Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: 213-240-8101
Fax:213-481-0503

www.dhs.lacounty.gov

*To improve health through leadership, service and education*

March 3, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO AGREEMENT WITH PROVIDER ADVANTAGE NW, INC.
(ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ( ) DISAPPROVE ( )

## SUBJECT

Request approval of an Agreement extension to continue services for the purpose of generating Health Insurance Portability and Accountability Act compliant eligibility transactions.

## IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Interim Director of Health Services, or his designee, to execute Amendment No. 1 to Agreement No. H-701910 with Provider Advantage NW, Inc., (PA), to extend the term of the Agreement, update the scope of work, and increase the maximum obligation by $1,624,030 for the extension period effective April 1, 2009 through March 31, 2014, for the continued use of software which generates Health Insurance Portability and Accountability Act (HIPAA) compliant eligibility inquiries to various third party payers for reimbursement to County.

## PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION

Approval of the Amendment, substantially similar to Exhibit I, will enable the Department of Health Services (DHS) to continue to use PA's software which generates HIPAA compliant eligibility inquiries and responses to/from various third party payers. The HIPAA compliant inquiries and responses are requests for reimbursement eligibility, coverage and benefits through Medi-Cal and other third party payers.

www.dhs.lacounty.gov

The Amendment is necessary and appropriate as PA possesses the proprietary methodologies, has the experience and expertise to perform these specialized services, and is ready and able to perform them. In addition, the requirements of the clinical and financial applications system, Quadramed Affinity, (Quadramed), which is in use at DHS facilities, specifies PA as the preferred vendor that Quadramed has partnered with for software integration for generating HIPAA compliant transactions. In this case, "preferred" means that PA is the only company Quadramed has allowed access to its software "architecture", meaning the actual software coding, to allow for automatic interface between the two systems. This automatic interface eliminates the problems and cost associated with programming time to interface from another software system, eliminates programming costs for data transfer and automatically "populates" the Quadramed system with data from the eligibility software; thus eliminating errors and controlling costs from reconciliation of data discrepancies.

DHS does not have the staff, resources or expertise to produce HIPAA compliant eligibility transactions. This type of software application is programming intensive requiring interface with multiple types of systems at third party payors to obtain the necessary eligibility data. DHS does not have the in-house ability to create and maintain software systems for such complex transactions.

It is in the County's best interest to continue contracting with PA for HIPAA compliant eligibility transaction services in order to remain HIPAA compliant and maximize reimbursements to the County.

Implementation of Strategic Plan Goals

The recommended action supports Goal 4, Fiscal Responsibility, and Goal 7, Health and Mental Health of the County's Strategic Plan.

## FISCAL IMPACT/FINANCING

The maximum obligation for the five year extended period will be $1,624,030. PA will continue to be paid a monthly maintenance fee for usage of its software system and a transaction fee for generating the HIPAA compliant eligibility inquiries.

The monthly rate has remained the same for the last 30 months. Under this proposed Amendment, County will keep the same rate for an additional two years. The last three years of the Agreement, as amended, includes an increase of the monthly maintenance fee of five percent (5%) annually. DHS obtained the two year extended level price by agreeing to the price increase in each of the last three years and a total agreement extension of five years. Level pricing in software applications for five years is well below typical software industry rate increases and DHS believes this represents the most competitive deal it could obtain for this application. The transaction fee will remain unchanged throughout the five year extension.

Funding is included in Health Services Administration's Fiscal Year 2008-09 Final Budget and will be requested in future fiscal years.

## FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The recommended Amendment will continue to allow DHS facilities to use PA's software which generates HIPAA compliant eligibility inquiries and obtain response from third party payers. The service description has been updated to reflect two multi-service ambulatory care centers instead of hospitals.

This Agreement may be terminated by the County at any time by giving at least 30 days prior written notice to the other party.

County Counsel has approved Exhibit I as to form and County's Chief Information Office recommends approval of this Amendment (see attached analysis).

## CONTRACTING PROCESS

On July 2, 2003, the usage of PA proprietary software began at DHS facilities under a purchase order. On August 15, 2005, DHS notified your Board of our intent to procure a sole source Agreement with PA. On March 21, 2006, your Board approved the Agreement between the County and PA to meet the State's required format for HIPAA compliant eligibility transactions which became mandatory, effective March 21, 2006.

A solicitation was not done as this vendor is the only preferred provider with automatic interface capability to County's Quadramed Affinity system. DHS negotiated substantial price concessions for the extended term.

It is not appropriate to advertise amendments on the Los Angeles County Online Web Site.

## IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended action will ensure that DHS complies with the State's HIPAA compliant eligibility inquiry requirements.

**CONCLUSION**

When approved, DHS requests that the Board provide three signed copies of the Board's action.

