October 31, 2017

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 TO DELEGATE AUTHORITY TO AMEND FOUR AGREEMENTS WITH CERNER (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

CIO RECOMMENDATION: APPROVE [x]

**SUBJECT**

Approval of delegated authority to execute amendments to the Agreements with: (i) Cerner Corporation for the provision of the Jail Health Information System for the Los Angeles County Sheriff’s Department to extend the agreement, increase the maximum contract sum, transfer its management to the Health Agency, and take other related actions; (ii) Cerner Healthcare Solutions, Inc. to expand the use of the Outpatient Pharmacy Information System to Integrated Correctional Health Services; (iii) Cerner Corporation for the provision of an Electronic Health Record System, also known as the Online Realtime Centralized Health Information Database, for the Departments of Health Services and Public Health, to make changes to the licensing methodology and changes related to the transfer of the Jail Health Information System to the Health Agency; and (iv) Cerner Corporation for the provision of the Probation Electronic Medical Records System to address any changes related to the transfer of the Jail Health Information System to the Health Agency.
IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of the Health Agency, or his designee (Health Agency Director) or the Sheriff, or his designee (Sheriff), as applicable, to execute amendments to the Los Angeles County Sheriff's Department's (LASD) Agreement Number 77871 (JHIS Agreement) with Cerner Corporation (Cerner) for the Electronic Health Record (EHR) system, commonly referred to as the Jail Health Information System (JHIS) to: (i) transfer management of the JHIS Agreement to the Health Agency, with the Health Agency Director exercising all rights previously granted to the Sheriff with respect to the JHIS Agreement; (ii) exercise each of the five available one-year term extension periods and increase the maximum contract sum in an amount not-to-exceed $17 million dollars, from $36,551,523 to $53,551,523, with the authority to reallocate any previously unspent amounts to the various components comprising the system, including pool dollars as appropriate, for the continued provision of JHIS, including software, application management services, hosting, support and maintenance and related services, and the purchase of optional work; (iii) use pool dollars to purchase the software and services necessary to expand the Department of Health Services (DHS) pharmacy system to Integrated Correctional Health Services (ICHS), with no increase to the maximum contract sum, and subject to review and approval by County Counsel; and (iv) purchase additional services and/or software and/or take actions with respect to the JHIS Agreement to facilitate the transition of JHIS to the Agency's EHR system, commonly referred to as the Online Realtime Centralized Health Information Database (ORCHID), with no increase to the maximum contract sum; and subject to review and approval of County Counsel and the Chief Information Officer (CIO) and with notice to the Board of Supervisors (Board) and Chief Executive Office (CEO).

2. Delegate authority to the Acting Director of Health Services (DHS Director), or her designee, to execute amendments to Agreement Number H-705839 with Cerner Healthcare Solutions, Inc. for the provision of the Etreby Outpatient Pharmacy Information System (OPIS Agreement) to: (i) allow DHS to extend the use of the Outpatient Pharmacy Information System (OPIS) to ICHS and increase the contract sum by one million dollars; (ii) expand the use of OPIS to other County pharmacies using OPIS Agreement pool dollars, with no further increase to the maximum contract sum, and (iii) continually reallocate fee components comprising the contract sum, with no increase to the maximum contract sum, with all such actions subject to review and approval by County Counsel, and as applicable, by the CIO.

3. Delegate authority to: (i) the Health Agency Director to amend Agreement H-705407 with Cerner (ORCHID Agreement) for the provision of ORCHID; and (ii) the Chief Probation Officer, or her designee, to amend Agreement Number 77285 with Cerner for the provision of the Probation Electronic Medical Records System (PEMRS Agreement); with both amendments to allow for changes to the licensing
model in each agreement to convert to a concurrent user licensing model, and as
necessary, to address the impending integration of JHIS into ORCHID and take
related actions, with no increase in the maximum contract sum of either agreement.

