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Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

May 26, 2005

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

Dear Supervisors:

AMENDMENT NO. 3 TO AGREEMENT NO. H-212411 WITH EXM INC.
FOR SIGMA SOFTWARE MAINTENANCE SERVICES
(2nd and 5th Districts) (3 Votes)

CIO RECOMMENDATION: [X] APPROVE [ ] APPROVE WITH MODIFICATION [ ] DISAPPROVE

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to sign Amendment No. 3 to Agreement No. H-212411 with EXM Inc., Exhibit I, for SIGMA software maintenance services at Harbor-UCLA and Olive View-UCLA Medical Centers, effective July 1, 2005 through December 27, 2005, at no additional net County cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

In approving the recommended action, the Board is authorizing the Director of Health Services, or his designee, to sign Amendment No. 3 with EXM Inc. (EXM) for a 180-day extension, effective July 1, 2005 through December 27, 2005, for SIGMA software maintenance services at Harbor-UCLA (Harbor) and Olive View-UCLA (Olive View) Medical Centers. The EXM Agreement expires on June 30, 2005. EXM has been the sole provider of SIGMA software maintenance services since June 1999.

FISCAL IMPACT/FINANCING:

The estimated cost is $154,800 for Harbor and $123,840 for Olive View, for a total estimated cost of $278,640; however, there is no additional net County cost associated with this Amendment. Funding is included in the Fiscal Year 2005-06 Proposed Budget.

The monthly maintenance fees will increase by 20% during this extension. The increase is a result of contract negotiations between the County and the contractor. EXM has not had a monthly maintenance fee increase since July 2002.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On August 23, 1989, the Purchasing Agent approved County Agreement No. A51549 with Compucare Company (Compucare) for the acquisition and maintenance of the turnkey Healthcare Information Systems (HIS) and the acquisition and maintenance of clinical software modules and hardware at Harbor and Olive View.

On June 29, 1999, the Board approved a successor Agreement (No. 72190) with Compucare and QuadraMed Corporation (QMDC) for the turnkey HIS at Harbor, Olive View, and LAC+USC Medical Centers. EXM was a subcontractor of Compucare and QMDC under this Agreement.

On June 19, 2001, the Board 1) approved a sole source agreement with EXM for SIGMA software maintenance services at Harbor and Olive View effective July 1, 2001 through June 30, 2005, 2) requested that the Department of Health Services (DHS or Department) review its decision to use the Operating Room Scheduling and Office System (ORSOS) as the standard surgery scheduling software, and 3) required that Olive View replace their SIGMA surgery scheduling software within the term of the Agreement. The original Agreement allocated Harbor and Olive View $1,442,192 each in "pool" dollars. Pool dollars are to be used to purchase County-requested optional additional services, such as software modifications, software interfaces, and migration assistance. This Amendment provides that pool dollars may also be used to pay these monthly software maintenance fees.

After review of ORSOS, including site visits to a large academic medical center that uses ORSOS and viewing onsite demonstrations at DHS facilities, DHS has selected the upgraded ORSOS as its primary surgery scheduling system and is currently in the process of acquiring the upgraded version. Olive View is anticipated to implement the system by June 2008.

Amendments No. 1 and 2 added Health Insurance Portability and Accountability Act privacy language, and security rules and standards provisions.

Amendment No. 3 will provide for a 180-day extension through December 27, 2005. During this period, the Department will continue contract negotiations with EXM for a three-year contract extension. This anticipated longer-term extension will provide adequate time for the Department to migrate off all SIGMA modules.

As each SIGMA software module is discontinued and the applicable solution is implemented, we will decrease the monthly software maintenance service fees to EXM accordingly.

County Counsel has approved Amendment No. 3 as to form.

The Chief Information Officer concurs with the Department's recommendation.

Attachment A provides additional information.

CONTRACTING PROCESS:

On June 19, 2001, the Board approved a sole source agreement with EXM. The Department has determined that there is no other known source of support for the SIGMA software and that the services provided under this Amendment are of an extraordinary professional and technical nature. County employees cannot perform these services adequately or competently and it is impossible to recruit such personnel to perform such services for the period of time required by County.