Respectfully submitted,

John F. Schunhoff, Ph.D.
Interim Director
Department of Health Services

Richard Sanchez
Interim Chief Information Officer

JFS:RS:mjj

Attachments (2)

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

Provider Advantage BL

Contract No. H-701910-1

PROVIDER ADVANTAGE NW, INCORPORATED
HIPAA COMPLIANT 270/271 ELIGIBILITY RESPONSE SOFTWARE AGREEMENT

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this _____ day of _____, 2009,

by and between COUNTY OF LOS ANGELES, (hereinafter "County"),

and PROVIDER ADVANTAGE NW, INCORPORATED, (hereinafter "Contractor").

WHEREAS, reference is made to that certain document entitled " HIPAA COMPLIANT 270/271 ELIGIBILITY RESPONSE SOFTWARE AGREEMENT" dated March 21, 2006 and further identified as County Agreement No. H-701910 (hereinafter "Agreement");

WHEREAS, it is the intent of the parties hereto to extend the Agreement through March 31, 2014 and make other hereinafter described changes.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective on April 1, 2009.

2. Paragraph 5, entitled, "TERM", shall be revised to read as follows:

"5. TERM: The term of this Agreement shall commence March 21, 2006 and shall continue in full force and effect through March 31, 2014."

3. Paragraph 8.2, "Maximum Contract Sum" shall be deleted in its entirety and replaced with the following:

"8.2 Maximum Contract Sum:

8.2.1 The Contract Sum under this Amended Agreement for the period March 21, 2006 through March 31, 2009, including all applicable taxes, authorized by County hereunder shall not exceed Nine Hundred Sixty Eight Thousand Seven Hundred Dollars, ($968,700.00). This maximum obligation shall be the total monetary amount payable by County to Contractor for supplying all the Tasks, Subtasks, Deliverables, goods, services and other work requested and specified under this Amended Agreement. All work completed by Contractor must be approved in writing by County. If County does not approve work in writing, no payment shall be due to Contractor for that work.

8.2.2 The Contract Sum under this Amended Agreement for the period April 1, 2009 through March 31, 2014, including all applicable taxes, authorized by County hereunder shall not exceed One Million Six Hundred Twenty Four Thousand Thirty Dollars, ($1,624,030). This maximum obligation shall be the total monetary amount payable by County to Contractor for

supplying all the Tasks, Subtasks, Deliverables, goods, services and other work requested and specified under this Amended Agreement. All work completed by Contractor must be approved in writing by County. If County does not approve work in writing, no payment shall be due to Contractor for that work.

8.2.3 Notwithstanding any other provision of this Subparagraph, Contractor shall fully perform and complete all work required of Contractor by this Amended Agreement in exchange for the amounts to be paid to Contractor as set forth in this Amended Agreement.

8.2.4 The Contract Sum shall not be adjusted for any costs or expenses whatsoever of Contractor."

4. Paragraph 12, "PROHIBITION AGAINST DELEGATION AND ASSIGNMENT", shall be deleted in its entirety and replaced with the following:

"12. ASSIGNMENT AND DELEGATION:

12.1 The Contractor shall not assign its rights or delegate its duties under this Contract, or both, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this sub-paragraph, County consent shall require a written

amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Contract shall be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.

12.2 Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Contract.

12.3 Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, shall be a material

breach of the Contract which may result in the termination of this Contract. In the event of such termination, County shall be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

5. Paragraphs 42, 43 and 44, "CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM", "TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM" and "CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO CHILD SUPPORT PROGRAM", shall be deleted in their entirety and replaced with the following:

"42. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

42.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

42.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the Contractor warrants that it

is now in compliance and shall during the term of this Contract maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

43. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:

43.1 Failure of the Contractor to maintain compliance with the requirements set forth in Paragraph 42 - Contractor's Warranty of Adherence to County's Child Support Compliance Program, shall constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the Contractor to cure such default within ninety (90) calendar days of written notice shall be grounds upon which the County may terminate this Contract pursuant to Paragraph 28 - Termination for Default and pursue debarment of the Contractor, pursuant to County Code Chapter 2.202."

There will be no paragraph numbered "44".

6. Exhibit A, STATEMENT OF WORK, shall be replaced in its entirety by Exhibit A-1, attached hereto and incorporated herein by reference.

7. Exhibit B, SCHEDULE OF PAYMENTS, shall be supplemented with Exhibit B-1 for the extended period April 1, 2009 through March 31, 2014, attached hereto and incorporated herein by reference.

8. Wherever Exhibit A, STATEMENT OF WORK, or Exhibit B, SCHEDULE OF PAYMENTS is referenced in the Agreement, it shall now be replaced by Exhibit A-1 or Exhibit B-1, respectively.

9. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director

/

/

/

/

/

/

of Health Services and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
John F. Schunhoff, Ph.D.
Interim Director of Health Services

PROVIDER ADVANTAGE NW, INCORPORATED
Contractor

By _____
Signature

_____
Printed Name

Title _____
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM:
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF HEALTH SERVICES
CONTRACTS AND GRANTS DIVISION:

**EXHIBIT A-1**

# REVENUE360®
# STATEMENT OF WORK

## *HIPAA COMPLIANT 270/271 ELIGIBILITY SOFTWARE*

## BACKGROUND AND OVERVIEW

### 270/271 ELIGIBILITY SOFTWARE

a) The Administrative Simplification Provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Title II requires the Department of Health and Human Services to establish national standards for electronic health care transactions and national identifiers for providers, Health Plans, and employers. Under the HIPAA Administrative Simplification Provisions, 270/271 transactions were adopted under 45 CFR 162 as the Electronic Data Interchange (EDI) standard for Health Care Eligibility Benefit Inquiry/Response. The 270/271 is a "paired" transaction: the 270 is an outbound eligibility inquiry and the 271 is an inbound eligibility response. Response times are measured in seconds. This process would be a significant improvement over telephone inquiries or paper methods of eligibility determination. All other real time formats for health care eligibility inquiry and response, other than Direct Data Entry (DDE), became obsolete effective October 16, 2003.

b) In order to be in compliance with the HIPAA rules, the County, a covered entity, is mandated to abide by the ANSI X12 270/271 eligibility standard formats. For this reason, it is essential that the County continue to retain the Revenue360 Eligibility software to run in the background of the Healthcare Information System (HIS) registration process, which is managed by QuadraMed (QMDC), to obtain patient healthcare eligibility status via the 270/271 transaction enabling registration areas the capability to inquire in real-time. These continued services are required to remain HIPAA compliant.

c) Revenue360® Eligibility, as defined in Attachment 1, is a software product that automates the process of interfacing Affinity's® ANSI compliant X12 270 transaction (Eligibility and Benefit Request) and the X12 271 transaction (Eligibility and Benefit Response) EDI module that can connect with California Medicaid ("Medi-Cal"), Centers for Medicare and Medicaid Services ("Medicare") and a wide variety of Health Plans nationwide, providing the most current eligibility and benefit information available. Revenue360 Eligibility and other services provided as described in Attachment 2 (Retroactive Self-pay Identification Module ('RIM') Version 1.0 Summary), and 3 (Customer Support Requirements) of this document are subject to the monthly fees detailed in Exhibit B-1 of this document.

d) While making every effort to comply with the federally mandated HIPAA Transaction Code Set (TCS) Health Care Eligibility Benefit Inquiry/Response Transaction (270/271) standard, it is essential that the County continue to use the QMDC EDI X12 270/271 Eligibility and Benefits tool set. Some of the functionality of this tool includes generating eligibility request (270) in the standardized federal format to payers in an on-line real time manner, using standardized interface functionality to view coded messages, generating multiple eligibility requests (270) to the same payer, viewing the returned eligibility data (271) from multiple locations within Affinity, storing multiple eligibility replies (271) to a single request (270) and automatically creating an eligibility request (270) at the point of patient registration based on payer source and patient service.

**TASK No. 1.0 – System Maintenance**

**Subtask 1.1** –Contractor shall provide System Maintenance, ***Product Updates***, additional maintenance, Customer Support and Customer Support for additional Products or Services.

**Deliverable 1.1** – Contractor shall provide System Maintenance on a base monthly fee, including Product ***Updates*** (not rewrites or ***Upgrades unless Contractor provided similar upgrades to Contractor's other customers at no additional cost)*** needed to process transactions. Additional maintenance and customer support after business hours and Customer Support for additional Products or Services will be provided on a time and materials basis under the fees for custom programming as described in Exhibit B-1.

The Revenue360 Eligibility and Retroactive Self-pay Identification Module (RIM) programs are described in Exhibit A-1, Attachments 1, 2 and 3.

Contractor may provide Customer Support for additional Products or Services not specified in these paragraphs under the fees as described in Exhibit B-1, if such Customer Support is specifically requested in the applicable Software Change Request Form (see Exhibit B-1, Attachment 1)

All of the following items will be considered part of the system maintenance and covered under the fixed monthly fee:

a. Maintenance of Revenue360 software (formerly Veri*Link* Eligibility).
b. Maintenance of the RIM module as defined in the Version I (one) design document (see Attachment 3).
c. Updates to the software as released from time to time to other customers or as identified by Contractor or County to improve processing and agreed to by Contractor.
d. Upgrades will be provided at no additional cost to the County when Contractor provided similar upgrades for Contractor's other customers at no additional cost.

e. Processing transactions within the Revenue360 Eligibility processing design limitations

**TASK No. 2.0 – Clearing House Eligibility Transactions**:

**Subtask 2.1** – Clearing House Eligibility Transactions

The Contractor shall process Clearing House transactions though the Revenue360 Eligibility System for commercial payers on a per transaction fee basis (see Exhibit B-1 - Schedule of Payments).

**Deliverable 2.1** - Clearing House Eligibility Transactions

The County will pay for clearing house transactions at the rate per transaction as specified in Exhibit B-1 only when processed through the Contractor's preferred vendor.

