

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

123



FROM: Riverside County Regional Medical Center

SUBMITTAL DATE:
September 12, 2006

SUBJECT: PROPOSED UPGRADE OF CERNER HEALTH INFORMATION SYSTEM WITHOUT SEEKING COMPETITION, FOR RIVERSIDE COUNTY REGIONAL MEDICAL CENTER

RECOMMENDED MOTION: That the Board of Supervisors:

Approve the proposed purchase of the upgrade of the Cerner Health Information System, without seeking competition, in accordance with Ordinance No. 459.4, in the amount of \$521,677, pursuant to the Purchasing Agent approving this purchase on behalf of the County.

BACKGROUND: The existing Cerner Health Information System in use at Riverside County Regional Medical Center (RCRMC) has not been upgraded since 2001. The operating system and database are no longer supportable by their respective vendors. The database containing patient information is no longer maintainable, with potential long term failure being projected in December, 2006. Hardware components are past stated life expectancies. Cerner Corporation can no longer guarantee a satisfactory service level which meets the hospitals patient care requirements. This upgrade is the most cost effective approach while RCRMC transitions to a new health information system over the next five years.

Douglas D. Bagley

Douglas D. Bagley, Hospital Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 521,677	In Current Year Budget:	YES
	Current F.Y. Net County Cost:	\$	Budget Adjustment:	NO
	Annual Net County Cost:	\$	For Fiscal Year:	06/07

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

County Executive Office Signature *Debra Cooney*

Purchasing: *[Signature]* Assistant Director
IT DEPT

Dept's Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: _____ District: _____ Agenda Number: **3 . 23**
ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

5008 2EB SJ 6W IS: 02
RECEIVED RIVERSIDE COUNTY

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BACKGROUND (Continued):

September 1995 Riverside County Health Services Agency received Board of Supervisors approval in concept for the then Strategic Plan. Part of the plan included obtaining highest priority applications – clinical applications. May 1996 the Health Services Agency initiated the process to select and implement a Health Information System for pharmacy, radiology, and laboratory. Through the request for proposal process Cerner Millenium Health Information system was selected.

April 1, 1997, agenda item 3.38 the Board of Supervisors approved the purchase of the Cerner Millenium Health Information System. This system provides pharmacy, radiology, and laboratory information systems at Riverside County Regional Medical Center's (RCRMC) Moreno Valley and Arlington campuses and at Community Health Agency general laboratory. The Cerner Millenium Health Information System was implemented in phases starting in 1997 through 2002.

Cerner Millenium Health Information System requires detailed expertise in several technologies to support the operation of the system. Due to the required expertise, RCRMC negotiated with Cerner Corporation to provide this support with their Remote System Management Services. April 20, 2000, agenda item 3.13, the Board of Supervisors approved a sole source contract with Cerner Corporation for Remote System Management Services; subsequent amendments were approved to continue services through fiscal year 2005-06. Cerner maintains and operates system management and operational support for the Cerner Millenium System.

RCRMC has experienced an increase in patient census which has resulted in 41% increase in pharmacy orders, 34% increase in laboratory procedures and a 19% increase in radiology procedures. The Cerner System provides charge information automatically to financial systems.

JUSTIFICATION:

1. Working with a consulting firm, RCRMC evaluated the value in an upgrade versus replacement of the existing system. An upgrade is warranted because of the value the Cerner System will deliver in the immediate time frame through year 2009.
2. The condition of the current system requires an upgrade in a timely manner to stay operational past December, 2006.

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JUSTIFICATION (Continued):

3. Cerner Corporation has proprietary knowledge and skills regarding their systems not possessed by other vendors. The upgrade requires expertise in four different technologies. Cerner Corporation has detailed knowledge of RCRMC operations through the support through Remote System Management Services.

4. There is significant risk to having multiple vendors attempt an upgrade on the Cerner System. The upgrade requires expertise in unsupported versions of the Cerner Millennium applications, the database management system, and a proprietary operating system. Cerner is the only company identified to provide both the necessary expertise in each of the areas to reduce risk in implementing an upgrade of scale in a timely manner with minimum risk to patient care.

PRICE REASONABLENESS:

Cerner project per hour labor costs were evaluated by comparing past projects and consultant labor costs of four health care solution vendors across the nation. The hourly labor costs ranged between \$167 and \$280; the negotiated hourly rate for the Cerner Upgrade project is \$190.

County Awarded vendors quoted hardware costs range between \$240,153 and \$300,000; Cerner Corporation hardware cost is \$231,318.

FINANCIAL IMPACT:

All costs for this purchase will be provided from RCRMC Enterprise Funds.

CONCUR/EXECUTE:

Riverside County Purchasing and Information Technology