The Department has been negotiating with the contractor to extend the Agreement for three years to allow time for a successful migration away from SIGMA software. The negotiations could not be completed prior to the current June 30, 2005 expiration date. Once negotiations are completed, and before this Amendment's December 27, 2005 expiration date, the Department intends to return to the Board to request a three-year extension.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The Board's approval of the recommended action will ensure continuous, uninterrupted SIGMA software maintenance services at Harbor and Olive View.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

Reviewed by:

Jon W. Fullinwider for
Chief Information Officer
(See Attached Analysis)

TLG:lm

Attachments (3)

c: Chief Administrative Officer
Chief Information Office
Cunty Counsel
Executive Officer, Board of Supervisors

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ATTACHMENT A

SUMMARY OF AMENDMENT

1. TYPE OF SERVICE:

SIGMA software maintenance services at Harbor-UCLA and Olive View-UCLA Medical Centers.

2. AGENCY ADDRESS AND CONTACT PERSON:

EXM Inc.
1533 Tzena Way
Encinitas, California 92024
Attention: John Chisholm, President
Telephone: (706) 944-7539

3. TERM:

The term of Amendment No. 3 to Agreement No. H-212411 is July 1, 2005 through December 27, 2005.

4. FINANCIAL INFORMATION:

The estimated cost is $154,800 for Harbor and $123,840 for Olive View, for a total estimated cost of $278,640; however, there is no additional net County cost associated with this Amendment.

Funding is included in the Fiscal Year 2005-06 Proposed Budget.

5. DESIGNATED ACCOUNTABLE FOR PROGRAM EVALUATION:

Mary Morgan, Chief Information Officer
Harbor-UCLA Medical Center and County's Project Director

Melvin Brewster, Chief Information Officer
Olive View-UCLA Medical Center and County's Project Director

6. APPROVALS:

Harbor-UCLA Medical Center:	Tecla Mickoseff, Chief Executive Officer
Olive View-UCLA Medical Center:	Melinda Anderson, Chief Executive Officer
Office of the CIO:	Mary Morgan, Chief Information Officer, DHS
County Chief Information Officer:	Jon W. Fullinwider, Chief Information Officer
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel (approval as to form):	James Kashian, Principal Deputy

CIO ANALYSIS

Department of Health Services Amendment No. 3 to Agreement No. H-212411 with EXM Inc., for SIGMA Software Services

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION ☐ DISAPPROVE

Contract Type:
☐ New Contract ☒ Contract Amendment ☐ Contract Extension
☐ Sole Source Contract

New/Revised Contract Term: Base Term Yrs: 6 months # of Option Yrs N/A

Contract Components:
☐ Software ☐ Hardware ☐ Telecommunications
☒ Professional Services

Project Executive Sponsor: Kathy Shibata, Enterprise Project Director

Budget Information :

Y-T-D Contract Amount	$ 4,894,384
Requested Contract Amount	N/A
Aggregate Contract Amount	N/A

Project Background:

Yes	No	Question
☐	☒	Is this project legislatively mandated?
☐	☒	Is this project subvented? If yes, what percentage is offset?

Strategic Alignment:

Yes	No	Question
☒	☐	Is this project in alignment with the County of Los Angeles Strategic Plan?
☒	☐	Is this project consistent with the currently approved Department Business Automation Plan?
☒	☐	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
☒	☐	Does the project technology solution comply with preferred County of Los Angeles IT Standards?

Project/Contract Description:

The Department of Health Services (DHS) is requesting the Board to delegate authority to the Director of Health Services, or his designee, to sign Amendment No. 3 to Agreement H-212411 with EXM Inc. (EXM), for SIGMA software services at Harbor-UCLA Medical Center (Harbor) and Olive View-UCLA Medical Center (Olive View) effective July 1, 2005 through December 27, 2005, at no additional cost. This six month extension will enable the Department to continue contract negotiations for a longer three year contract extension.

Background:

Compucare, now QuadraMed Corporation (QMDC), discontinued the SIGMA software line about 10 years ago. Harbor operates SIGMA Order Control, Laboratory, Blood Gas, and Pharmacy modules. Olive View has Pharmacy and Surgery Scheduling from the SIGMA line. Support for these modules is currently provided under a sole source Agreement with EXM. approved by your Board on June 19, 2001. This Agreement was effective July 1, 2001 through June 30, 2005.

If approved by your Board, this Amendment No. 3 will provide a six month extension, which will provide DHS additional time to continue contract negotiations for a three year contract extension. This anticipated longer-term extension will allow adequate time to migrate off all SIGMA modules, which are running on obsolete hardware and are no longer vendor supported. All of the SIGMA laboratory, pharmacy, and surgery scheduling modules in use at DHS are currently being replaced or planned for replacement.

