

June 10, 2026

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TO: Supervisor Hilda L. Solis, Chair
Supervisor Holly J. Mitchell
Supervisor Lindsey P. Horvath
Supervisor Janice K. Hahn
Supervisor Kathryn Barger

FROM: Christina R. Ghaly, M.D. 
Director

**SUBJECT: ADVANCE NOTIFICATION OF INTENT TO ENTER
INTO NEGOTIATIONS FOR SOLE SOURCE
CONTRACTS WITH EPIC SYSTEMS
CORPORATION AND EPIC HOSTING, LLC TO
PROVIDE ELECTRONIC HEALTH RECORDS
(EHR), POPULATION HEALTH, AND REVENUE
CYCLE SYSTEMS, HOSTING, AND SERVICES**

This memo provides advance notification to the Board of Supervisors (Board) that the County of Los Angeles (County) Department of Health Services (DHS) intends to enter into negotiations for sole source agreements with Epic Systems Corporation and Epic Hosting, LLC ("Epic") to provide Electronic Health Records (EHR), population health, and revenue cycle systems, hosting, and services. This notice is being sent in accordance with Board Policy 5.100, which states that County departments that intend to negotiate a sole source service contract for Board approval must provide advance written notice to the Board at least four weeks prior to commencing contract negotiations for a new contract, and at least six months prior to the expiration of an existing contract when it is the department's intent to execute a new sole source contract for the replacement of existing services.

BACKGROUND

In 2012, the Board approved the County's acquisition of an integrated EHR system (named "ORCHID") from Cerner Corp. ("Cerner"), in addition to services from Cerner for the implementation and ongoing support and maintenance, and comprehensive application management services, for ORCHID. The current ORCHID EHR system supports both clinical functions (for patient care, medical documentation, ordering tests/medications, etc.), and some administrative functions (for operational tasks like appointment registration, scheduling, and reporting). Multiple amendments to add additional functions to the system have been approved since 2012.

When the County initiated its Request for Proposals (RFP) process for an EHR in 2011, the EHR market was rapidly evolving, there was significant competition between systems and EHR organizations, and a leading EHR had not been established by the market. The County's critical minimum mandatory requirement under its RFP was that the EHR be fully integrated, meaning the system was able to provide "one single source for truth" from a unified database for patient information.

In 2011, the County determined that only Cerner and Epic met this key minimum mandatory requirement, and County proceeded with its evaluation of those two vendors' respective RFP responses and selected Cerner as its EHR vendor. Over the 15 years since the County procured its EHR, the EHR marketplace, Cerner, Epic, and the importance of the EHR in care delivery, have all dramatically changed. Cerner was acquired by Oracle in 2022, and the Oracle system offered today is no longer a fully-integrated system operating on a single platform and database. Each of Oracle's core EHR, population health, and revenue cycle functions use different technology infrastructures and databases. The current Oracle system as applied to EHR, population health, and revenue cycle, would not meet the County's 2011 minimum mandatory requirements. In that same timeline, no vendor other than Epic has emerged that would be able to meet this minimum mandatory requirement.

Per prior approval from the Board, DHS has been in negotiations with Oracle to purchase Oracle's revenue cycle system under the County's 2012 ORCHID agreement. DHS needs a new revenue cycle system to enable its billing transformation and transition to line-item billing. The proposed pricing for the Oracle revenue cycle system (which is a system that is new to the market and is only operating at a few hospitals) is significant, with a projected total cost of ownership over the first 10 years in excess of \$200 million. The cost to add the Oracle revenue cycle system has caused DHS leadership to question how the increased costs of the Oracle system after adding Oracle's revenue cycle product compares to the total cost of transitioning to and operating Epic's EHR system.

JUSTIFICATION

Currently, Epic is the only EHR system that is fully integrated with population health and revenue cycle, that uses the same coding and a common database across all capabilities, and that supports large academic medical centers and the largest health systems in the country for both inpatient and ambulatory services. Many of the largest public health systems in the U.S. use Epic, including New York City Health and Hospitals (11 hospitals and 29 health centers) in New York, Jackson Health System (seven hospitals and 10 health centers) in Florida, Harris Health (two hospitals and 16 health centers) in Houston, Texas, and Parkland Health (one hospital and 17 health centers) in Dallas, Texas.

Based on KLAS Research (KLAS) ratings (KLAS is a leading independent healthcare industry market research firm), industry publications, and observations of leading health care executives, Epic is a reliable and trusted business partner, and the Epic system (i) is routinely the highest rated EHR system according to KLAS, (ii) is used to train the vast majority of medical students, (iii) is the system most physicians prefer, consistently achieving the highest clinical satisfaction ratings among EHR users, (iv) is known to function well and in an integrated way in the largest and most complex health care organizations, and (v) is the only system adding significant new customers over the last several years.

The projected annual operating costs for the entire, integrated Epic system are lower than the projected annual operating costs for the County's existing Oracle system with the addition of the Oracle revenue cycle system. The projected one-time costs to transition to the entire Epic system, including Epic's EHR, revenue cycle, and population health solutions, are higher than the projected one-time costs to add the Oracle revenue cycle system to the County's existing EHR and population health solutions that are provided by Oracle. As compared to proceeding with Oracle's revenue cycle system, the County will realize savings on its annual operating costs within three years of executing a contract with Epic, and will realize net savings with Epic after approximately 10 years of system use, without consideration of potential care improvements, clinician satisfaction improvements, and revenue enhancements that are likely achievable with Epic.

CONCLUSION

DHS believes the total cost to add Oracle's revenue cycle system alone, as compared to the total cost of implementing the entire Epic product line (which includes EHR, population health, and revenue cycle on an integrated database), in addition to the clinical, workforce, and operational advantages of Epic, supports the conclusion that it is in the County's best economic and long term interests to evaluate the alternative vendor (Epic) to determine the best investment path for the County.

Pursuant to Board Policy 5.100, DHS will proceed with sole source negotiations in four weeks from the date of this memo, unless otherwise instructed by the Board. If contract negotiations are successful, DHS will return to the Board to seek authorization to execute the sole source contracts with Epic Systems Corporation and Epic Hosting, LLC.

If you have any questions, you may contact me, or your staff may contact Julio Alvarado, Director, Contracts and Grants Division, by email at jalvarado@dhs.lacounty.gov.

CG:rs

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