**TASK No. 3.0 – Processing After Design Limits Exceeded**

**Subtask 3.1** – Contractor shall provide resources to process transactions when the volume exceeds the system design limitations.

**Deliverable 3.1** – Transaction Processing After Design Limit Exceeded Contractor shall provide commercially reasonable efforts to modify the provided Products and/or provide Customer Support so as to enable County to process transactions when the volume reaches or exceeds the Products' design limitations. County shall pay for transactions in excess of design limitation on a per transaction basis as specified in Exhibit B-1.

This version of Revenue360 software was written specifically to meet County's requirements for processing speed and capacity with applicable Updates that Contractor shall provide County from time to time. Currently, Revenue360 Eligibility has a processing design limitation of 500,000 Admissions Eligibility transactions per month and 2,400,000 RIM Transactions per month.

**TASK No. 4.0 – Professional Services**:

**Subtask 4.1** – Contractor shall provide Professional Services on a time and materials basis using the hourly rates in place with the QMDC contract, including all Consumer Price Index (CPI) or other adjustments according to a Requirements Document and Work Order (Software Change Request) executed by both parties. The County will pay only for authorized Professional Services when the County authorizes this work in writing (see Exhibit B-1, Professional Services Fees).

1. Class A Technician

   A Class A Technician directs and manages activities of Contractor's staff to accomplish such tasks and objectives as are defined from time to time by Contractor and County. A Level A individual may report to County's Project Director regarding performance, personnel matters, operating standards, systems evaluation, and actions on all activities being performed by Contractor Personnel.

2. Class B Technician

   A Class B Technician provides consultation regarding specific tasks and objectives defined from time to time by Contractor and County related to the general operation and support of the system.

3. Class C Technician

   A Class C Technician provides assistance in analysis, design, programming, documentation writing and edition, training, testing, maintenance, review, installation and implementation of original or previously written programs, systems, utilities, or functions.

**Deliverable 4.1** – Custom Programming

County shall reimburse Contractor for reasonable and necessary time and expenses incurred by Contractor to resolve issues which are necessitated by reasons other than the Products not meeting ***Specifications***, including any time and expenses incurred relative to rendering any computer or Local Area Network (LAN) capable of operating the Product licensed under this Agreement (see Exhibit B-1, Schedule of Payments).

**TASK No. 5.0 – Onsite Training**:

**Subtask 5.1** – Onsite Training

Contractor shall provide onsite training on an as needed basis. Contractor staff will be billed at the per diem rate of $1,000 per day, per person with a maximum of five days per trainer, (see Exhibit B-1, Schedule of Payments). Contractor will bill County for travel and lodging expenses for training staff.

**Deliverable 5.1** – Onsite Training

Contractor shall provide onsite training to the County charging a per diem rate for staff time. The County shall reimburse only actual travel and lodging expenses subject to the Auditor Controller's Travel policy detailed in Chapter 12 of the Fiscal Manual.

The County will reimburse Contractor for the actual travel expenses incurred; however, the amounts paid will not exceed the County Auditor-Controller's guidelines.

County will provide one individual staff member to attend all scheduled sessions to represent County.

**TASK No. 6.0 – Pool Dollars:**

**Subtask 6.1** - Surcharges

Contractor shall pass through without additional mark-up to County any telecommunications surcharges or other surcharges, etc., assessed by a Health Plan or telecommunications carrier to Contractor that is related to the agreement, but is outside the agreement. See Exhibit B-1, Schedule of Payments.

**Deliverable 6.1** - Surcharges

Contractor shall invoice to County telecommunications or other surcharges assessed by a Health Plan or telecommunications carrier to Contractor without additional mark-up. County shall pay Contractor for surcharges as described above according to Exhibit B-1, Schedule of Payment.

**Subtask 6.2** – Reports

Contractor shall provide customized management reports in formats and time frames, as reasonably requested by the Director and agreed to by the Contractor at no additional cost to the County. The specifications for these reports will be determined by mutual agreement by the County and Contractor.

Contractor shall meet to discuss any recommendations to adjust the System or improve performance of the Software/Product on the System to achieve optimal performance of the Product in the existing System environment. Contractor shall provide written reports including recommendations as requested by Director and agreed upon by the Contractor at no additional cost to the County.

**Deliverable 6.2** – Reports

Upon the Director's request, Contractor shall work with the County to determine the specifications of the report(s) requested and provide customized management report(s) in formats and timeframe agreed upon by Director and Contractor at no additional cost to the County.

Contractor shall analyze the System's performance and provide written performance review reports and recommendations as requested by Director at no additional cost to the County.

# REVENUE360®
# DESCRIPTION OF *PRODUCTS AND* SERVICES

## Revenue360 Eligibility

Revenue360® Eligibility will interface with the QuadraMed Affinity 270/271 EDI module and automate the process of creating and processing a query and response electronically accessible Health Plans eligibility and benefit data bases through out the country, providing the most current eligibility information available.