Olive View has begun a project to implement the most current version of the DHS standard Surgery Scheduling module, ORSOS from Per Sé Technologies. Harbor is currently implementing a new Laboratory Information System from Mysys Healthcare Systems, the DHS standard. Finally, DHS is in negotiations with General Electric Healthcare to acquire and implement their Centricity Pharmacy Solution, which will be implemented at all DHS hospitals beginning with Harbor and Olive View.

Project Justification/Benefits:

Amendment No. 3 will ensure uninterrupted maintenance services for SIGMA modules at Harbor and Olive View. It also provides DHS additional time to continue contract negotiations for a three year contract extension. This anticipated longer-term extension will allow adequate time to migrate off all SIGMA modules, which are running on obsolete hardware and are no longer vendor supported.

Project Metrics:

EXM will continue successful maintenance of SIGMA modules at Harbor and Olive View under terms of the existing Service Level Agreements at both facilities.

Impact If Proposal Is Not Approved:

SIGMA modules that are critical to patient care at Harbor and Olive View will no longer be maintained, which may impact patient care at these facilities.

Alternatives Considered:

No other alternatives were considered because there is no other known source of support for the SIGMA software.

Project Risks:

There are no identified risks to the Department and County in undertaking this project.

Risk Mitigation Measures:

None

Financial Analysis:

EXM received a negotiated 20 percent increase in maintenance fees for this proposed extension. There is no additional net County cost associated with the Amendment. It will be financed through existing contract pool dollars.

CIO Concerns:

None

CIO Recommendations:

The CIO recommends approval of this Amendment.

CIO APPROVAL

Date Received: 05/19/2005

Prepared by: G McLendey Jr

Date: 05/26/2005

Approved: Jonathan E. Williams

Date: 05/26/2005

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EXHIBIT I

AMENDMENT NUMBER THREE TO
AGREEMENT FOR SIGMA SOFTWARE MAINTENANCE SERVICES
[COUNTY AGREEMENT NUMBER H-212411]

THIS AMENDMENT Number Three is made and entered into this _____ day of _____, 2005, by and between COUNTY OF LOS ANGELES (hereafter "County"), and EXM INC. (hereafter "Contractor"), and amends that certain County Agreement Number H-212411, dated July 1, 2001, captioned "Agreement By and Between the County of Los Angeles and EXM Inc. for SIGMA Software Maintenance Services for Harbor-UCLA Medical Center and Olive View-UCLA Medical Center", including Amendment Number One and Amendment Number Two, (hereafter collectively "Agreement").

WHEREAS, it is the intent of the parties to amend Agreement as set forth herein.

NOW, THEREFORE, Contractor and County hereby agree to amend Agreement as follows:

1. Pursuant to Subparagraph 6.3 of the body of the Agreement, the term of the Agreement shall be extended for one hundred eighty (180) Days, from July 1, 2005, through December 27, 2005.

2. In Exhibit C (Schedule of Maintenance and Services), the phrase "and Subparagraph 30.2.C" in clause (b) of Subparagraph E (Limits of Responsibility) of Paragraph I (SIGMA Software Maintenance) is hereby deleted.

3. During such extended term, the amount of the Monthly SIGMA Software Maintenance Fees shall be increased by twenty

percent (20%) over the amount of the Monthly SIGMA Software Maintenance Fees for Contract Year 4 pursuant to Schedule I (Maintenance Fee Schedule) of Exhibit C (Schedule of Maintenance and Services). For example, if a Monthly SIGMA Software Maintenance Fee for Contract Year 4 is $21,500, pursuant to Schedule I of Exhibit C, then such Monthly SIGMA Software Maintenance Fee during the extended term shall be $25,800.

4. During such extended term, available Pool Dollars, as set forth in Exhibit B (Schedule of Payments), may be used to pay for Monthly SIGMA Software Maintenance Fees.

5. Notwithstanding any other provision of the Agreement, during such extended term, Contractor is permitted to provide SIGMA Software Maintenance for SIGMA Software via remote access twenty-four (24) hours per Day seven (7) Days per week, and is not required to provide on-site maintenance two (2) Days per week per County Facility.

6. This Amendment shall be effective upon its approval by County's Board of Supervisors.

7. Except for the changes set forth in this Amendment, the Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services and Contractor has caused this Amendment to be subscribed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By_____
Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

CONTRACTOR
EXM Inc.

By _____
Name: John Chisholm
Title: President

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By_____
James Kashian
Principal Deputy

APPROVED AS TO CONTRACT ADMINISTRATION:

Department of Health Services

By _____
Chief, Contracts and Grants Division

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lm