



Health Services
LOS ANGELES COUNTY

December 28, 2009

**Los Angeles County
Board of Supervisors**

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Interim Chief Medical Officer

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 
Interim Director

SUBJECT: **STATUS OF THE PATIENT MANAGEMENT SYSTEM REPLACEMENT**

As instructed by the Board on December 6, 2005, the Department of Health Services (DHS), through its Office of Managed Care (OMC)/Community Health Plan (CHP, aka "Plan"), is to provide a status report every six (6) months regarding the procurement of a replacement system for CHP's Patient Management System (PMS). This is to provide you with the eighth status report.

BACKGROUND

OMC is responsible for administering CHP, a Knox-Keene licensed health maintenance organization. CHP product lines include: 1) Medi-Cal Managed Care Program, 2) Healthy Families Program, 3) PASC-SEIU Homecare Workers Health Care Plan (aka In-Home Supportive Services Program), 4) Consolidated Ombudsman Budget Reconciliation Act (COBRA), and 5) Individual Conversion Plan. As of December 1, 2009, CHP's total enrollment was approximately 184,640.

PMS is the transaction processing system used by CHP primarily for eligibility verification and claims processing. The lack of functionality in PMS prompted a number of labor-intensive processes, manual interventions, and development of multiple ancillary database applications to meet the business and operational needs of the organization. With the growing needs and demands of the consumer and the increasing regulatory requirements of healthcare, it is imperative to implement an integrated core administrative health care payer solution to increase quality of care, ensure timely and accurate distribution of information, and reduce duplication of effort through efficient and effective health information technology.

Studies conducted by Outlook Associates, Inc. in February 2002, Milliman, Inc. in July 2003, and Simpson & Simpson's annual independent audit reports in February 2005 and December 2005 indicated CHP lacked the infrastructure to effectively manage the enrollees enrolled with the Plan, including limitations and deficiencies with its information systems. In June 2005, the Joint Audit Committee expressed support for replacing PMS with a managed care system solution to meet the needs of the Plan.

The strategic direction for the integrated system solution is to acquire services from a qualified Application Service Provider (ASP). ASPs are vendors that provide application hosting services which includes the hardware, software, and in some scenarios, networking infrastructure to enable the organization to run standardized applications over a secured virtual network.

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

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

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ACTIVITIES

The following is the status of activities during the second six (6) months of 2009:

- In July 2009, the Evaluation Committee (EC) met to discuss the responses regarding security and to evaluate and score the findings from the Phase 3 (Demonstration).
- In August 2009, the Proposers agreed to extend the RFP price quotes to June 30, 2010, to accommodate the lengthy evaluation process. All other outstanding issues and/or clarification (i.e. Security and Demonstrations) had been received and evaluated by the EC, marking the conclusion of Phase 3.
- From September 2009 through December 2009, the Department performed the following activities associated with Phase 4 - Site Visit:
 - Proposer selection and notification of advancement to Phase 4.
 - Development of the site visit checklist for both the Client and Data Center facilities.
 - Preparation and approval for SME travel requests.
- All site visits were concluded December 8, 2009. However, due to the holidays, scheduling conflicts prevent the EC from reconvening until after the beginning of January 2010 to conclude Phase 4 and Phase 5 – Final Review and Selection.

NEXT STEPS

The following next steps are scheduled for the first six (6) months of 2010. The dates are tentative and contingent upon the completion of County's solicitation process, and barring any problems or issues:

- Complete proposal evaluation process, develop, and execute a contract with the winning proposer by 2nd quarter 2010.
- Configure development software and develop procedures by 4th quarter 2010.
- Complete data conversion, parallel testing, and acceptance testing of the Managed Care Information System by 1st quarter 2011.
- Train staff on the Managed Care Information System and conduct system cut-over from the PMS to the Managed Care Information System by 2nd quarter 2011.

Please let me know if you have any questions or require additional information.

JFS:ls

PMS Replacement Status Report to BOS 091221.doc

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