

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

508



FROM: Riverside County Regional Medical Center

SUBMITTAL DATE:
January 10, 2012

SUBJECT: Multi-year Software and License Agreement with 3M Health Information Systems for Riverside County Regional Medical Center (RCRMC).

RECOMMENDED MOTION: Move that the Board of Supervisors:

- 1) Ratify and authorize the Chairman of the Board to sign the Software Agreement with 3M Health Information Systems for the period between December 15, 2011 through December 14, 2012, with the option to renew each year continuing up to the program expiration date of December 14, 2016,
- 3) Authorize the Purchasing Agent, in accordance with Ordinance No. 459, to exercise renewal options, based on the availability of fiscal funding, and to sign amendments that do not change the substantive terms of the agreement up to ten percent the maximum contract amount.

Douglas D. Bagley

Douglas D. Bagley, Hospital Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$76,464.55	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2011/2012

SOURCE OF FUNDS: 100% Enterprise Funds	Positions To Be Deleted Per A-30	<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
- Policy
- Consent
- Consent

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

Prev. Agn. Ref.:	3/25/08	3.26
	6/10/08	3.40

District: All

Agenda Number(s):

3.25

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

Purchasing: *Mark Seiler*, Assistant Director
 Departmental Concurrence

SUBJECT: Multi-year Software and License Agreement with 3M Health Information Systems for Riverside County Regional Medical Center (RCRMC).

BACKGROUND:

The Board approved the purchase of the new Medical Record's Encoder system from 3M Health Information Systems on March 25, 2008, agenda number 3.26 and approved the three year Software and License Agreement on June 10, 2008, agenda number 3.40.

3M coding software provides the logical pathway when assigning diagnosis and procedure codes. It provides the choices that the coder must consider for the most accurate ICD-9 and CPT code assignment. The 3M Encoder software program manages health information for generating revenue by accurately capturing a patient's care from the clinical documentation in the medical record and assigning correct codes for billing. Coding rules and regulations for the industry frequently change and are updated on a regular basis, therefore the need for a timely and accurate system is critical in ensuring full and appropriate reimbursement from payers.

PRICE REASONABLENESS:

3M health Information Systems is providing pricing at a 5% increase over the last yearly amount paid and agrees limit increase to 5% for following 5 years .

FINANCIAL IMPACT:

100% Hospital Enterprise Funds

DB:ns

Date: December 19, 2011

From: Douglas D. Bagley, Chief Executive Officer, Riverside County Regional Medical Center

To: Riverside County Board of Supervisors

Via: Riverside County Purchasing Agent

Subject: Single Source Procurement; Request for; 3M Coding Software

The following information is provided in support of utilizing 3M as a single source vendor for our Medical Records Department coding product.

1. **Supply/Service being requested:** 3M coding software to be continued as our coding software
2. **Supplier being requested:** 3M Health Information Systems
3. **Alternative suppliers that can or might be able to provide supply/service:** Quadramed
4. **Extent of research done:** Internet search , professional journals
5. **Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:**
 - 3M developed the ICD-10 Procedure Coding System (ICD-10-PCS)
 - 3M developed the GEMS and Reimbursement mapping (maps an ICD-9 code to an ICD-10 code and back as well)
 - 3M Nosology team of coding professionals with expertise in ICD-10 ready to help with ICD-10 questions
6. **Reasoning for utilizing this vendor:** The Board approved the purchase of the new Medical Record's Encoder system from 3M Health Information Systems on March 25, 2008 and approved a three year software and license agreement on May 14, 2008. This is a continuation of those agreements. CMS utilizes many of the developments that have come out of this company. They contracted with them to develop the procedure code development for ICD-10.
7. **Price reasonableness:** The contract being offered represents a 5% increase over the last yearly amount paid and is subject to annual increases not to exceed 5% of the immediately preceding year's annual license fee.
8. **Does moving forward on this product or service further obligate the county to future similar contractual arrangements or any ongoing costs affiliated with this single service?** Any other cost would be the result of buying additional services from this vendor.

