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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.

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December 12, 2012

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Mitchell H. Katz, M.D.
Director

Subject: **ADVANCE NOTIFICATION OF SOLE SOURCE AGREEMENT NEGOTIATIONS WITH SAFETY NET CONNECT, INC.**

This is to advise the Board that in two weeks' time the Department of Health Services (DHS) intends to enter into sole source agreement negotiations with Safety Net Connect, Inc., (SNC) for the continued development, implementation, and maintenance of the electronic specialty care consultation management application services (eConsult), initiated by the Local Initiative Health Authority of Los Angeles County (L.A. Care). Board policy 5.100 requires written notice of a department's intent to enter into negotiations for agreements over $250,000.

Background

With health reform beginning in 2014, DHS has to transform access to, and the quality of, healthcare delivery to become competitive in the healthcare industry. Federal and State regulations both require timely access to specialty healthcare services, however, enormous disparities exist between demand for specialty care and resources under current DHS approaches. To be compliant and competitive, DHS needs to implement innovative healthcare delivery tools for improved access, effectiveness, and efficiency. eConsult is one of those tools.

On September 4, 2012, the Board authorized DHS to participate in a collaborative effort with L.A. Care, Medpoint Management, Inc. (Medpoint) and the Community Clinic Association of Los Angeles County (CCALAC), to implement the specialty care consultation application provided by SNC. To date, the application has been deployed for use by approximately 1,800 providers and staff, including four specialties. Early data indicates that DHS has successfully

reduced avoidable specialty care referrals in Neurology, Dermatology, Cardiology, and Obstetrics by 34%.

Justification

eConsult is an innovative technology, permitting dialog between primary and specialty care physicians through an electronic specialty care consultation application, uniquely designed by SNC to DHS specifications as part of an agreement with L.A. Care. The application has been implemented with four specialties within DHS with promulgation to other areas anticipated over the next several months.

SNC was selected as the vendor for this effort as a result of a solicitation process administered by L.A. Care in 2011, with participation from DHS clinicians/managers on the evaluation committee. Development and initial implementation of the application has been funded by L.A. Care.

Maintaining the current vendor eliminates costly administrative time and resources required to research and determine if another vendor capable of performing similar electronic specialty care consultation applications has emerged since the 2011 solicitation process. Conducting a new solicitation process, as opposed to using an application that has recently been designed specifically for DHS, is not cost effective. At the end of the current agreement on June 30, 2013, L.A. Care will have already paid for the development cost and promulgation cost for one third of DHS' specialties and the training of approximately 3000 eConsult users. The cost in terms of technology redevelopment, reconfiguring work flow, and end-user retraining, to switch to a different application designed by a different vendor would be significant. Therefore, DHS wishes to enter into an agreement directly with SNC to sustain the objectives initiated through the collaborative, and to expand eConsult utilization throughout the DHS enterprise.

Safety Net Connect, Inc.

SNC is a professional services company specializing in development of web-based solutions that leverage state of the art technologies to transform business processes. SNC has developed comparable electronic specialty care consultation applications for the Counties of San Diego and Orange, and recently contracted to develop a similar application for Cook County, Illinois. Currently, the implemented specialty care consultation application has been used by hundreds of DHS providers delivering services to hundreds of patients.

Scope of Proposed Agreement

The proposed agreement with SNC will deliver the following key outcomes:

- Sustain project objectives initiated by LA Care; and

- Continue development, implementation, and maintenance of the electronic specialty care consultation application designed to DHS unique specifications.

Closing

DHS will proceed with sole source negotiations with SNC in two weeks from the date of this memorandum unless advised otherwise by your Board.

If you should have any questions, please do not hesitate to contact me.

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c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Chief Information Office