Board of Supervisors
#383

COUNTY OF LOS ANGELES
CHIEF INFORMATION OFFICE

500 WEST TEMPLE STREET
493 HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012

JON W. FULLINWIDER
CHIEF INFORMATION OFFICER

TELEPHONE: (213) 974-2008
FACSIMILE: (213) 633-4733

November 24, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Don Knabe, Chair Pro Tem
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: Jon W. Fullinwider
Chief Information Officer

Subject: **STATUS REPORT - COUNTY CONTRACT NO. 74144, SIERRA SYSTEMS, INC FOR HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) REMEDIATION PROJECT ON NOVEMBER 25, 2003 BOARD AGENDA ITEM # 31**

Sierra Systems failed to deliver an Integrated System to meet the requirements of the HIPAA Transaction Code Set (TCS) Rules for all mental health provider-types by October 16, 2003, as required under the terms of the above-referenced Agreement for the Department of Mental Health (DMH). Sierra's failure to deliver a compliant system resulted in the Board's action to suspend approval of new business or contract extensions with Sierra Systems pending the acceptance and outcome of their corrective action plan. A copy of the corrective action plan (Sierra's Los Angeles County Department of Mental Health Integrated System Rollout Plan) was reviewed and submitted to your Board on November 18, 2003. The DMH's project team received the Sierra System corrective plan of action as a realistic expectation for the delivery of key system functionality. Three key deliverables were identified as follows:

Fee for Service – November 24, 2003
Short Doyle - December 15, 2003
Pharmacy – January 5, 2004

The Fee for Service deliverable was tested and validated over the weekend by DMH staff and deemed acceptable for production implementation on November 24, 2003. This deliverable is complete and will receive sustaining support as identified under the Agreement.

However, during our weekly meetings, it has been determined by Sierra Systems that they cannot and will not meet the delivery date proposed in their corrective plan of action for the delivery and implementation of Short Doyle functionality on December 15, 2003. The corrective plan of action has been revised to extend implementation of Short Doyle functionality to January 24, 2004. The full Integrated System, including functionality for all three provider-types, was contractually due on October 16, 2003.

In view of this additional delay, it is the recommendation of the Chief Information Officer that the Board assess liquidated damages to the maximum allowed under the contract. The contract allows for liquidated damages in the amount of $2,000.00 per day for a maximum of 30 days (i.e., $60,000.00 maximum liquidated damages assessment).

The Pharmacy deliverable is still scheduled for implementation on January 5, 2004 and Sierra Systems is confident that it can achieve this deliverable by that date.

In addition to the DMH HIPAA TCS project, Sierra Systems has several contracts with other County departments (i.e., Health Services and Sheriff) where extensions of existing contracts will require renewal prior to the end of this calendar year. These contracts can be characterized as supporting sustaining maintenance for existing computer-based systems currently in production use. It is the recommendation of the Chief Information Officer that existing contracts with Sierra Systems that require renewal to allow for sustaining maintenance support be negotiated and extended subject to normal County contract and procurement rules. This recommendation is based on the fact that Sierra Systems has made material progress with a demonstrated commitment to correcting system deficiencies under the DMH contract. However, it is the recommendation of the Chief Information Officer that the Board continue to enforce its suspension of new business with Sierra Systems until the DMH project (all deliverables) has been successfully implemented, validated and accepted.

With the extension of key deliverable dates in the corrective action plan, the original contract expiration date will be missed and will require DMH to seek Board approval for an Amendment to extend the term of the Sierra Agreement. This action will occur after the Short Doyle deliverable is completed and accepted in January 2004.

The Chief Information Officer will continue to provide monthly status reports to the Board until a successful completion of the DHM HIPAA TCS project is achieved.

If you have questions, please contract Jon Williams or myself at 974-2008.

c: Executive Officer, Board of Supervisors
County Counsel
David E. Janssen, Chief Administrative Officer
David Lambertson, Interim Director of ISD
Marvin Southard, Director Department of Mental Health
Hugh MacLennan, Sierra Systems, Inc.