## Eligibility Workflow / Processing

1. Accepts an automatically or manually generated inquiry from the registration or scheduling system using Affinity defined X12 270 transaction format.
2. Maps user defined insurance codes from registration or scheduling system to specific payer or clearinghouse requirements and translates inquiry to a normalized HIPAA defined version 4010 X12 270 formatted eligibility inquiry format.
3. Translates the normalized X12 270 formatted eligibility inquiry to a Health Plan specific X12 270 format or non-standard eligibility inquiry format.
4. Transmits the inquiry to Medicare, Medicaid, national Health Plans or regional or local Health Plans who provide access and are covered by this Agreement or any amendments to this Agreement. A listing of all Health Plans covered by this agreement is posted and constantly updated at the Contractor's website for reference. Where available, Revenue360 Eligibility also supports connections directly to regional Health Plans if not accessible from a clearinghouse (requires a Software Change Request and amendment to the Agreement). Revenue360 Eligibility uses Health Plan required communications protocol for each connection. Revenue360 Eligibility stores inquiries during scheduled Health Plan down times for transmission at a later time when the Health Plan's system is available (configuration required).
5. Receives a HIPAA defined, Health Plan configured X12 271 response or proprietary non-standard eligibility response from Health Plan.
6. Translates the eligibility response to the format required by registration or scheduling system vendor.
7. Delivers this transaction to the registration or scheduling system for posting to the patient account.
8. Creates exception reports for inquiry results showing patients as ineligible, showing Medicare restrictions and/or treatment parameters or with other management defined information.

Revenue360 Eligibility produces payer specific exception reports or staff work lists allowing staff to focus research on exceptions or accounts with identified problems. These custom defined reports can increase staff efficiency by

eliminating handling of consolidated paper reports for all Health Plans and all exception patient accounts.

**Eligibility Health Plan Connections**

1. Accessing data directly from Medi-Cal through the current County provided network (WAN) connection (Revenue360 Eligibility's ability to process Medi-Cal inquiries is limited to the capability of this connection).
2. Accessing data directly from The Centers for Medicare & Medicaid Services (CMS) Medicare database through the current County contracted network (WAN) connection (provided by IVANS Corporation), or the Provider Advantage contracted connection to Medicare (provided by VisionShare Corporation) . (Revenue360 Eligibility's ability to process Medicare inquiries is limited to the capability of this connection).
3. Accessing data from various commercial, Medicaid agencies, and other Health Plans available through the Emdeon real time switch. This access shall use an Internet Virtual Private Network (VPN) connection to Contractor's hub in Portland, Oregon and Contractor shall connect to Emdeon through their network connection to the Emdeon real time switch.
   i. Through this Emdeon connection, Contractor shall provide County access to data from a number of commercial health plans or Medicaid agencies as determined by County. Periodically additional health plans are available and Contractor shall provide access to the data from these health plans upon request from the County and in a manner consistent with Contractor's other customers.
   ii. Revenue360 Eligibility's ability to process inquiries to the Health Plans available through Emdeon is limited to the capability of the County's connection to Contractor's hub. Using this connection, Contractor can provide an alternative path to Medi-Cal and Medicare if County's connection to these Health Plans becomes inoperative and County requests use of this pathway in writing. Contractor requires a minimum of one business day to configure and manually convert to this alternative routing. The time and materials to coordinate this connection shall be considered Chargeable Support to County.
4. Accessing data directly from the Office of Managed Care Community Health Plan (OMC/CHP) through the current County provided network (WAN) connection. (Revenue360 Eligibility's ability to process OMC/CHP inquiries is limited to the capability of this connection).
5. Development of a different or additional connection or methodology to access data for any of the above Health Plans or clearinghouses or a different clearinghouse or Health Plan will require additional software development on a time and materials or negotiated basis.

# REVENUE360®
# RETROACTIVE SELF-PAY IDENTIFICATION MODULE ("RIM")
# VERSION 1.0 SUMMARY SPECIFICATIONS

## Background

Approximately 40% of County's admissions are self-pay patients. An additional group of patients present themselves as covered by Medi-Cal but ineligible responses are returned from the Medi-Cal System. Because a significant number of these patients become eligible for Medi-Cal subsequent to registration, a key business strategy of County is to periodically check Medi-Cal eligibility for these self-pay patients over a defined period (up to 12 months after admission). Once identified as having retroactive coverage, the County can prepare a claim and send it to Medi-Cal for reimbursement for covered services.

## Feature Summary

Version 1.0 of the Revenue360® Retroactive Self-Pay Identification Module (RIM) contains the following features. Contractor designed Version 1.0 in partnership with County and has developed it for exclusive use of County.

1. When a self-pay or Medi-Cal patient is registered, Revenue360 Eligibility sends an inquiry to Medi-Cal. Any 271 response from Medi-Cal that does not have an active benefit segment (Active Coverage) will be stored in a RIM database. There will be two RIM databases, one for each server.

