

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



3-27

On motion of Supervisor Jeffries, seconded by Supervisor Benoit and duly carried, IT WAS ORDERED that the recommendation from Riverside County Information Technology & Riverside County Regional Medical Center regarding Ratify and Approval of the Sole Source Justifications #15-299, #15-298 and #15-300 for Intelligent Business Concepts, Experian, and Baker Hostetler LLP to provide HIPAA Breach Incident Response Services, is deleted from the agenda for Tuesday, April 7, 2015.

Roll Call:

Ayes: Jeffries, Washington, Benoit and Ashley
Nays: None
Absent: Tavaglione

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on April 7, 2015 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors
Dated: April 7, 2015
Kecia Harper-Ihem, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

(seal)

By: Kecia Harper-Ihem Deputy

AGENDA NO.
3-27

xc: RCIT, RCRMC

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

513



FROM: Riverside County Information Technology (RCIT), Riverside County Regional Medical Center (RCRMC)

SUBMITTAL DATE:
March 3, 2015

SUBJECT: Ratify and approve Sole Source Justification for Intelligent Business Concepts, Experian, and Baker Hostetler LLP to Provide HIPAA Breach Incident Response Services, All Districts; [Not to exceed \$450,000 total aggregate]; (RCRMC Operating Budget)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify and approve Sole Source Justification #15-298 to Experian to increase the amount from \$25,000 to \$100,000; and
2. Ratify and approve Sole Source Justification #15-299 to Intelligent Business Concepts to increase the amount from \$25,000 to \$100,000; and
3. Ratify and approve Sole Source Justification #15-300 to Baker Hostetler LLP to increase the amount from \$25,000 to \$250,000.

BACKGROUND:

Summary

(Continued on page 2)


Zareh Sarrafian
Chief Executive Officer
RCRMC


Christopher M. Hans
Interim Chief Information Officer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 225,000	\$ 225,000	\$ 450,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: RCRMC Operating Budget

Budget Adjustment: No

For Fiscal Year: 14/15 & 15/16

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Debra Cournoyer

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.:

District: All

Agenda Number:

3-27

PURCHASING & FLEET SERVICES: Lisa Brandl, Director
Departmental Concurrence

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Ratify and approve Sole Source Justification for Intelligent Business Concepts,
Experian, and Baker Hostetler LLP to Provide HIPAA Breach Incident Response Services, All
Districts; [Not to exceed \$450,000 total aggregate]; (RCRMC Operating Budget)**

DATE: March 3, 2015

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

The following vendors were used as sole-source providers for RCRMC HIPAA breach incident activities starting in November 2014: Baker Hostetler (legal services), Intelligent Business Concepts (IBC, mailing and call center services), and Experian (credit monitoring services). These vendors were chosen by the County's insurance provider, Beazley; if the County were to select an alternate provider, the County would forfeit one million dollars in insurance coverage for this incident. The County will pay \$100,000 deductible per incident; Beazley will pay for services required beyond the \$100,000 deductible.

These three vendors were provided purchase orders not to exceed \$25,000 each in order to provide services for one single HIPAA breach incident to cover unquantifiable expenses; actual expenses are largely unknown until those whose information was breached decide to take advantage of the aforementioned services. The \$25,000 allocated for each sufficiently covered the breach in question. RCRMC then suffered another HIPAA breach incident which was just announced on January 29, 2015; the PO's previously allocated still had some money available, but not enough to cover this new and unforeseen incident. We are requesting additional funds to cover full expenses for this incident.

Impact on Residents and Businesses

The services are intended to support victims of the HIPAA breach incident announced on January 29th, 2015; failure to fund could impact these victims by not being able to receive federally required services in a prompt fashion.

Contract History and Price Reasonableness

In November of 2014, RCIT Procurement Management Group was notified of potential cost associated with a HIPAA breach incident at RCRMC. Working with the Information Security Office (ISO), three requests for sole source justifications (SSJ) were submitted to Purchasing for approval. SSJ #15-299 was approved to IBC for mailing notifications and call center response services. SSJ#15-300 was approved to Baker Hostetler LLP for legal services in regards to the incident. SSJ #15-298 was approved to Experian for identity and credit fraud prevention. Each SSJ was not to exceed \$25,000 per service provider.

Additional approval is needed to amend the existing SSJ's in order to provide support services to the citizens potentially impacted by the breach incident publicly announced on January 29, 2015.



Christopher Hans
Interim Chief Information Officer

MEMORANDUM

G. BRIAN KOVALSKY
Asst. Chief Information Officer, BSB
TOM MULLEN II
Asst. Chief Information Officer, ICB

To: Lisa Boerner, Purchasing Manager **Date:** March 9, 2015
Via: RCIT, Procurement Contract Specialist
From: Christopher Hans, Interim Chief Information Officer
Subject: Sole Source Procurement for Mail and Call Center Services

The below information is provided in support of my Department requesting approval for a sole source. Outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.