PURPOSE AND JUSTIFICATION OF RECOMMENDED ACTION

Background - ICHS

On June 9, 2015, the Board approved the proposed integrated jail health services
organizational structure and the multi-phased transition of jail health staff from the
Department of Mental Health and LASD Medical Services Bureau to a single, integrated
unit within DHS. Phase II of this transition was approved by the Board on April 4, 2017,
with the transfer of the remaining staff and fiscal appropriation to DHS. In addition, the
Board delegated authority to the DHS Director to execute contract amendments to
transfer authority from LASD for the administration and management of existing contracts
related to the LASD Medical Services Bureau. This authority includes the JHIS
Agreement.

Background - JHIS

On November 20, 2012, the Board approved a sole source replacement Agreement with
Cerner for the provision of JHIS remote hosting services, software upgrades, significant
new application functionality, sublicensed software, application management services
and related services, as well as maintenance services, which is all provided via Cerner's
proprietary Millennium software. The JHIS Agreement’s initial term of five years expires
on November 19, 2017. While the Board at that time also approved five 12-month
extension periods, the approval did not include delegation of authority to LASD to
increase the contract sum to effectuate these extensions.

Currently, ICHS personnel use JHIS as the EHR system in the jail setting. In light of the
Board’s creation of ICHS, the Health Agency and LASD working collaboratively have
determined that it is in the best interest of the County to transition both management of
the JHIS Agreement, as well as administration of JHIS, to the Health Agency. This
transition allows those providing care to manage the EHR system used for such care. In
addition, this transition presents an opportunity for the County to move towards its long-
term goal of integrating two of its EHR systems.

JHIS Agreement Amendment

Approval of the first recommendation will allow amendment of the JHIS Agreement to
exercise the five one-year extension periods previously approved by the Board, with an
increase in the contract sum of $17 million dollars, and take other related actions. DHS
and LASD have agreed that LASD will contribute up to $5.5 million annually to defray
some of the costs associated with DHS' takeover of the JHIS Agreement, and that this
funding commitment will continue if DHS is able to integrate JHIS into ORCHID. If DHS
realizes savings as the result of integration, it will return any unused funds to LASD. Likewise, if DHS does not realize savings, DHS will be responsible for any shortfall. Management of the JHIS Agreement only recently transferred to the Health Agency, and with its impending expiration, the Health Agency had minimal time to negotiate price concessions with Cerner. Nonetheless, this extension includes several price concessions, all of which are based on the ORCHID Agreement. For example, a review of the pricing in the two agreements indicated a disparity in support fees, with the County paying Cerner more annually for support services under the JHIS Agreement, even as it included less support than the ORCHID Agreement. This disparity has been eliminated, resulting in a decrease in support fees that will be paid to Cerner. In addition, the annual three percent (3%) increase included in the JHIS Agreement is no longer applicable. These are two examples of a few of the changes to the JHIS Agreement, which will provide an immediate financial benefit to the County.

In addition, approval of the first recommendation will delegate authority to the Health Agency Director to further amend the JHIS Agreement to use pool dollars to purchase the software and services to expand OPIS to LASD locations, as further discussed below.

The extension of the JHIS Agreement is the first phase of the transition of the system to the Health Agency. The next phase of this project, which will require additional Board approvals, involves the integration of JHIS into ORCHID. The Health Agency anticipates returning to the Board in Spring 2018 with a report on the feasibility of integration of JHIS and ORCHID and with recommended amendments to both EHR agreements to address integration activities.

**JHIS and ORCHID Integration**

One of the most promising aspects of the transition of JHIS to the Health Agency is the opportunity to carefully consider and, if in the best interest of the County, effectuate the integration of JHIS into ORCHID. In furtherance of the Board's goal to improve patient care by utilizing a centralized County-wide EHR system, the Health Agency recently advised the Board of its continuing review of options to integrate County EHR systems, as well as alternative paths to provide care in a "one patient, one record" setting. At the time, the Health Agency advised the Board that the integration of JHIS required addressing a number of preliminary issues, including both technological and organizational challenges.