Period of performance: December 15, 2011 – December 14, 2016

L. Badger 12/22/11
Department Head Signature **Date**

Purchasing Department Comments:

Approve

Approve with Condition/s

Disapprove

Not to exceed: \$92,335.38

One time

Annual Amount through December 14, 2016

[Signature] 12-28-11 12-336
Purchasing Agent **Date** **Approval Number**
(Reference on Purchasing Documents)

Justification for Contracting with 3M Coding Software

3M coding software provides the logical pathway when assigning diagnosis and procedure codes. It provides the choices that the coder must consider for the most accurate ICD-9 and CPT code assignment. The competing product provides the code book on line and requires the coder be familiar with all of the possible options to be considered. With the onset of ICD-10 on October 1, 2013 our coders will need to be more vigilant and better prepared with resources to know that the code they choose truly reflects the severity of illness and the risk of mortality.

3M was contracted by CMS to develop ICD-10 PCS for procedure coding. In addition, they developed GEMS which enables the user to take an ICD-9 code and translate it into an ICD-10 code. Conversely, the user can take an ICD-10 code and translate it into the nearest ICD-9 code. As the years pass we may need to do this for research projects at our academic facility.

AMENDMENT 3 TO THE SOFTWARE LICENSE AGREEMENT

THIS AMENDMENT to the Software License Agreement a/k/a the Software License and Services Agreement, dated **May 13, 2008** (as amended, the "Agreement") between 3M Company, together with its subsidiaries and affiliates, (collectively referred to herein as "3M") having an office at 575 West Murray Boulevard, Murray, Utah 84123-4611 and **Riverside County Regional Medical Center** (hereinafter referred to as "Customer") with offices at **26520 Cactus Ave, Moreno Valley, CA 92555** shall be effective as of **December 29, 2011** ("Effective Date").

Customer and 3M agree that the above referenced Agreement is amended as follows:

1. **Except as provided in this Amendment, all terms and conditions of the above referenced Agreement will remain in full force and effect.**
2. **DELETE Exhibit B in its entirety and REPLACE with the attached Exhibit B**
3. **DELETE Exhibit C in its entirety and REPLACE with the attached Exhibit C**
4. **ADD Section 2.10 to the terms and conditions.**

2.10 Interface Development. Customer's use of the 3M Software and Documents licensed under this Agreement to create, install and support interfaces is limited to those interfaces created by Customer that are necessary to enable the communication of data, objects or methods (including, but not limited to, codes, edits, indicators, modifiers, flags or other output – collectively referred to herein as "3M Software Output") between and among the 3M Software licensed hereunder and those applications or systems developed and deployed internally by the Customer ("Customer Applications"). For purposes of clarity and the avoidance of any dispute, Customer Applications do not include any application and/or system that is sold, licensed or otherwise made available to Customer by a third party ("Third Party Vendor Application"). Customer shall not: (i) use the 3M Software or Documents to create any interface (or functionally-equivalent application) that enables the communication of 3M Software Output to any Third Party Vendor Application, or (ii) make the 3M Software or Documents available or accessible to any Third Party Vendor, or agent thereof, for purposes of enabling such Third Party Vendor to create such an interface. All interfaces that are necessary to enable the communication of 3M Software Output between and among the 3M Software and any Third Party Vendor Application shall be developed and implemented by 3M and/or the Third Party Vendor, provided that such Third Party Vendor has a current Interface License Agreement in effect with 3M.

5. **ADD the following to the end of the last sentence of Section 3.2 (Customer Obligations) to the terms and conditions.**

"and (ix) provide 3M with a list of all Customer Applications as defined in Section 2.10 and advise 3M of any changes to such list."

6. **DELETE Section 9.1.1 of the terms and conditions in its entirety and REPLACE it with the following:**

9.1.1 License Term Extension. Customer agrees to license the Software listed in this Agreement from 3M for an extended **Five (5) year** term beginning **January 14, 2012** and ending **January 13, 2017** ("Extended Term"). After the Extended Term, this Agreement, and the License granted under Section 2.5, shall automatically renew for successive one (1) year terms, unless either party gives the other sixty (60) days written notice prior to the applicable renewal date requesting termination of this Agreement.

[REMAINDER OF PAGE BLANK-SIGNATURES FOLLOW]

[INTENTIONALLY BLANK-SIGNATURE PAGE]

Customer has read this Amendment, and when applicable, each Exhibit, and Attachment hereto. To indicate Customer's acceptance and agreement to be bound by the terms and conditions of this Amendment, 3M and Customer have executed this Amendment on the date(s) indicated below, to be effective as of the date first indicated above.