- 1. Supply/Service being requested:**
Mail and call center services to support HIPAA breach incident response.
- 2. Supplier being requested:**
Intelligent Business Concepts, Inc. (IBC)
- 3. Alternative suppliers that can or might be able to provide supply/service:**
Various alternate suppliers exist but they are not accepted by the County's insurance provider (Beazley). Beazley has selected IBC as the preferred business partner.
- 4. Extent of market search conducted:**
Calls were placed and clarification was requested from Beazley in regards to which vendors were acceptable to work with on the filed claims in regards to breach incident response. No further investigation was conducted.
- 5. Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:**
County insurance provider has selected this vendor as a "preferred provider" which allows for the County's sublimit of liability to increase from \$250,000 to \$1,250,000 for this incident.
- 6. Reasons why my department requires these unique features and what benefit will accrue to the county:**
If the County were to select an alternate provider, the County would forfeit \$1 million dollars in insurance coverage for this incident.

7. Price Reasonableness including purchase price and any ongoing maintenance or ancillary costs from the supplier:

As a Beazley business partner, IBC charged \$2.85 per inbound call with the minimum guarantee of \$4,500 for approximately 8,170 compromised records for call center services. Breach notification letters and mailroom processes are charged at a rate of \$1.25 per letter, including first class pre-sort postage. No on-going or ancillary costs past the resolution of this HIPAA breach incident response.

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 sole source? (Maintenance, support, or upgrades, if so, please explain)?

No.

9. Period of Performance:

For existing and future HIPAA breach incident responses.



Christopher Hans, Interim Chief Information Officer

3/19/15

Date

Purchasing Department Comments:

Approve

Approve with Condition(s)

Disapprove

Not to exceed: \$100,000 _____

One time

Annual Amount through _____



Lisa Boerner, Purchasing Manager

3/12/15

Date

15-427

Approval Number

Lisa Brandl Director



Christopher Hans
Interim Chief Information Officer

MEMORANDUM

G. BRIAN KOVALSKY
Asst. Chief Information Officer, BSB
TOM MULLEN II
Asst. Chief Information Officer, ICB

To: Lisa Boerner, Purchasing Manager **Date:** March 9, 2015
Via: RCIT, Procurement Contract Specialist
From: Christopher Hans, Interim Chief Information Officer
Subject: Sole Source Procurement for HIPAA Breach Legal Services

The below information is provided in support of my Department requesting approval for a sole source. Outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.

- 1. Supply/Service being requested:**
Legal services to support HIPAA breach incident response.
- 2. Supplier being requested:**
Baker Hostetler
- 3. Alternative suppliers that can or might be able to provide supply/service:**
Various alternate suppliers exist but they are not accepted by the County's insurance provider (Beazley). Beazley has selected Baker Hostetler as the preferred business partner.
- 4. Extent of market search conducted:**
Calls were placed and clarification was requested from Beazley in regards to which vendors were acceptable to work with on the filed claims in regards to breach incident response. No further investigation was conducted.
- 5. Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:**
County insurance provider has selected this vendor as a "preferred provider" which allows for the County's sublimit of liability to increase from \$250,000 to \$1,250,000 for this incident.
- 6. Reasons why my department requires these unique features and what benefit will accrue to the county:**
If the County were to select an alternate provider, the County would forfeit \$1 million dollars in insurance coverage for this incident.

7. Price Reasonableness including purchase price and any ongoing maintenance or ancillary costs from the supplier:


Baker Hostetler's legal services are billed at an hourly rate. County is being provided with the Beazley discounted hourly rate of \$425 for a supervising attorney or partner for professional services. The discounted rate for associates is \$300 per hour and \$135 per hour for paralegals. If regulatory investigation and litigation is involved, the discounted Beazley rates will be charged for associates (\$225 to \$300 per hour), partners and counsel (\$385 to \$500 per hour), and paralegals (\$150 to \$175 per hour). Additional fees may be charged for expenses in connection with this engagement. As a Beazley business partner, Baker Hostetler will forward the billing statements directly to the insurance company for payment, and as such may not incur any cost to the County providing the claims are processed and accepted. No on-going or ancillary costs past the resolution of this HIPAA breach incident response.

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 sole source? (Maintenance, support, or upgrades, if so, please explain)?

No.

9. Period of Performance:

For existing and future HIPAA breach incident responses.



3/19/15

Christopher Hans, Interim Chief Information Officer

Date

Purchasing Department Comments:

Approve

Approve with Condition(s)

Disapprove

Not to exceed: \$250,000 _____

One time

Annual Amount through _____



3/12/15

15-426

~~Lisa Boerner, Purchasing Manager~~

Date

Approval Number

Lisa Brandl Director



Christopher Hans
Interim Chief Information Officer

MEMORANDUM

G. BRIAN KOVALSKY
Asst. Chief Information Officer, BSB
TOM MULLEN II
Asst. Chief Information Officer, ICB

To: Lisa Boerner, Purchasing Manager **Date:** March 9, 2015
Via: RCIT, Procurement Contract Specialist
From: Christopher Hans, Interim Chief Information Officer
Subject: Sole Source Procurement for HIPAA Breach Identity and Credit Fraud Protection Services

The below information is provided in support of my Department requesting approval for a sole source. Outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.

