



Health Services
LOS ANGELES COUNTY

October 7, 2015

**Los Angeles County
Board of Supervisors**

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Mitchell H. Katz, M.D.
Director

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

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Los Angeles, CA 90012

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www.dhs.lacounty.gov

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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TO: Mayor Michael D. Antonovich
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

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

SUBJECT: UPDATE ON NOTICE OF INTENT TO ISSUE WORK ORDER EXCEEDING \$300,000 UNDER THE MASTER AGREEMENT FOR AS-NEEDED PROCESS IMPROVEMENT SERVICES

This is to advise the Board of an update to the Scope of Work to the Department of Health Services' August 14, 2015, Notice of Intent to Issue Work Order Exceeding \$300,000 Under the Master Agreement for As-Needed Process Improvement Services Board Correspondence (attached), with ThedaCare Center for Healthcare Value (ThedaCare Center).

On June 4, 2014, the Board authorized the Department of Health Services to accept a \$750,000 grant award from UniHealth Foundation to support Harbor-UCLA Medical Center (Harbor-UCLA MC) in leading a system-wide transformation using Lean philosophies to enable Harbor-UCLA MC to continue enhancing patient access and experience. Through a competitive process, ThedaCare Center was selected vendor to provide the Lean training at Harbor-UCLA MC.

After an initial review, ThedaCare Center has made a recommendation to the Harbor-UCLA MC leadership that participants should attend off-site training to gain insights into Lean management at a mature organization, like ThedaCare Healthcare Organization, which is one of the first healthcare systems in the United States to implement Lean. Accordingly, Harbor-UCLA MC will apply a portion of the \$157,500 Optional Pool Dollars in ThedaCare Center's Work Order to obtain off-site training to allow participants to observe an established Lean environment and how front-line employees use Lean to solve problems and create a work environment for daily improvement. Participants will also gain a deeper understanding of the role and behaviors required of senior executives in leading a Lean organization. To gain this additional valuable off-site Lean exposure, Harbor-UCLA MC intends

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to send approximately 40 senior leaders over a three-year period to this training at a mature Lean facility.

The maximum obligation for this Work Order will not change. The Work Order's fixed price for the on-site training and coaching provided by ThedaCare Center is \$592,500. In addition, up to \$157,500 is allocated for Optional Pool Dollars, for a total of \$750,000, which is funded entirely by a grant award from UniHealth Foundation. Over the three-year period, an estimated amount of \$78,000 from the Optional Pool Dollars will be used for training registration fees to ThedaCare Center, and an estimated amount of \$46,800 from the Optional Pool Dollars will be used for travel expenses, including hotel, airfare, etc. Any unused amount from the Optional Pool Dollars will be used for supplies, materials, and support training. UniHealth Foundation has approved the reallocation of the budget for additional travel and training expenses and an Administrative Amendment was executed on September 30, 2015.

If you have any questions or require additional information, please let me know or you may contact Kathy Hanks at (213) 240-7819, or at khanks@dhs.lacounty.gov.

MHK:sa

Attachment

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



Health Services
LOS ANGELES COUNTY

August 14, 2015

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TO: Mayor Michael D. Antonovich
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FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **NOTICE OF INTENT TO ISSUE WORK ORDER
EXCEEDING \$300,000 UNDER THE MASTER
AGREEMENT FOR AS-NEEDED PROCESS
IMPROVEMENT SERVICES**

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Director

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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.

This is to advise the Board of our intent to request the Chief Executive Office (CEO) to execute a Work Order under the Master Agreement for As-Needed Process Improvement Services (Master Agreement), with ThedaCare Center for Healthcare Value (ThedaCare Center) in the amount of \$750,000 to support the Toyota Production System known as Lean. The period of performance for the Work Order is three (3) years. In accordance with established Master Agreement guidelines, prior Board notice is required for projects that exceed \$300,000.

BACKGROUND

On June 4, 2014, the Board authorized the Department of Health Services (DHS) to accept a \$750,000 grant award from UniHealth Foundation to support Harbor-UCLA Medical Center (Harbor-UCLA MC) in leading a system-wide transformation using Lean philosophies to enable Harbor-UCLA MC to continue enhancing patient access and experience. DHS also received delegated authority to select a consulting agency to provide the Lean training through a competitive process.

Lean is a management philosophy and set of tools that is centered on identifying what practices add value by reducing everything else. Lean was developed and refined by Toyota over the last 60 years to support the continuous pursuit of high quality. In a healthcare delivery setting, this is achieved through eliminating wasteful activities and processes, improving customer service, increasing staff engagement, shortening wait times, and reducing costs of wasteful, non-value added work. Lean will allow Harbor-UCLA MC to align the work of all levels of the organization toward its organizational goals, regulate the flow of



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information from the frontline to senior leaders and back, and provide connecting points during which Harbor-UCLA MC leaders can develop teams and staff that will engage in meaningful problem solving which can be applied to their daily work. Embedding Lean throughout the organization will also allow Harbor-UCLA MC to meet the Triple Aim mandate of the Health Reform, namely to provide better healthcare at lower costs with improved population health outcomes.

SCOPE OF WORK

The recommended proposer, ThedaCare Center, will use an integrated education and training approach to train and certify staff (participants), including executives, clinicians, and managers in Lean philosophies and tools to enhance the quality of care and patient services while simultaneously reducing the overall cost of care by eliminating waste. During a three (3) year period, ThedaCare Center will be providing on-site classroom training and coaching to staff at Harbor-UCLA MC. The training will consist of developing practices that will foster an environment of continuous process improvement and an action plan for the organization to achieve, sustain, and continuously improve the measurable performance of access, safety, and quality goals. This training will include practical hands on experience in applying A3 thinking (a standardized tool for change management, project management, human development, and knowledge sharing) to problems in the participants' work areas. Additionally, coaching for improvement consultations will provide participants with coaching principles, applications, and practices to become effective coaches in their daily work setting. A summary document outlining the detailed analysis performed by participants and specific tactics to implement strategies will be provided by ThedaCare Center.

SELECTION PROCESS

On July 1, 2015, DHS released a Request for Services (RFS) to three firms from the CEO's Master Agreement List for As-Needed Process Improvement Services. Two proposals were received by the July 22, 2015, due date. Each proposal was evaluated based on criteria identified in the RFS including: Work Plan, Personnel, Experience, and Capabilities. Using the informed averaging evaluation methodology, ThedaCare Center was determined to be the highest ranked proposer. Although ThedaCare Center did not have the lowest cost proposal, their proposal provided a detailed approach on how they would meet the deliverables and demonstrated an excellent understanding of the scope of work. The non-selected proposer was offered and given a Proposal Review. There were no protests as a result of this solicitation.

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FISCAL IMPACT

There is no net County Cost. The maximum obligation for this Work Order is \$750,000, and this entire amount will be funded through the UniHealth Foundation grant award.

NOTIFICATION TIMELINE

Consistent with the policy and procedures for the Master Agreement for As-Needed Process Improvement Services, we are informing the Board of our intent to execute the above mentioned Work Order. If no objection is received from the Board within one week of this filing, we will submit the Work Order request to CEO for review and approval.

If you have any questions or require additional information, please let me know or your staff may contact Kathy Hanks at (213) 240-7819, or at khanks@dhs.lacounty.gov.

MHK:sa

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