corporation for Remote System Management Services.

RECOMMENDED MOTION: That the Board of Supervisors:
1) Approve the Amendment to the Agreement with Cerner Corporation and Riverside County Regional Medical Center (RCRMC), effective April 1, 2004;
2) Authorize the Chairman to execute the Amendment;
3) Direct the Clerk of the Board to retain one (1) original and return two (2) original copies of the Amendment to RCRMC - Contract Administration.

BACKGROUND: In 1997, the Health Services Agency competitively bid and consequently contracted with Cerner Corporation for the automated Laboratory, Radiology, and In-patient Pharmacy applications (April 1, 1997, Agenda Item 3.38). The applications provide critical functionality to clinicians and providers necessary for quality direct patient care. In 2000, Health Services Agency requested permission to contract with Cerner Corporation expanding remote management services to be able to remotely monitor the entire Cerner technical environment (April 25th, 2000, Agenda Item 3.13). This Amendment continues the service of remote management services for an additional twelve month period commencing April 1, 2004.

Douglas D. Bagley

Douglas D. Bagley, Hospital Director

Purchasing: *[Signature]*
See ATTACHMENT Director

Departmental Concurrence

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 94,500.00	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	0	Budget Adjustment:	No
	Annual Net County Cost:	0	For Fiscal Year:	03/04 - 04/05

SOURCE OF FUNDS: Enterprise Fund	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:
APPROVE
[Signature]

County Executive Office Signature

Dep't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

3007 668 59 03
RECEIVED RIVERSIDE COUNTY

Prev. Agn. Ref.: | **District:** | **Agenda Number:**

**ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD**

3.21

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JUSTIFICATION:

Under the proposed amendment, Cerner Corporation will continue to manage the entire technical environment providing a true single point of accountability. The RCRMC support staff will have immediate access to Cerner experts and are able to receive a level of service and response no other vendors can provide. In 2004 RCRMC consulted with the research and advisory firm, Gartner, to identify alternatives. The research and advisory firm did not find any viable alternative, and reaffirmed Cerner Corporation is the only known solution in providing the comprehensive set of services as a single point of accountability.

This in addition to Cerner Corporation providing single point of accountability for the clinical applications provides the necessary support to maintain adequate availability for critical applications. The renewal of the amendment protects RCRMC from recruitment, retention, and availability issues in acquiring and maintaining highly skilled OpenVMS System Managers and Oracle Database Administrators. Cerner has consistently demonstrated the ability to provide the right support resources in a mission critical manner. Cerner provides these services in 24hr/7 day environment. The amendment covers all technical support necessary for normal operation and support of the environment, with provisions for additional support as required.

The twelve month Remote System Management Agreement with Cerner Corporation will minimize operational risks to our patients, providers, and clinicians, while RCRMC explores options with clinical system vendors such as Cerner Corporation to further reduce costs and leverage technologies. Only Cerner Corporation can provide fully integrated support of these clinical applications including the software, hardware, performance monitoring, and full system management.

PRICE REASONABLENESS:

Pricing has been deemed to be fair and reasonable based on comparison to the pricing agreed to under the original contract for the basic Remote Monitoring & Management Fees, and any other viable alternative.

The remote connectivity pricing has remained the same as in the original contract. As the Cerner system was a Construction in Progress, until July 2002, the increase in pricing for the management fees in this Amendment are based on the implementation and addition of the application PharmNet. PharmNet was the last major effort and the largest set of applications with the Cerner Project approved in 1997.

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PRICE REASONABLENESS (Cont.):

A comparison of the cost for this service was made with current County Contracted Consultants. Cerner Corporation provides the necessary Database Administrators, System/Application programmers, and Systems Managers with the detailed operational management experience with their product, in a 24 hour, 7 day a week operation. The County Contractor's consulting cost would be substantially higher comparing an average rate for the same 24 hour, 7 day a week operation. Finding and retaining skilled consultants with the Cerner System would represent additional challenges and risks in reliability and availability of the Cerner System.

FINANCIAL IMPACT:

All costs for this Agreement will come from RCRMC Enterprise Funds.

The total current fiscal year cost for three months, in the amount of ninety four thousand five hundred (\$94,500.) dollars.

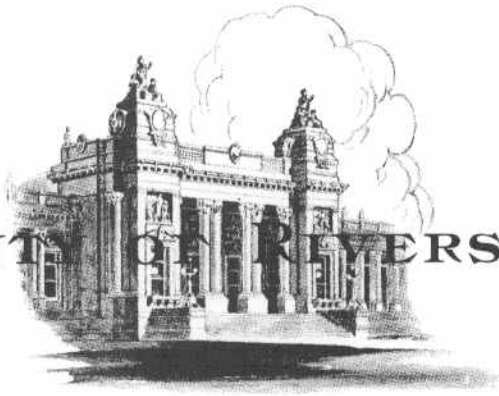
The total annual cost for fiscal year ending 2005 is for nine months in the amount of two hundred eighty three thousand five hundred (\$283,500.) dollars.

PURCHASING AND FLEET SERVICES

ROBERT J. HOWDYSHHELL
DIRECTOR

PURCHASING
SUPPLY
CENTRAL MAIL
PRINTING
FLEET

COUNTY OF RIVERSIDE



MEMORANDUM

TO: Honorable Board of Supervisors
FROM: Robert Howdyshell, Director, Purchasing and Fleet Services Department
DATE: April 27, 2004

SUBJECT: Sole Source of Services from Cerner Corporation

The Purchasing Department concurs with RCRMC to sole source the remote system management services with Cerner Corporation. Cerner is the owner and developer of the automated system, comprised of laboratory, radiology, and in-patient pharmacy applications. Because of this, no other outside vendor has the background, source code, or ability to perform these services. Bringing the services in house would require significant additional staff and training to manage it 24 hours a day, 7 days a week, and based on hourly rates for the appropriate technical skill level, would be more costly than out sourcing to Cerner.

The selection of Cerner was originally made through a competitive bid process in 1997. The original proposal and agreement spelled out costs for each module and the subsequent maintenance and management fees for those modules. Those fees have remained constant for each module, and have only increased as a new module was added on.

In April, 2000 the Board approved expanding remote management services with Cerner to cover the entire environment. That approval has now expired. Therefore, it is recommended that the Board approve this request.

RH:ll