



**Health Services**  
LOS ANGELES COUNTY

October 15, 2014

**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

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

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



SUBJECT: **NOTIFICATION OF DEPARTMENT OF HEALTH SERVICES' USE OF DELEGATED AUTHORITY TO EXECUTE AMENDMENTS RELATED TO ORCHID IMPLEMENTATION – STATUS REPORT NO. 1**

**Mitchell H. Katz, M.D.**  
Director

**Hal F. Yee, Jr., M.D., Ph.D.**  
Chief Medical Officer

**Christina R. Ghaly, M.D.**  
Deputy Director, Strategic Planning

This is to advise the Board that the Department of Health Services (DHS) has exercised its delegated authority, approved by the Board on December 3, 2013 (attached), authorizing the Director of DHS or his designee, to execute amendments to facilitate timely and successful implementation of the Online Real-time Centralized Health Information Database (ORCHID).

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

Tel: (213) 240-8101  
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[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

As of October 10, 2014, 11 contract amendments have been executed, with a total amount of \$1,187,674, under this delegation of authority. Attachment 1 (Inventory of Executed ORCHID-Related Amendments) outlines the details of these amendments.

*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.*

DHS anticipates future contract amendments that will be executed under delegated authority to ensure successful implementation of ORCHID.

County Counsel has reviewed and approved said amendments as to form. The Chief Information Office has reviewed and approved all applicable amendments. If you have any additional questions or require additional information, please let me know.

MHK:jl

Enclosures (2)

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



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## INVENTORY OF EXECUTED ORCHID-RELATED AMENDMENTS

No.	Agreement No.	Contractor	Execution Date	Amended Amount	Impacted Facilities						Amendment Description	
					LAC+USC MC	H-UCLA MC	MLK Outpatient Center	RLANRC	OV-UCLA MC	HD Regional Health Center		
1	H-705692	Varian Medical Systems	03/26/14	\$10,687	x							Interface to ORCHID
2	H-702891	Olympus America, Inc.	04/23/14	\$8,750		x						Interface to ORCHID
3	77540	MMODAL Services, Ltd.	05/23/14	\$76,000		x						Implementation of radiology transcription system <sup>2</sup>
4	H-703334	Insight Health Corporation	05/23/14	\$141,000			x		x			Interface to ORCHID
5	H-702430	McKesson Technologies, Inc.	8/21/14	\$263,906 <sup>1</sup>	x	x	x		x			Term extension for Operating Room Scheduling Office System (ORSOS); will eventually be replaced by ORCHID. <sup>2</sup>
6	H-702891	Olympus America, Inc.	09/08/14	\$8,750	x							Interface to ORCHID
7	H-701585	Philips Medical Systems, Inc.	09/17/14	\$258,581		x						Biomedical Device Integration (BMDI), including hardware upgrades to existing biomedical devices <sup>2</sup>

<sup>1</sup> Reflects the annual amount for the 1<sup>st</sup> contract year extension through August 31, 2015. The amendment allows for extension until August 31, 2018 for a potential total increase of \$538,696.14. As ORSOS will be replaced at each DHS facility with ORCHID's equivalent module, future amendments to Agreement H-702430 will significantly reduce the contract sum.

<sup>2</sup> Amendment required for successful implementation of ORCHID.

No.	Agreement No.	Contractor	Execution Date	Amended Amount	Impacted Facilities						Amendment Description
					LAC+USC MC	H-JCLA MC	MLK Outpatient Center	RLANRC	OV-JCLA MC	HD Regional Health Center	
8	H-704528	Quest Diagnostics, Inc.	09/30/14	\$0	x	x	x	x	x	x	Interface to ORCHID
9	H-704527	Focus Diagnostics, Inc.	10/09/14	\$0	x	x	x	x	x	x	Interface to ORCHID
10	H-705839	Cerner Healthcare Solutions, Inc.	10/09/14	\$420,000		x	x				Retrieval of electronic prescriptions into the Outpatient Pharmacy Information System (OPIS) 2
11	77540	MMODAL Services, Ltd.	10/10/14	\$0	x	x	x	x	x	x	Revision of pathology transcription workflow for PathNet
<b>Total Amended Amount</b>				<b>\$1,187,674</b>							



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December 03, 2013

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

Dear Supervisors:

**APPROVAL OF AMENDMENT NUMBER 1 TO AGREEMENT H-705407  
WITH CERNER CORPORATION AND DELEGATION OF AUTHORITY TO  
AMEND AGREEMENTS WITH CERNER AND OTHER CONTRACTORS  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