2. Revenue360 Eligibility periodically reviews the self-pay databases and selects self-pay patients based on monthly inquiry intervals defined by each facility up to 12 months (monthly, every other month, quarterly, etc.). Contractor recommends a starting model of checking each patient monthly for the first three months and then the $6^{th}$, $9^{th,}$ and $12^{th}$ month.

3. Revenue360 Eligibility generates an inquiry to Medi-Cal for selected Medi-Cal ineligible patients. The RIM processing module submits at a lower priority than new admission inquiries so as not to negatively affect response times. The RIM will send the majority of RIM inquiries at the periods of lowest daily volume.

4. Revenue360 Eligibility returns to Affinity and Affinity posts all inquiry responses that show Active Coverage. (Revenue360 Eligibility uses the original Affinity transaction control number when posting.)

5. Revenue360 Eligibility creates a printable report by facility for all inquiries that return a response indicating Active Coverage. Revenue360 Eligibility also creates a comma-delimited file by facility that corresponds to each

report so County staff can manipulate the data using work lists or other data manipulation programs etc. The report and file formats will be mutually agreed upon by County and Contractor.

6. Each facility has the responsibility for updating a patient's information based on a successful post admission self-pay inquiry (using reports or comma-delimited file). The facility will then submit claims to Medi-Cal for self-pays showing eligibility for prior dates of service.

7. The RIM module will accept a file from Affinity generated in a mutually agreed upon format which identifies patients to be deleted from the re-inquiry data base for any reason (e.g. a patient pays the bill) It is the County's responsibility to provide this file to Revenue360 Eligibility in a mutually agreed upon format.

## REVENUE360®
## CUSTOMER SUPPORT REQUIREMENTS

1. **Customer Support Coverage:** Contractor shall provide the following Customer Support during the times specified below and included under fees in Deliverable 1.0. Contractor shall provide additional Customer Support seven days a week, including holidays, between the hours of 11:00 PM to 7:00 AM (Pacific Time) for hourly fees specified under Deliverable 4.0.
2. **Customer Support - Business Day:** The following items are included in normal Customer Support. The hours for a normal business day are 7:00 AM to 5:30 PM (Pacific Time).
   a. Periodic (minimum twice daily) proactive monitoring of the County Revenue360® installation utilizing Contractor Revenue360 Support Wizard.
   b. Resolution of any critical Revenue360 issues. A critical issue is defined as a system outage due to a Revenue360 system problem or other Contractor related issue which causes Revenue360 to behave outside of the agreed upon functionality. Critical issues require Contractor support intervention in order to resolve.
   c. Telephone response to County initiated support requests regarding Revenue360 functionality issues and questions and any related issues.
   d. Resolution of Health Plan and Clearinghouse issues related to transaction content, format, communications, etc.
   e. Help to identify and resolve issues external to Revenue360. This may include County LAN / WAN connectivity, Health Plan connectivity, Contractor network, or Affinity interface, etc. This Help may include creating reports and preparing documentation of problem.
   f. Remote user training for reports including reading and interpreting Health Plan responses and Revenue360 functionality issues and questions.
   g. Revenue360 facility telephone or internet specific training and end user support documentation
3. **Customer Support - After Hours / Contractor Holidays / Weekends**
   After Hours Customer Support occurs between the hours of 5:30 PM and 11:00 PM Pacific Time ("PT") on Business Days and between the hours of 7:00 AM and 11:00 PM PT on days other than Business Days :
   a. Periodic (minimum twice daily) proactive monitoring of County Revenue360 installation utilizing Contractor's Support Wizard.

b. Resolution of any critical Revenue360 issues. A critical issue is defined as a system outage due to a Revenue360 system problem or other Contractor related issue which causes Revenue360 to behave outside of the agreed upon functionality. Critical issues require Contractor support intervention in order to resolve.

c. Two hours maximum commitment for scheduled interventions or support that the County schedules at least 48 hours in advance (County hardware or network reconfigurations etc.)

d. Contractor shall make reasonable efforts to respond between the hours of 11:00 pm through 6:00 am to a critical support call within one hour from notice. Non-critical issues to be resolved on next business day.

# REVENUE360®

## AUTHORIZED FACILITIES

The County currently operates four hospitals, two multi-service ambulatory care center, and fourteen health and comprehensive health centers. Each site provides a variety of quality health care to the communities within the County of Los Angeles.

County and Contractor consider the following sites and the associated comprehensive health centers and health centers as Authorized Facilities to use Revenue360® and associated software Products and Services. County and Contractor may add additional Authorized Facilities by mutual agreement of the parties as an addendum to this Agreement.