- 1. Supply/Service being requested:**
Identity and credit fraud protection services to support HIPAA breach incident response.
- 2. Supplier being requested:**
Experian
- 3. Alternative suppliers that can or might be able to provide supply/service:**
Various alternate suppliers exist but they are not accepted by the County's insurance provider (Beazley). Beazley has selected Experian as the preferred business partner.
- 4. Extent of market search conducted:**
Calls were placed and clarification was requested from Beazley in regards to which vendors were acceptable to work with on the filed claims in regards to breach incident response. No further investigation was conducted.
- 5. Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:**
County insurance provider has selected this vendor as a "preferred provider" which allows for the County's sublimit of liability to increase from \$250,000 to \$1,250,000 for this incident.
- 6. Reasons why my department requires these unique features and what benefit will accrue to the county:**
If the County were to select an alternate provider, the County would forfeit \$1 million dollars in insurance coverage for this incident.

7. Price Reasonableness including purchase price and any ongoing maintenance or ancillary costs from the supplier:

As a Beazley insured customer, the discounted rate offered by Experian is \$15.95 per patient requesting identity and credit fraud prevention services. In the event services are processed under an accepted insurance claim, there may be no cost to the County. No ongoing or ancillary costs will be incurred beyond the duration of this HIPAA breach incident notification period.

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 sole source? (Maintenance, support, or upgrades, if so, please explain)?

No.

9. Period of Performance:

For existing and future HIPAA breach incident responses.

Christopher Hans

3/9/15

Christopher Hans, Interim Chief Information Officer

Date

Purchasing Department Comments:

Approve

Approve with Condition(s)

Disapprove

Not to exceed: \$100,000

One time Annual Amount through _____

Lisa Brandl

3/12/15

15-428

~~Lisa Boerner, Purchasing Manager~~

Date

Approval Number

Lisa Brandl Director

Harper-Ihem, Kecia

From: Sargent, Jennifer <jsargent@rceo.org>
Sent: Monday, April 06, 2015 6:53 PM
To: Grant, Diana
Cc: Summers, Teresa; Willis, Anita; Brandl, Lisa; Hans, Christopher; Barry, Shelly; Kipnis, Neal; Harper-Ihem, Kecia
Subject: Re: Item 3-27 NEEDS TO BE PULLED PLEASE

Diana,

Please see the following message from Neal Kipnis, of County Counsel. Apparently, agenda item 3-27 contains erroneous information and needs to be pulled from tomorrow's agenda.

Please let me know if additional information/clarification is needed.

Thank you,
Jennifer

On Apr 6, 2015, at 5:32 PM, "Kipnis, Neal" <NKIPNIS@co.riverside.ca.us> wrote:

Hi Teresa. Anita just noticed Item 3-27 on the agenda, and it needs to please be pulled immediately. That is the old version of the ISO breach additional support work, for which we are working on a revised Form 11 and proper support agreements. What is on the agenda is not correct. It states inappropriate dollar amounts and does not have proper supporting documentation (as you are working on now). It should not go to the Board tomorrow.

Help please. Thanks.
Neal

Please note: The County Administrative Center is open Monday through Friday. Business hours for the County Executive Office are Monday through Friday, 8:00 a.m. to 5:00 p.m.

4-7-15
3-27



JAY E. ORR
COUNTY EXECUTIVE OFFICER

MEMORANDUM
COUNTY OF RIVERSIDE
EXECUTIVE OFFICE

GEORGE A. JOHNSON
CHIEF ASSISTANT COUNTY EXECUTIVE OFFICER

ROB FIELD
ASSISTANT COUNTY EXECUTIVE OFFICER
ECONOMIC DEVELOPMENT AGENCY

MICHAEL T. STOCK
ASSISTANT COUNTY EXECUTIVE OFFICER
HUMAN RESOURCES

ED CORSER
COUNTY FINANCE DIRECTOR

CHRISTOPHER HANS
CHIEF DEPUTY COUNTY EXECUTIVE OFFICER

TO: Kecia Harper-Ihem, COB
FROM: George A. Johnson, Chief Assistant CEO
DATE: April 7, 2015
RE: DELETION OF AGENDA ITEM

Please delete the following item from today's agenda:

3-27 RIVERSIDE COUNTY INFORMATION TECHNOLOGY & RIVERSIDE COUNTY REGIONAL MEDICAL CENTER: Ratify and Approval of the Sole Source Justifications #15-299, #15-298 and #15-300 for Intelligent Business Concepts, Experian, and Baker Hostetler LLP to provide HIPAA Breach Incident Response Services. [\$450,000 – RCRMC Operating Budget 100%]