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

**SUBJECT**

Approval of (i) Amendment Number 1 to Agreement H-705407 with Cerner Corporation for the provision of an Electronic Health Record System, also known as the Online Realtime Centralized Health Information Database, for the Department of Health Services, (ii) delegated authority to the Director of Health Services to further amend the Agreement with Cerner, and (iii) delegated authority to the Director to amend equipment and information technology agreements that may be impacted by the implementation of the Online Realtime Centralized Health Information Database.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Delegate authority to the Director of Health Services (Director), or his designee to execute Amendment Number 1 to Agreement H-705407 with Cerner Corporation (Cerner) with no change to the Maximum Contract Sum, effective on execution, to (i) expend Pool Dollars in the amount of approximately \$6.83 million in one-time fees and approximately \$10.30 million in recurring fees over the 15 year term of the Agreement for the acquisition, implementation, hosting, and support of Cerner's cardiology licensed software

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22 December 3, 2013

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

as part of the Optional Work under the Agreement, prior to Go-Live and based on the financial terms set forth in the Agreement; and (ii) execute Change Orders prior to the completion of Go-Live for expenditure of Pool Dollars up to approximately \$6.63 million for the acquisition of additional end-user training Professional Services as part of Optional Work under the Agreement.

2. Delegate authority to the Director, or his designee, to amend the Cerner Agreement to: (i) revise the date of the system validation session and the dates of any dependent tasks, including the change of Go-Live date by the equal number of days; (ii) modify all cluster Go Live dates so that they fall on the first of the calendar month; (iii) revise the order of cluster implementation; and (iv) revise the Go-Live date of any cluster and subsequent dependent cluster Go-Live date, task deliverables or event up to a combined total of 120 days in order to account for any unexpected delays to the project schedule or if it is otherwise determined by the Director, to be in the best interest of the Online Realtime Centralized Health Information Database (ORCHID) Project and the County, with all actions subject to review and approval by County Counsel, the Chief Information Office (CIO), and with notification to the Board and Chief Executive Office (CEO).

3. Delegate authority to the Director, or his designee, to amend equipment maintenance and Information Technology (IT) agreements to facilitate successful and timely implementation of ORCHID, including but not limited to: acquisition of interfaces and related services; procurement of professional services; migration/archival of data and related professional services; extension of the term of agreements; increase of maximum agreement sums to effectuate the required aforementioned changes based on industry standard rates; and termination of such agreements in whole or in part in accordance with terms of each agreement, with all actions subject to review and approval by County Counsel and the CIO (if applicable) with notification to the Board and the CEO at a total estimated cost of \$3.80 million.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Agreement with Cerner for the Department of Health Services' (DHS) Electronic Health Record, also known as the ORCHID was approved by the Board on November 27, 2012. On January 22, 2013, the Board approved funding of \$359.00 million of funding for ORCHID for the first five-year period.

#### **Recommendation One**

Approval of the first recommendation will allow execution of an Amendment to the Agreement with Cerner to enable DHS to effectuate several actions with no change to the Maximum Contract Sum previously approved by the Board.

The Agreement's Contract Sum includes Pool Dollars, which are available for Optional Work that can be procured after final cluster Go-Live including: (i) additional professional services and the purchase of new software licenses the pricing of which was negotiated as part of the Agreement with expenditures authorized by the Director through the issuance of Change Orders; and (ii) additional Electronic Health Record (EHR) Capabilities, including purchase of a cardiovascular information system, which the County may purchase through a Board approved Amendment to the Agreement.

Pool Dollars for Optional Work are currently restricted for use after Go-Live. These funds are needed before Go-Live to enable Cerner to provide additional training to DHS staff in advance of ORCHID's first Go-Live date and to exercise the County's option to include Cerner's cardiology software as part of the Licensed Software in this implementation. This action will not increase funding in the Agreement. It will simply remove the restriction on using funds that are currently allocated in the Agreement for Professional Services and New Software in advance of Go-Live. When the Cerner Agreement was initially negotiated, the cardiology software was a fairly new offering from Cerner and there was not sufficient time to fully evaluate the solution before the Agreement was finalized and approved. However, DHS decided at the time to leverage the ability to include locked in pricing for the solution in the Agreement with an option to purchase it through the use of Pool Dollars. Subsequently, DHS and Cerner completed an assessment of DHS' current state and the proposed solution.

DHS determined that implementation of the Cerner cardiology software will deliver a cardiovascular reporting solution across DHS and will be fully integrated into ORCHID. It will replace a variety of disparate and paper based systems. In most cases, the current DHS clinical imaging and reporting systems are at maximum capacity in terms of licensing and end-of-life from a support perspective. Accessing cardiovascular images and results across the DHS enterprise varied with respect to the particular systems and workflows in use at each facility. Cerner's software supports the ability to order, schedule, read, and report Catherization, Echocardiogram and Vascular studies from one application suite and simultaneously provide ubiquitous access to these studies and reports from ORCHID.