1. Harbor/UCLA Medical Center

2. High Desert Health System - Multi-Service Ambulatory Care Center (MACC)

3. LAC+USC Healthcare Network

4. Martin Luther King, Jr./Harbor - Multi-Service Ambulatory Care Center (MACC)

5. Olive View/UCLA Medical Center

6. Rancho Los Amigos National Rehabilitation Center

**Exhibit B-1**

## REVENUE360®
## SCHEDULE OF PAYMENTS

### Provider Advantage NW, Incorporated

| Deliver-able No. | Deliverable Title | 4/1/09 - 3/31/10 | 4/1/10 - 3/31/11 | 4/1/11 - 3/31/12 | 4/1/12 - 3/31/13 | 4/1/13 - 3/31/14 |
|---|---|---|---|---|---|---|
| 1 | System Maintenance (1) | $240,000 | $240,000 | $252,000 | $264,600 | $277,830 |
| 2 | Clearing House Eligibility Transactions (2) | 7,500 | 7,500 | 7,500 | 7,500 | 7,500 |
| 3 | Transaction Processing After Design Limits (3) | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 4 | Professional Services Fees (4) | 42,000 | 44,100 | 46,300 | 48,600 | 51,100 |
| 5 | OnSite Training - As Needed (5) | 14,000 | 14,000 | 14,000 | 14,000 | 14,000 |
| 6 | Pool Dollars | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| | Total | $305,500 | $307,600 | $321,800 | $336,700 | $352,430 |

(1) System Maintenance will be paid at $20,000 for the first two (2) years with a 5% increase per year for the remaining three (3) years.

(2) Transaction fees will be charged as used by the County at $.1875 per occurrence. Usage is estimated at 40,000 transactions per year.

(3) The County does not anticipate exceeding the design limitations of Revenue360 Eligibility. A $1,000 per year for overage has been used as a precaution.

a) The County will pay for Admissions Eligibility transactions in excess of 500,000 per month at $.055 per transaction.

b) The County will pay for Retroactive Self-Pay Identification Transactions in excess of 2,400,000 per month at $.0018 per transaction.

(4) Custom Programming shall be charged on an as needed basis. It is estimated 200 programming hours will be used per year at the Class A rate of $210 per hour. The amounts are calculated using a 5% increase per year. Class B rate is $178 per hour and Class C is $153 per hour.

(5) Travel expenses for onsite annual training are allocated at $2,000 per person for 2 Contractor staff for each year, (one week of training). Contractor training staff is billed at $1,000 per diem for 5 days of training; ($10,000 of staff charges for two persons for one week plus $2,000 per person travel expenses). The travel expenses will be based on actual expenses and reimbursed subject to the Auditor-Controller guidelines.

PROVIDER ADVANTAGE
Innovative Services for Health Care

EXHIBIT B- 1, ATTACHMENT 1

## County of Los Angeles
## Department of Health Services
### SOFTWARE CHANGE REQUEST

| | | |
|---|---|---|
| **Product:** | | |
| **Facility Name:** | **City:** | **State:** |

| | | |
|---|---|---|
| **Requested by:** | | |
| **Title:** | | **Phone:** |
| **Fax:** | **E-Mail:** | |

| |
|---|
| **Work Description:** |

| | |
|---|---|
| **Est. Cust. Prog. @ $xx per hour: xx hours** | **Estimated Total: $xxxx (maximum)** |

| |
|---|
| **Testing Requirements:** Customer agrees to make resources available to test changes within one week of delivery. |
| **Acceptance Criteria:** This software change will be accepted if it works as specified under the Work Description. |

| |
|---|
| **Work Description/Estimate of Hours Acceptance Terms:** I agree that the above modification(s)/enhancement(s) have been specified to my satisfaction, and authorize Provider Advantage to implement them as described above. I also agree that any modifications to the above request(s) after my authorization may result in additional charges, and may result in a delay to those modifications depending on current work volumes and programming and development availability. |
| **Work Description Authorized by:** **Date:**<br><br>(note: please fax this signed Software Change Request form to 503-352-0266) |

| | |
|---|---|
| ***This section to be completed when custom changes are implemented*** | |
| **Actual Hours:** | **Total Charges:** |
| **Work Completed and Delivered by:** | **Date:** |

| |
|---|
| **Acceptance Signature:** I agree that the modification(s)/enhancement(s) have been made to my specifications and satisfaction, and authorize Provider Advantage to invoice, if applicable, for the services performed as described above. |

| |
|---|
| **Provider Advantage NW, Inc**<br>**800.337.5482** |

# CIO ANALYSIS

## AMENDMENT NUMBER ONE TO AGREEMENT H-701910 WITH PROVIDER ADVANTAGE NW, INC. (PA) FOR SOFTWARE LICENSING, TRANSACTION FEES AND OTHER PROFESSIONAL SERVICES

**CIO RECOMMENDATION:** ☒ APPROVE ☐ APPROVE WITH MODIFICATION ☐ DISAPPROVE

**Contract Type:**

☐ New Contract ☒ Contract Amendment ☐ Contract Extension
☒ Sole Source Contract ☐ Hardware Acquisition ☐ Other