DHS has been advised that JHIS is tightly interfaced with the LASD Automated Jail Information System (AJIS), a system for custody management and tracking, with the location tracking of inmates leveraging custom functionality built into JHIS. This functionality is not normally found in an EHR system, and due to privacy rights, custody tracking and healthcare management should occur in separate systems of record, such that ORCHID should not be modified to provide this functionality. In order for ORCHID to successfully replace JHIS as an EHR system, it may be advisable to replace AJIS with a current offender management system (OMS), with all management and tracking of
inmates occurring in an OMS. Fundamentally, DHS believes that JHIS has been modified over the years to be more than a typical EHR system. Many of these modifications are not suitable for a modern EHR system, and should rather be addressed in a modernized OMS. In addition, DHS anticipates possible organizational and legal challenges in any integration activities, including budgetary and resource constraints.

While the Health Agency continues to believe that integration will be challenging, it also believes that the transition activities in jail medical services present a perfect opportunity for in-depth analysis of this issue. In the next six to eight months, the Health Agency intends to review the capabilities of both JHIS and ORCHID in detail. This review will include an in-depth assessment of JHIS and a gap analysis of ORCHID, with the intended goal of a definitive and detailed answer to the feasibility of integrating the two EHR systems. While the Health Agency cannot guarantee that the integration activities are feasible, we strongly believe them to be so, and plan to return to the Board in the Spring 2018 to address this issue. In addition, the Health Agency has received Cerner's commitment to focus on integration activities. Consequently, nearly all new activity with respect to JHIS will stop, and except for JHIS activities that address an urgent patient need, the focus with respect to JHIS will be on integration.

**OPIS Agreement**

DHS currently contracts for an outpatient pharmacy system, commonly referred to as OPIS, with Cerner. OPIS interfaces with ORCHID and includes licensing, maintenance and support for DHS’ outpatient pharmacies. Approval of the first and second recommendations addresses one of the urgent patient needs that require implementation of new systems in ICHS, by: (i) using pool dollars from the JHIS Agreement to purchase certain electronic prescribing functionality, interfaces and related items; (ii) increasing the contract sum of the OPIS Agreement by an amount not-to-exceed one million dollars to $9,331,327 to increase the number of OPIS licenses, electronic prescribing transactional fees, and take related actions to deploy OPIS at ICHS; and (iii) allowing DHS to continually reallocate the fee components comprising the contract sum of the OPIS Agreement, including ongoing maintenance fees, transactional volume-based fees, and pool dollars, to support potential changes to OPIS during the term of the OPIS Agreement.

As part of the establishment of a single, integrated jail health services operation, DHS established a Care Transitions unit to support care coordination and linkage to out of jail services in order to optimally support inmates (patients) when they re-enter communities upon their release. To support the Care Transitions unit, DHS intends to establish new discharge pharmacies located in the Twin Towers Correctional Facility and Century Regional Detention Facility. As part of the development of the Care Transitions unit, a new process is being implemented to provide all patients at the time of release with a 30-day supply of the essential medications they were receiving in jail. The existing in-house jail pharmacies will use OPIS to fill the 30-day supply of medications. The 30-day supply of medications will enhance access to care by providing patients who are newly released
from jail sufficient time to connect to a medical and/or mental health provider in the community for continuing care without a lapse in their essential medications.

In order to facilitate the activities of these pharmacies, DHS plans to implement OPIS, its current outpatient pharmacy system. Implementation of OPIS at these pharmacies will require the purchase of certain functionality for JHIS to allow for electronic prescribing and interfacing with OPIS, the purchase of OPIS licenses for additional pharmacies and the purchase of hosting services under ORCHID. While the goal of DHS is to limit new projects impacting JHIS, the activities related to the jail pharmacies address an urgent patient need and as such, are in the best interest of the County.

**ORCHID and PEMRS Agreements**

Approval of the third recommendation will enable DHS and Probation to execute amendments to the ORCHID and PEMRS agreements respectively to allow for changes to the licensing model in each agreement to address the impending integration of JHIS into ORCHID and take related actions. With respect to the ORCHID Agreement, amendments are necessary to reflect the conversion of the JHIS licenses to concurrent user licenses under ORCHID, which we are effectuating in preparation for the integration of JHIS and ORCHID. With respect to the PEMRS Agreement, as Probation licenses the Millennium software for its EHR system pursuant to the JHIS Agreement, any changes to the licensing methodology for JHIS potentially impact the PEMRS Agreement. These changes will not increase the contract sum for either agreement, but are necessary to address the impact of the transition of JHIS licensing from named user to concurrent user.