RIVERSIDE COUNTY REGIONAL MEDICAL CENTER

3M COMPANY



BY

 NAME

 TITLE

 DATE

 NAME
 James R. McDonough

 TITLE
 Pricing and Contracting Director

 DATE
 December 29, 2011

PLEASE FAX YOUR PURCHASE ORDER IN THE AMOUNT OF **\$77,290.15** AND THE SIGNED AMENDMENT TO: **(651) 732-8469**

ISSUE DATE:	GPO:	BATCH NUMBER:	CLIENT SITE ID:	AGREEMENT NUMBER:
12/29/2011 RK	*****	003423	6001253	20009-07 SLA
REVISION DATE:	SLA TYPE :			
	SLA WB 106			

**EXHIBIT B
SOFTWARE AND SERVICES SCHEDULE**

S/O ITEM	CPU ACTION	SKU	PRODUCT DESCRIPTION	SITE TYPE LIST FEE	1 ST YEAR ANNUAL FEE	2 ND YEAR ANNUAL FEE	3 RD YEAR ANNUAL FEE	4 TH YEAR ANNUAL FEE	5 TH YEAR ANNUAL FEE
93021	Networking	RIVERSIDE CNTY REG MED CTR-- MORENO VALLEY, CA HI6001253		Install/Access Site					
1.	Renew	CODE&RMB	Coding, Classification And Reimbursement System	\$125,069.00	\$24,818.33	\$26,059.00	\$27,362.00	\$28,730.00	\$30,167.00
2.	Renew	APC	APCfinder Software	\$15,155.00	\$1,522.28	\$1,598.00	\$1,678.00	\$1,762.00	\$1,850.00
3.	Renew	CONNSFT BAS	Connections Software Basic	\$3,486.00	\$2,930.79	\$3,077.00	\$3,231.00	\$3,393.00	\$3,562.00
4.	Renew	CODREF	Coding Reference Software†	\$8,253.00	\$7,840.35	\$8,232.00	\$8,644.00	\$9,076.00	\$9,530.00
5.	Renew	CODREFPL	Coding Reference Plus Software†	\$6,838.00	\$6,496.10	\$6,821.00	\$7,162.00	\$7,520.00	\$7,895.00
1ST YEAR RENEWAL SUBTOTAL:					\$43,607.85				

For the Purpose of this Agreement, the Software Implementation Date is deemed to be January 14, 2012.

6.	Add	S-APR-DRG	S-All Patient Refined DRG Software	\$39,098.00 37,179.00	\$33,182.30 31,602.00	*	*	*	*
7.	Add	S-APR-DRG I&T	S-All Patient Refined DRG Software I&T *	\$500.00	\$500.00	N/A	N/A	N/A	N/A
1ST YEAR ADD-ON SUBTOTAL:					\$33,682.30 32,102.15				

**Subject to Section 8.1.b*

FEE SUMMARY:

ANNUAL SOFTWARE LICENSE & SUPPORT FEES:	\$76,790.15
*TOTAL ONE TIME, IMPLEMENTATION & TRAINING FEES:	\$500.00
**TOTAL CONSULTING SERVICES FEES:	\$0.00
TOTAL THIS AMENDMENT:	\$77,290.15

THE FEES LISTED ABOVE ARE GUARANTEED FOR A PERIOD OF NINETY (90) DAYS FROM THE ISSUE DATE LISTED BELOW OR DECEMBER 31, 2011, WHICHEVER OCCURS FIRST, UNLESS THIS AMENDMENT IS FULLY EXECUTED PRIOR TO.

In the event Customer delays implementation of any module of Software or scheduling of Services, at no fault of 3M, for more than one hundred fifty (150) days from the execution date of this Amendment, 3M may, at its option, increase the price of such Software or Service to the then-current list price or 3M may terminate any such module of the Software or Service from this Agreement.

Deletion = ♦ Underscored Text = Addition I&T = Implementation and Training PI = Phone Installed CI = Customer Installed † Includes third party content

EXHIBIT C

BUSINESS ASSOCIATE ADDENDUM**1. Parties:**

Riverside County Regional Medical Center
Software License Agreement #20009-07
26520 Cactus Ave
Moreno Valley, CA 92555
("Covered Entity")

3M Health Information Systems Inc.
575 West Murray Boulevard
Murray, UT 84123-4611
("Business Associate")

2. Purpose:

Business Associate may provide certain services as set forth in the Software License Agreement ("Agreement") to Covered Entity which may require the provision by Covered Entity of Protected Health Information ("PHI") and/or Electronic Protected Health Information ("E PHI") to Business Associate. As a result, Business Associate may be considered a Business Associate of Covered Entity as defined by the Health Information Insurance Portability and Accountability Act of 1996 ("HIPAA").