**New/Revised Contract Term:** Base Term: 5 Yrs. # of Option Yrs: N/A

**Contract Components:**

☒ Software ☐ Hardware ☐ Telecommunications
☒ Professional Services

**Project Executive Sponsor:** John F. Schunhoff, Ph.D, Interim Director, DHS

**Budget Information :**

| | |
|---|---|
| Y-T-D Contract Expenditures | $ 968,700 |
| Requested Contract Amount | $1,624,030 |
| Aggregate Contract Amount | $2,592,730 |

**Project Background:**

| Yes | No | Question |
|---|---|---|
| ☒ | ☐ | Is this project legislatively mandated? The services performed under this agreement generate Health Insurance Portability and Accountability Act (HIPAA) eligibility transactions required by the State of California |
| ☐ | ☒ | Is this project subvented? If yes, what percentage is offset? |
| ☐ | ☒ | Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved. |

**Strategic Alignment:**

| Yes | No | Question |
|---|---|---|
| ☒ | ☐ | Is this project in alignment with the County of Los Angeles Strategic Plan? |
| ☒ | ☐ | Is this project consistent with the currently approved Department Business Automation Plan? |
| ☒ | ☐ | Does the project's technology solution comply with County of Los Angeles IT Directions Document? |
| ☒ | ☐ | Does the project technology solution comply with preferred County of Los Angeles IT Standards? |
| ☐ | ☒ | This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS). |

**Project/Contract Description:**

The Department of Health Services (DHS) is requesting delegated authority for the Interim Director of Health Services, or his designee, to execute Amendment Number One to an existing agreement with Provider Advantage NW, Inc., (PA) for the continued use, support and maintenance of their proprietary software product (Revenue360 Eligibility®) and attendant professional services for purposes of generating State-mandated HIPAA-compliant eligibility transactions. This proposed Amendment would increase the maximum contract obligation by $1,624,030 and extend the current agreement through March 31, 2014.

**Background:**

DHS facilities began using PA proprietary software in July 2003 under a Purchase Order (P.O.) Agreement. In March 2006, DHS obtained Board approval for a sole-source agreement between the County and PA in order to comply with the State's required format for HIPAA-compliant eligibility transactions. The required formats became mandatory on March 21, 2006.

This proposed Amendment will continue to allow DHS facilities to use PA's proprietary software which generates HIPAA-compliant eligibility inquiries and obtains responses from third party payers.

**Project Justification/Benefits:**

DHS currently does not have the staff, resources or expertise to produce HIPAA-compliant eligibility transactions as required by the State of California for reimbursement eligibility, coverage and benefits through Medi-Cal and other third party payers.

PA, the vendor under the current agreement, possesses the proprietary methodologies and has the experience and expertise necessary to perform these specialized services. Additionally, the DHS' clinical and financial applications system (Quadramed) requirements specify PA as the preferred vendor for software integration for generating HIPAA-compliant transactions.

It is clearly in the County's best interest for DHS to continue using PA's software for HIPAA-compliant eligibility transaction services in order to remain HIPAA-compliant and maximize reimbursements to the County. PA has agreed to keep the existing monthly system maintenance fee pricing ($20,000) for the next two years. This proposed Amendment does, however, provide for a 5% annual maintenance fee increase, beginning in year 3 and increasing by an additional 5% each year thereafter.

**Project Metrics:**

The success of this project will be measured by DHS' continued ability to generate HIPAA-compliant transactions that are reimbursable through Medi-Cal and other third party payers.

**Impact on Service Delivery or Department Operations, if Proposal is Not Approved:**

If this proposed Amendment is not approved, DHS will not be able to continue to use the vendor's products and services that generate HIPAA-compliant transactions, thereby jeopardizing the County's potential eligibility for reimbursement eligibility, coverage and benefits through Medi-Cal and other third party payers.

**Alternatives Considered:**

The software used by DHS is a proprietary product of the vendor and therefore no other alternatives have been considered. It has been determined that it would not be cost effective for DHS to attempt to replace this vendor's software product and services with any other vendor's products and services, as the requirements of DHS' clinical and financial applications system (Quadramed) specifies PA as the preferred vendor for software integration for generating HIPAA-compliant transactions.

**Project Risks:**

No significant risks for moving forward with this amendment have been identified.

**Risk Mitigation Measures:**

Not applicable.

**Financial Analysis:**

DHS' maximum obligation under the amendment period (5 years) will be $1,624,030. These costs are funded by DHS' budget for HIPAA compliance activities, which is included in DHS' Fiscal Year 2008-2009 Fiscal Budget and will be requested in future fiscal years.

**CIO Concerns:**

None.

**CIO Recommendations:**

The CIO recommends approval of this Amendment.

**CIO APPROVAL**

Date Received: January 23, 2009

Prepared by: Earl Bradley

Date: January 23, 2009

Approved: Greg Melendez

Date: 1/28/2009

P:/Drafts/DHS/PA/CIO Analysis - Provider Advantage Amendmt 1.doc