**Implementation of Strategic Plan Goals**


**FISCAL IMPACT/FINANCING**

The current contract sum for the JHIS Agreement is $36,551,523. If approved, the actions set forth in the first recommendation shall increase that contract sum to $53,551,523. DHS will be responsible for the foregoing fees, with the understanding that LASD will pay DHS for actual fees not-to-exceed $5.5 million annually as its share of costs associated with JHIS. LASD’s share of costs for Fiscal Year (FY) 2017-18 will be prorated for the period from November 20, 2017 through June 30, 2018.

The current contract sum for the OPIS Agreement is $8,331,327. If approved, the actions set forth in the second recommendation are expected to increase the contract sum to $9,331,327.
There is no change to the maximum contract sum for the ORCHID and PEMRS agreements.

Funding for the recommended actions is included in the FY 2017-18 Adopted Budget and will be requested in future fiscal years as needed for all agreements.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

JHIS Agreement

The Board initially approved the first agreement for JHIS with Cerner to develop, implement, and maintain JHIS in 1998 as a result of a Request for Proposals (RFP). JHIS was initially implemented to address the concerns and mandates of the Department of Justice by addressing improved efficiencies and effectiveness for the inmate care delivery system. JHIS was implemented in three phases and successfully operated for ten years with LASD providing hosting services. The current JHIS Agreement was approved as a successor sole source agreement, and included a transition of hosting from LASD to Cerner’s data center in Kansas City, Missouri, as well as ongoing upgrade implementation, security, application management, and maintenance and support services.

OPIS Agreement

The Board approved the current sole source OPIS Agreement with Cerner Healthcare Solutions on April 2, 2013, to support DHS Outpatient Central Fill Services provided by Cardinal Health Pharmacy Services, LLC (Cardinal). With the implementation of ORCHID, all prescriptions are prescribed by DHS healthcare providers in an electronic manner. ORCHID sends the electronic prescriptions to OPIS for transfer to Cardinal for fulfillment of the outpatient prescriptions.

ORCHID Agreement

The current ORCHID Agreement was awarded as a result of a competitive solicitation. It was initially approved by the Board on November 27, 2012. Pursuant to the ORCHID Agreement, Cerner provides ongoing maintenance and support services, hosting services, application management and professional services. ORCHID provides an integrated EHR across all care settings in DHS and is currently being extended to the Department of Public Health. In July 2017, an average ORCHID day included: 12,122 unique users; 81,574 orders; 1,326 emergency department and urgent care visits; and an average daily census of 1106 occupied beds.

PEMRS Agreement

The Board approved the current PEMRS Agreement on June 1, 2010, to provide an EHR for detained minors in the care and custody of the Probation Department. PEMRS is a
collaboration among three departments, namely DHS, DMH, and Probation. PEMRS was established to manage healthcare in juvenile halls and camps. It is used to perform intake screening, make medical and mental health referrals and document medication. DHS and DMH use PEMRS to support clinical workflows and capture and manage clinical documentation.

Use of Outside Counsel

Because of the importance of this project, County Counsel continues to retain Foley & Lardner, LLP to work in conjunction with County Counsel, to advise on implementation and contract issues.

The Chief Information Office (CIO) reviewed this Board letter and recommends approval. The CIO determined that because the recommended actions do not include any new technology-related matters, a formal CIO Analysis is not required.

CONTRACTING PROCESS

The recommended actions are to amend existing Board approved agreements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will enable LASD and ICHS to continue to use JHIS and give the Health Agency an opportunity to review the feasibility of integrating JHIS and ORCHID, with the hope of achieving a centralized, standardized, enterprise-wide EHR system.

Respectfully submitted,

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Director

Respectfully submitted,

Terri L. McDonald
Chief Probation Officer

Respectfully submitted,

Jim McDonnell
Sheriff

Reviewed by:

Peter Loo
Acting Chief Information Officer

MHK:JM:PL:kh
c: Executive Office, Board of Supervisors
   Chief Executive Office
   County Counsel