Business Associate and Covered Entity intend to comply with the applicable provisions of the HIPAA Privacy Rule and Security Regulations (45 CFR Parts 160, 162 and 164) ("Privacy Rule" and "Security Regulations", individually; or "Privacy and Security Regulations", collectively) and the applicable provisions of the Health Information Technology for Economic and Clinical Health Act, Title XIII of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 (the "HITECH Act"). Therefore, to the extent required by HIPAA, and the HITECH Act and the regulations promulgated thereunder, Business Associate agrees to maintain the confidentiality of PHI and E PHI it receives from Covered Entity, if any.

3. Definitions.

Terms used in this Addendum shall have the same meaning as those terms in the Privacy and Security Regulations or the HITECH Act.

The terms Protected Health Information or PHI and Electronic Protected Health Information or E PHI when used in this Addendum shall have a meaning as defined by the Privacy and Security Regulations or the HITECH Act, but for the purposes of this Addendum shall be limited to PHI and/or E PHI received from, or created or received by Business Associate on behalf of, Covered Entity. Wherever the term PHI is used in a provision in this Addendum, it shall mean, include and be applicable to E PHI. Wherever the term E PHI is used, it shall mean and be applicable to E PHI only.

4. Obligations and Activities of Business Associate: Business Associate agrees, that with respect to PHI, it will:

- a. not use or further disclose PHI other than as permitted or required by this Addendum or as Required By Law;
- b. use appropriate safeguards to prevent use or disclosure of the PHI other than as provided for by this Addendum. Without limiting the generality of the foregoing, Business Associate will:
 - (i) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of E PHI that it creates, receives, maintains, or transmits on behalf of the Covered Entity;
 - (ii) Ensure that any agent, including a subcontractor, to whom it provides such E PHI agrees to implement reasonable and appropriate safeguards to protect it; and
 - (iii) Report to the Covered Entity any Security Incident related to an information system containing PHI of which it becomes aware;
- c. report to Covered Entity, any discovery of a breach of unsecured PHI, without unreasonable delay, or any use or disclosure of the PHI not provided for in this Addendum of which it becomes aware;
- d. to the extent Business Associate maintains or otherwise holds, uses or discloses Unsecured PHI, as defined under the HITECH Act, or guidance issued by the Secretary of the Department of Health and Human Services (the "Secretary"), without unreasonable delay, notify Covered Entity of any Breach (as defined under the HITECH Act) of Unsecured PHI of which Business Associate becomes aware. Such report shall include at least, to the extent known, the identity of each individual whose information was, or is reasonably believed by Business Associate to have been, accessed, acquired or disclosed during the Breach;

- e. ensure that any agent, including a subcontractor, to whom it provides PHI received from, or created or received by Business Associate on behalf of Covered Entity agrees to the same PHI restrictions and conditions that apply to Business Associate through this Addendum with respect to such PHI;
- f. make available PHI maintained by Business Associate or its agents in accordance with this Addendum to Covered Entity upon reasonable notice and in accordance with applicable law in order to meet the requirements of 45 CFR §164.524 and 13405(e) of the HITECH Act;
- g. to the extent Business Associate maintains PHI in a Designated Record Set, incorporate any amendments or corrections to such PHI in accordance with applicable law and to the extent applicable to this Addendum that Covered Entity directs or agrees to pursuant to 45 CFR §164.526 at the request of Covered Entity. Any such amendment or correction made to PHI in a Designated Record Set at the direction of the Covered Entity shall be the responsibility of the Covered Entity;
- h. document disclosures of PHI made pursuant to applicable law and information related to such disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR §164.528 or Section 13405(c)(3) of the HITECH Act;
- i. make available to Covered Entity the information collected in accordance with Section 4(h) of this Addendum as is in the possession of Business Associate to satisfy the applicable requirements for an accounting of disclosures of PHI in accordance with 45 CFR §164.528 or Section 13405(c)(3) of the HITECH Act;
- j. make internal practices, books, and records, relating to the use and disclosure of PHI received from Covered Entity, available to the Secretary of the United States Department of Health and Human Services, in a reasonable time and manner or as designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with applicable law; and
- k. mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of this Addendum.

