

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

950



**SUBMITTAL DATE:**  
September 14, 2004

Purchasing: *M. Adair*  
Asst Director

**FROM:** Community Health Agency

**SUBJECT: APPROVAL OF AGREEMENT WITH SIEMENS MEDICAL SOLUTIONS HEALTH SERVICES CORPORATION**

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and execute the Agreement between Community Health Agency and Siemens Medical Solutions Health Services Corporation in the amount of \$570,015 for contract period October 1, 2004 through September 30, 2006 pursuant to the applicable California Code; and
2. Authorize the Purchasing Agent to issue purchase orders as needed for Professional Services Fees in an amount not to exceed \$200,000.
3. Direct CHA to report renewal status of the contract to the BOS by September 2006 and before optional services are recommended for approval.

Departmental Concurrence

**BACKGROUND:** In 1987, Riverside General Hospital completed the first Information Systems Strategic Plan and replaced core business applications as part of a multi-phased plan to automate health care in the hospital.

(Continues on Page 2)

*Gary M. Feldman*

Gary M. Feldman M.D., Director  
Community Health Agency

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 226,718	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	04/05

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

**C.E.O. RECOMMENDATION:**

**APPROVE**

**County Executive Office Signature**

*Dan Marting*

Dep't Recomm.:  Consent  Policy  Policy

Per Exec. Ofc.:  Consent  Policy

**ATTACHMENTS FILED**

Prepared by: \_\_\_\_\_ District: All | Agenda Number: \_\_\_\_\_

WITH THE CLERK OF THE BOARD

3.9

FORM APPROVED COUNTY COUNSEL

SEP 03 2004

*[Signature]*  
IT DEPT BY

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**BACKGROUND (CONTINUED)**

The agreement generated to replace and automate health care systems also included the Public Health Department ambulatory care system. Shared Medical Systems (SMS), later acquired by Siemens Medical Solutions Health Services Corporation, became the primary information system vendor for Riverside County Health Agency (RCHSA). Since the de-consolidated of RCHSA Jul 1, 2001, Riverside County Regional Medical Center (RCRMC) and the Community Health Agency (CHA) have each pursued independent operations including separate information technology strategies.

The agreement with Siemens is approaching the end of its term. In accordance with Paragraph 28, and under the advisement of County Counsel, formal notification was submitted to Siemens on Mar 18, 2004 notifying them of the County's intent to negotiate separate renewal agreements with Siemens that reflect the independent needs of CHA and RCRMC and the deconsolidation of RCHSA. Automatic renewal of the current agreement is no longer appropriate resulting in the termination of the current agreement as of Nov 27, 2004.

CHA utilized the expertise of County awarded vendor, Kurt Salmon Associates (KSA) to gain an understanding of the current Ambulatory Public Health Information System (APHIS) marketplace and consideration of its future IT strategic direction. KSA was tasked to survey California County APHIS experience, identify applicable vendors, and help develop, issue, analyze a Request for Information (RFI) to identify comparable or enhanced systems and to ascertain the feasibility of issuing a formal Request for Proposal (RFP). The RFI consisted of the following components: corporate profile, application portfolio, degree of integration and development plans, public health capabilities and experience, implementation requirements and estimated costs.

Fourteen interested vendors responded to the RFI and provided detailed information on products with enhanced functionality. In collaboration with KSA and CHA's APHIS steering committee, four of the vendors were invited to provide onsite systems demonstrations. The product demonstrations offered CHA familiarity with general product functionality, prompted consideration of future alternative strategies and indicated that sufficient competition exists to warrant a formal RFP.

In collaboration with KSA and the CHA APHIS steering committee, County Purchasing issued RFP# PUARC365 on Feb 11, 2004. Copies were distributed to the vendors that responded to the RFI and advertised on Purchasing's website. A non-mandatory pre-bid conference was held on Mar 3, 2004 in which 10 potential vendors and interested persons were in attendance. A comprehensive evaluation of the responses is currently underway with an anticipated award date of Nov 30, 2004.

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**BACKGROUND (CONTINUED)**

The current Siemens contract expires Nov 26, 2004 and has outdated terms negotiated by RCHSA. A negotiation team comprised of representatives from CHA, KSA and County Purchasing negotiated a new agreement that is both favorable and flexible to the strategic needs of CHA. This new agreement will allow CHA sufficient time to finish a selection process and transition if necessary. If for any reason the RFP process is canceled, Siemens has price protected the following enhancements and included them in the agreement as options to be exercised at the County's request:

*DSAR, Distributed Signature Advanced Reporting:* This is a new reporting tool which could significantly improve the responsiveness of CHA to audits and other reporting requests.

*HDX, Health Data Exchange:* This is an electronic Health Care clearing house which meets HIPAA standards and offers integrated eligibility look ups.

*VPS Any Queue:* This is a report distribution product, which Siemens has integrated into their systems delivery.

*Back to Model Implementation:* This is a re-installation of Operation and Systems Assessment, Remediation and Customization, Project Management and Process Facilitation and Engineering.

*OAS Gold: Browser Technology to support Signature:* is the addition of a graphical interface on the Signature system desktop functions.

Included in the agreement is a pool of 500 hours of Professional Services to provide ongoing support and maintenance for the existing applications and consulting services as needed. If the optional applications/enhancements are exercised, CHA may choose to purchase an additional pool of hours to facilitate the implementation process at greatly reduced prices. Conversely, if through the RFP process an alternate system is selected, CHA may choose to use pooled hours to transition to a new system including converting operational data or archiving historical data, collecting documentation of data structure with label descriptions, database mapping, cleansing of historical data and other assistance as required to complete a successful transition.

**FINANCIAL INFORMATION**

In addition to a 10% prompt payment discount on the base software fees, the agreement offers a 28% increase to the patient volumes baseline and an increase of approximately 50% for data storage baseline for system sizing at no additional charge. Discounted rates for professional services and waiving of Siemens normally requested interim use fees for new applications were agreed to also.

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**BACKGROUND (CONTINUED)**

The costs in this agreement are listed below with 9 months for FY 04/05, 12 months for FY 05/06 and 3 months for FY 06/07 and represent a net savings to CHA. The agreement costs break down as follows:

	<u>FY 04/05</u>	<u>FY05/06</u>	<u>FY06/07</u>	<u>Total</u>
*Monthly Recurring Fees (\$18,574/mo)	\$167,166	\$222,888	\$ 55,722	\$445,776
Equipment & Install Fees	\$ 20,739			\$ 20,739
Professional Service Fees (\$4,312.50/mo)	\$ 38,813	\$51,750	\$12,937	\$103,500
Total:	<u>\$226,718</u>	<u>\$274,638</u>	<u>\$ 68,659</u>	<u>\$570,015</u>

\*If processing requirements (PR) defined in terms of the number of patient visits increases more than 10% over the baseline sizing annually or on the basis of a new facility opening, the monthly recurring fees will increase at a rate of \$1.02 per PR. Data file price increases are possible if data storage is increased by more than 10% above the baseline for a cost ranging from 1.5 to 6.8 cents per record.

Optional Monthly Recurring Fees	\$3,768 + transactions
**Optional Professional Services Fees	\$924,290
Optional Equipment Fees	\$19,838

\*\*These Professional Service Fees would be required to implement the optional applications listed in Supplement 1.

**REVIEW/APPROVAL**

The proposed agreement has been reviewed and approved by the County Purchasing Agent, County Information Technologies, and County Counsel.