#### Recommendation Two

The second recommendation will enable the Director to specifically exercise the delegated authority to amend the Agreement to change Go-Live dates, subject to review and approval of County Counsel and the CIO with notice to the Board and CEO.

By way of background, DHS requests to reschedule the third of three trips that staff must take to Kansas City to build ORCHID. The Agreement requires a contingent of DHS employees to travel three times to Kansas City for ORCHID's build. The first trip for "System Review" took place the week of July 7 through 12, 2013, and resulted in a 10 percent overall build. The second trip for "System Design" took place September 30 through October 4, 2013, and resulted in a 50 percent build.

The third trip for "System Validation" is scheduled December 9 through 13, 2013, and will result in a 90 percent build. However, because this trip will occur during the holidays and may impinge staff's family commitments and travel plans, with potentially adverse impact on attendance, upon Board approval, DHS will be moving that trip to January 6 through 10, 2014. This change would also give DHS additional time to mature the build effort after the second trip along with providing a fresh start to the new year. No additional funding is needed; however, this change would result in the Go-Live date for the ORCHID System being moved back 28 days from June 23, 2014 to July 21, 2014.

An Amendment to the Agreement is needed to move the Go-Live dates. The Go-Live dates need to be moved to first day of the calendar month to eliminate any partial month financial/regulatory reporting and reconciliation process. Given the criticality of the decision to go live, DHS is requesting delegated authority to change that date and dependent dates for a combined total of 120 days; based on a balancing of the readiness of the system and testing results and the need to address unforeseen issues with the need for a timely implementation. In looking at recent electronic health record implementations in health systems of a similar complexity and size, these implementations

consistently hit their Go-Live targets anywhere from 90 to 120 days beyond the initial target date. Because changes to the agreement's Go-Live dates require a formal Amendment, DHS has included Amendment language to delegate authority to the Director to adjust the agreement's Go-Live dates for any cluster by up to a combined total of 120 days. These changes will not require additional funding.

### Recommendation Three

Approval of the third recommendation will delegate authority to amend or terminate equipment and IT agreements impacted by ORCHID'S implementation. DHS has determined there are number of existing clinical IT application and equipment maintenance agreements that will be retained and software and/or equipment will need to interface with ORCHID. There are also other clinical IT applications that may be discontinued and others that may be phased-out requiring associated archival and data migration professional services. Extension of terms for agreements are required to be aligned with ORCHID's staggered implementation and may require increase of agreements' maximum sum to continue the service until the successful replacement or implementation of interface has been completed and validated, and on-going maintenance for the interfaces initiated. Certain agreements may need to be terminated because functionality will be replaced by ORCHID.

Agreement maximum sums may need to be increased to effectuate these changes. DHS has calculated the total estimated cost of \$3.80 million. DHS is identifying the Agreements that will require modification. Therefore, rather than file an individual Board letter for each potentially impacted Agreement, the delegation will allow DHS to amend or terminate agreements as needed over the course of ORCHID's implementation. DHS will keep the Board informed of what actions are taken in regards to each agreement, and DHS will work closely with County Counsel, and the CIO if appropriate, to effectuate the necessary Amendments and provide notice to the Board and CEO. The total estimated cost of \$3.80 million is funded within the January 22, 2013 Board approved \$359.00 million of funding for ORCHID for the first five-year period.

### Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operation Effectiveness, Goal 2, Fiscal Sustainability, and Goal 3, Integrated Services Delivery, of the County's Strategic Plan.

### FISCAL IMPACT/FINANCING

Funding is included in the Fiscal Year (FY) 2013-14 Final Budget and will be requested in future fiscal years as needed in accordance with the January 22, 2013 Board approved \$359.00 million of funding for ORCHID for the first five-year period.

### FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Because of the importance of this project, DHS continued to retain Foley & Lardner, in conjunction with County Counsel, to advise on implementation. The CIO concurs with the Department's recommendation and that office's analysis is attached as Attachment A.

### CONTRACTING PROCESS

The requested actions include amending the current Cerner Agreement that was originally awarded as a result of a Request for Proposals process. Acquisition of the Cerner cardiology software and the Professional Services for training is permissible through an Agreement Amendment as there are Pool Dollars specifically identified in the Agreement to do so. The delegated authority to amend equipment maintenance and clinical IT agreements is necessary as only a current contractor can provide interfaces and/or professional services with regards to their equipment and software.

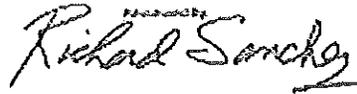
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will enable DHS to implement a centralized, standardized, and enterprise-wide EHR System which ensures patients seeking services at any location within DHS receive consistent care, supported by the same EHR across the entire care continuum.

Respectfully submitted,



Mitchell H. Katz, M.D.  
Director



RICHARD SANCHEZ  
Chief Information Officer

MHK:KH:kh

Enclosures

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