

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

181



FROM: Riverside County Regional Medical Center

SUBMITTAL DATE:
August 29, 2007

SUBJECT: APPROVAL OF A MULTI-YEAR PROFESSIONAL SERVICE AGREEMENT WITH SEIMENS MEDICAL SOLUTIONS FOR SERVICE AND EQUIPMENT FOR THE RCRMH HOSPITAL INFORMATION SYSTEM PROJECT

RECOMMENDED MOTION: That the Board of Supervisors:

1. Authorizes the Chairman of the Board to sign four (4) copies of the attached agreement between the County of Riverside and Siemens Medical Systems for an amount not to exceed \$50,560,072, plus specified cost of living adjustments, for a total contract term of 122 months (an implementation period of 38 months and up to 84 months (seven one-year renewal options) of ongoing operations, support and maintenance);
2. Authorize the Purchasing Agent to sign any ministerial amendments and exercise up to seven one-year renewal options on behalf of the County;
3. Authorize the Hospital Director and/or his designees to administer the agreement with Siemens Medical Systems; and
4. Direct the Clerk of the Board to file one executed copy and return three (3) original signed copies to Purchasing and Fleet Services.

(Continued on page 2)

Douglas D. Bagley

Douglas D. Bagley
Hospital Director

FINANCIAL DATA

Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
Annual Net County Cost:	\$ 0	For Fiscal Year:	07/08

SOURCE OF FUNDS:	Hospital Enterprise Funds	43001	81%	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	CIP Fund 30700	19%			<input type="checkbox"/>
				Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *Debra Cournoyer*
Debra Cournoyer

County Executive Office Signature

- Policy
- Consent
- Policy
- Consent

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

Prev. Agn. Ref.:

District:

Agenda Number:

3.50

RECEIVED RIVERSIDE COUNTY
AUG 30 11:01 AM '07



Executive Office
County of Riverside

Larry Parrish
County Executive Officer

August 30, 2007

Honorable Board of Supervisors
County of Riverside
Robert T. Andersen Administrative Center
4080 Lemon Street, 5th Floor
Riverside, CA 92501-3651

Subject: Hospital Information System Project

Board Members:

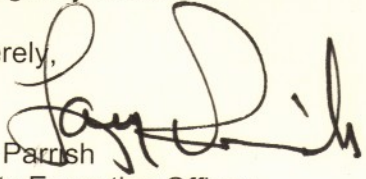
Riverside County Regional Medical Center (RCRMC) received in-principle approval in June of 2006 to proceed with the request for proposals (RFP) process for a comprehensive Hospital Information System (HIS). The HIS is currently included on the Capital Improvement Project (CIP) list. The department is now returning with a recommended financing plan and is requesting approval of the selected vendor.

An executive steering committee consisting of key staff from RCRMC, Purchasing Department, RCIT and the Executive Office provided guidance during the early planning of this project and evaluated RFP responses.

The Executive Office and RCRMC have developed a financing plan for the acquisition and installation of the HIS. The contract amendment negotiated with Siemens is for a fixed amount of just under \$51 million spread over approximately 11 years. In addition to the Siemens contract RCRMC anticipates the need for additional staff during implementation, selection of an information technology firm to act as the project manager, and funding of a contingency reserve for a total project cost of \$63.6 million. It is recommended that RCRMC commit cash reserves in the amount of \$32.4 million and that \$12.2 in Capital Improvement Program (CIP) funds be allocated during the first four (4) years of the project for a total of \$44.6 million. RCRMC will fund the remaining ongoing operational expenses of \$19 million over the remaining term of the agreement.

The Executive Office recommends approval of the agreement, approval of the financing plan, and that the executive steering committee continue to meet to oversee and monitor the RCRMC Siemens project's progress and make high-level decisions, including authorization to expend contingency funds.

Sincerely,


Larry Parrish
County Executive Officer

**BOARD OF SUPERVISORS FORM 11: HOSPITAL INFORMATION SYSTEM PROJECT
PAGE 2**

BACKGROUND

Riverside County Regional Medical Center (RCRMC) utilizes a hospital information system to record, secure and manage patient records and billing. The functions are currently performed with a combination of various electronic and manual procedures, with the primary electronic processes provided by software from Cerner Corporation and Siemens Medical Systems. Both systems are old designs and do not meet contemporary hospital needs. On June 13, 2006, agenda item 3.27 the Board of Supervisors approved in principle for RCRMC to move forward with a request for proposal (RFP) process to acquire a new, comprehensive Hospital Information System (HIS).

A multi-departmental team was formed, including Information Technology, Purchasing, Executive Office, County Counsel, Community Health Agency, and RCRMC. A strategic plan was developed with the assistance of an IT consultant. The planning process included direct input from clinicians to ensure their needs were identified, patient related safety measures were included and all regulatory and accreditation compliance requirements were met.

In August 2006, RCRMC, in collaboration with County Purchasing, released an RFP in which eleven responses were received. An extensive evaluation of all written proposals was conducted by a 24-member evaluation committee. The evaluation committee consisted of representatives from the above-mentioned County departments. Two top vendors were identified. On site demonstrations of the two systems were performed at RCRMC. Site visits were made to hospitals currently using the systems. The evaluation committee and negotiation team conducted extensive negotiations with the two finalists. At the conclusion of the negotiations it was determined Siemens offered the most appropriate solution at the lowest cost.

The current cost estimate for this project is \$63.6 million, consisting of the following major components:

Vendor Contract	
<i>One-time Acquisition/Implementation</i>	\$15.1 million
<i>Ongoing Operations, Support & Maintenance</i>	\$29.8 million
<i>Parallel Operations</i>	<u>\$5.7 million</u>
<i>Total Contract Amount</i>	\$50.6 million
Hospital Implementation Cost	\$10.0 million
Implementation Contingency Reserve	<u>\$3.0 million</u>
Total Project Estimated Cost	\$63.6 million

The contract before the Board reflects one-time acquisition, installation and implementation costs over a projected period of 38 months and seven one-year options to continue operations, support and system maintenance. The total contract term is 122 months.

BACKGROUND (Cont'd)

Additionally, the hospital will incur internal implementation costs and site readiness costs, estimated at \$10 million. A portion of these funds will pay for the services of an expert information technology firm, to assist the hospital in its portion of the implementation tasks. A separate Form 11 will be submitted to the Board for this contract.

Finally, a contingency of \$3 million is planned as a prudent reserve.

The above referenced multi-departmental team will be reconfigured to function as an Executive Steering Committee, consisting of the same departmental membership.

The County Executive Office has assisted RCRMC in developing a funding plan using a combination of hospital surplus and Capital Improvement Project (CIP) funds. The County Executive Office and RCRMC will continue to work together to pursue some additional options for future years funding.

PRICE REASONABLENESS

All proposals were submitted exclusive of internal FTE support costs. When these estimated costs were added to determine the total evaluated cost of the finalists, the Siemens proposal was determined to be the lowest cost.

Based on the above, price reasonableness is achieved through competition. Award is proposed to the firm offering an acceptable technical solution at the lowest cost.