5. Permitted Uses and Disclosures by Business Associate: Business Associate acknowledges that it may have statutory duties under the HITECH Act and Business Associate will comply with all applicable duties under the HITECH Act. Effective February 17, 2010, Business Associate will comply with all applicable provisions of 45 CFR §§164.308 ("Security Standards: General Rules"), 164.310 ("Administrative Safeguards"), 164.312 ("Technical Standards"), and 164.316 ("Policies and Procedures and Documentation Requirements"). In complying with 45 CFR §164.312 ("Technical Safeguards"), Business Associate shall consider applicable guidance issued by the Secretary pursuant to Section 13401(c) of the HITECH Act and, if a decision is made to not follow such guidance, document the rationale for that decision.

Except as otherwise limited in this Addendum, Business Associate may use or disclose PHI:

- a. on behalf of, or to provide services to, Covered Entity, as provided for in the Agreement and in accordance with the Privacy Rule; Business Associate shall request, use and disclose only the minimum amount of PHI necessary to accomplish the intended purpose of such request, use or disclosure;
- b. for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate, provided that, in the case of disclosure to third parties, Business Associate shall obtain reasonable assurances from the person or entity to whom the PHI is disclosed that it will remain confidential, be used or further disclosed only as required by law or for the purpose for which it was disclosed, and the person or entity will notify Business Associate of any instances of which it is aware in which the confidentiality of the PHI has been breached;
- c. to provide Data Aggregation services to Covered Entity as permitted by 45 CFR § 164.504(e)(2)(i)(B); and
- d. to report violations of law to appropriate Federal and State authorities, consistent with § 164.502(j)(1).

As of the effective date of Section 13405(d) of the HITECH Act, Business Associate may not receive remuneration in exchange for PHI unless permitted by the HITECH Act or regulations issued by the Secretary, except that any remuneration received by Business Associate for activities involving the exchange of PHI that the Business Associate undertakes on behalf of Covered Entity under the Agreement shall not be a violation of this Section.

6. Obligations of Covered Entity: Covered Entity shall:

- a. not provide Unsecured PHI to Business Associate. Any Secured PHI, as defined under the HITECH Act and guidance issued by the Secretary, disclosed by Covered Entity to Business Associate shall be secured by a technology standard that is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute and is consistent with guidance issued by the Secretary specifying the technologies and methodologies that render PHI unusable, unreadable, or indecipherable to unauthorized individuals.
- b. notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI;

- c. notify Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI;
- d. notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI; and
- e. provide only Secured PHI, as defined under the HITECH Act or guidance issued by the Secretary, to Business Associate. Any Secured PHI disclosed to Business Associate shall be secured by a technology standard that is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute and is consistent with guidance issued by the Secretary specifying the technologies and methodologies that render PHI "secured" as set forth in the HITECH Act.

7. Term and Termination

- a. Term. The Term of this Addendum begins on the Effective Date (above), and ends when the Agreement between Covered Entity and Business Associate has terminated or all PHI provided by Covered Entity to Business Associate is destroyed or returned to Covered Entity, whichever is later.
- b. Termination for Cause. If Business Associate breaches a material term of this Addendum, Covered Entity has the right, but not the obligation to either:
 - (i) Provide an opportunity for the Business Associate to cure the breach or end the violation;
 - (ii) Immediately terminate the underlying Agreement(s) between Covered Entity and Business Associate; however, all rights and obligations arising prior to such termination shall remain in effect. All other Agreements between Covered Entity and 3M Company shall remain in effect in accordance with their terms; or
 - (iii) report the violation to the Secretary in accordance with applicable law only in cases where neither termination nor cure are feasible.
- c. Effect of Termination.
 - (i) Except as provided in paragraph (2) of this section, upon termination of this Addendum, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall also apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI except as provided for in this Addendum.
 - (ii) In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall extend the security protections of this Addendum to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

8. Miscellaneous

- a. Third Party Beneficiaries. Nothing expressed or implied in this Addendum is intended, nor shall be deemed, to confer any benefits on any third party.
- b. Regulatory References. A reference in this Addendum to a section in the Privacy Rule or the Security Regulations means the section as in effect or as amended.
- c. This Addendum supersedes and replaces any other agreement terms with 3M Health Information Systems with respect to the terms and obligations relating to HIPAA and PHI.
- d. Amendment. The Parties agree to take such action as is necessary to amend this Addendum from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.
- e. Survival. The respective rights and obligations of Business Associate under Section 7.c of this Addendum shall survive the termination of this Addendum.
- f. Interpretation. Any ambiguity in this Addendum shall be resolved to permit Covered Entity to comply with the Privacy and Security Regulations.