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



FROM: Riverside County Regional Medical Center

SUBMITTAL DATE:
September 16, 2004

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 Riverside County Regional Medical Center and Siemens Medical Solutions Health Services Corporation in the amount of \$3,119,082 for contract period October 1, 2004 through September 30, 2007 pursuant to the applicable California Code; and
2. Direct Riverside County Regional Medical Center to report renewal status of the contract to the BOS by September 2005 and before optional services are recommended for approval.

BACKGROUND: This is a replacement agreement for which the new pricing will provide an annual savings of approximately \$800,000.

(Continued on page 2)

FORM APPROVED
COUNTY COUNSEL

SEP 16 2004

BY *[Signature]*

Douglas D. Bagley
Douglas D. Bagley, Hospital Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 800,187	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

SOURCE OF FUNDS: Hospital Enterprise Funds	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 Martinez

Dept Recomm.: Consent Policy

Per Exec. Ofc.: Consent Policy

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

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3.38

Purchasing: *[Signature]* Asst. Director
 IT DEPT
 Departmental Concurrence

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BACKGROUND (Continued):

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. The agreement included the needs of the Public Health Department.

Since the de-consolidation of Riverside County Health Services Agency (RCHSA) on July 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 advisement of County Counsel, formal notification was submitted to Siemens on March 18, 2004, notifying them of the County's intent to negotiate separate agreements with Siemens that reflect the independent needs of CHA and RCRMC.

RCRMC worked with County Purchasing to conduct an RFP (PUARC460) for consulting services to negotiate a separate contract agreement for RCRMC. The RFP was awarded Superior Consultant, Inc.

RCRMC utilized the expertise of County awarded vendor Superior Consultant, Inc. to review the current contract and assist the County with review of current needs and system capability and negotiation of a short-term contract agreement for those applications that the independent RCRMC requires. In addition, Superior Consultant will assist RCRMC to determine a long-term Information Services strategy and tactical plan for achieving these goals.

The current Siemens contract expires November 26, 2004, and has outdated terms negotiated by RCHSA. A negotiation team comprised of representatives from RCRMC and Superior Consultant negotiated a new agreement that is more favorable in the short term and will allow RCRMC sufficient time to finish strategic and tactical planning and complete a replacement system selection and implementation, should that be required.

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FINANCIAL INFORMATION

Through an aggressive negotiation process, RCRMC was able to restructure the Siemens software agreement, resulting in the following:

- Remove software applications and reporting and data storage, which was specific to CHA. Revise the applications under contract to reflect RCRMC's current business environment.
- Obtain market competitive pricing based on today's lower cost of computing.

In addition to a 10% prompt pay discount on the base software fees, the agreement offers an increase in base processing requirements from 10,623 to 12,000, removal of base storage and ad hoc reporting fees, change to fair share for federal and state regulations (instead of payment of total cost for mandated requirements), and reduced professional services fees. In addition, support for three general financial modules (Materials Management, General Ledger, and Accounts Payable) can be discontinued as needs dictate. It is assumed that the three will no longer be used after December 31, 2004.

The costs in this agreement are listed below with 9 months for FY 04/05, 12 months for FY 05/06 and FY 06/07, and 3 months for FY 07/08 and represent a net savings to RCRMC. The agreement costs break down as follows:

	<u>FY 04/05</u>	<u>FY 05/06</u>	<u>FY 06/07</u>	<u>FY 07/08</u>	<u>TOTAL</u>
Monthly fixed fees	\$800,187	\$1,030,620	\$1,030,620	\$257,655	\$3,119,082

REVIEW/ APPROVAL

The County Purchasing Agent, and County Information Technologies have reviewed the proposed agreement. County Counsel has approved as to form.

DB:di/sg