

Vendor Selection: Planning and Due Diligence

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Objectives

- This session will discuss the steps you need to take to
 - Identify the tasks to be performed in a vendor selection process,
 - Appreciate the importance of planning for vendor selection,
 - Prepare for the vendor selection process
 - Ensure the use of objective process and selection criteria for selecting vendors
- An EHR vendor selection process will be used for discussion purposes, but could be extended to almost any HIT acquisition

Adapted from materials created by Margret/A Consulting, LLC

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Planning and Due Diligence

Tasks in Selecting A Vendor



Tasks in Selecting a Vendor

1. Identify goals and readiness for EHR
2. Appoint vendor selection committee (if not existing)
3. Communicate code of conduct for selection process
4. Understand marketplace to narrow field of vendors
5. Use readiness assessment to compile functional requirements, technical specifications, and benefits expectations (ROI)
6. Develop RFP and send to vendors or use applicable alternative to obtain information on requirements
7. Prepare to assess vendor responses to requirements specifications
8. Manage vendor "salesmanship"
9. Receive responses to RFP or requirements specifications and distribute to selection committee

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Tasks in Selecting a Vendor (cont.)

10. Plan meetings of selection committee to discuss vendor responses and narrow field
11. Identify due diligence steps that will be taken to evaluate vendor finalists
12. Carry out due diligence steps, such as:
 - a. Product demonstrations
 - b. Site visits
 - c. Reference checks
 - d. Vendor corporate due diligence
13. Review results of due diligence and prepare additional follow up questions if necessary
14. Reach consensus on VOC (and BU) and make recommendation to executive management
15. Begin contract negotiations upon approval to proceed

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Planning

Importance of Planning for Vendor Selection



In the face of growing momentum . . .

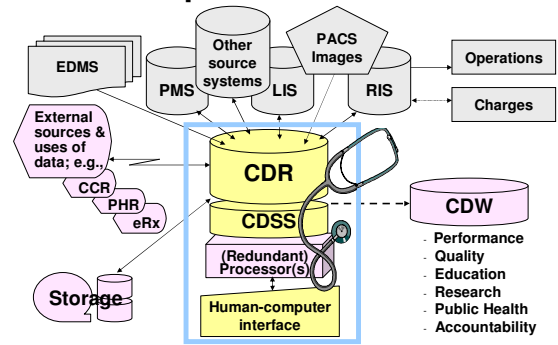
- What do you want to achieve from an EHR?
 - Does the practice fully understand the scope of functionality available from an EHR?
 - Are you ready for a fully functional EHR?
 - Are appropriate expectations set concerning how an EHR will be used and achieve its goals?
- or would a bridge solution help you make the transition?
 - Electronic document management system
 - Clinical messaging/Provider portal
 - E-prescribing
 - "EHR-lite"



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Conceptual Model of EHR



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Planning Helps You Avoid:

- Going straight to the question – what do we buy?
 - Understand what you want to buy first
 - Assess the readiness of the organization for the EHR you are considering
- Contacting vendors too early –
 - May result in them hounding you to buy, before you fully understand what you want or are ready with *your* criteria
- Going on site visits too early –
 - Is expensive and time consuming (for you and your host)
 - Every practice is different
- Being swayed by vendor bashing, but keep your eyes and ears open!

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Planning . . .

- May be even more important than selecting!
 - *Planning can make a marginal system achieve positive results, while lack of planning can yield poor results even with a strong system.*
- Planning vendor selection aids in:
 - Establishing the right criteria for *you*, but also
 - Appreciating the level of effort for:
 - Implementing
 - Learning
 - Maintaining
 - Reducing implementation time and hassles
 - Gets everyone "on board" with impending change
- Ensures that you have the right team for selection and staff support: project manager, medical director of information systems

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Planning

Preparation for
Vendor Selection

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Goal Setting

Practice Problem	Solution
Access to labs, referrals	Clinical messaging
Medication refills	E-prescribing
Defensive coding	E&M coding advisor
Transcription costs/delays	Point-of-care documentation*
P4P preparedness	Structured data*
Access to patient data	Remote access

Sample

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Establish Benefits Expectations

Current Processes	Potential EHR Impact	Benefits	Metrics
Visit Specific Processes			
1. Appointment scheduling, diagnostic studies scheduling, insurance verification, chart prep.	Patient portal: ASC X12N 270/271 eligibility standards adoption in PMS	- Reduce/eliminate filing - Collect co-pays - Institute financial counseling	# FTE pulling/filing charts # FTE prepping charts # A/R days \$ in collections
2. Patient check in			
3. Patient intake and documentation of vitals, history, etc.	Context-specific template-based charting	- Improve patient care - Match skills to task - Patient satisfaction	# missed entries # processes repeated % satisfaction on survey
4. Review results (incl. images), other encounter data, other provider & patient-supplied data	Provider portal: integrated provider EHR and patient PHR	- Patient safety - Complete documentation - Reduce repeat visits/tests	Quality indicators Improved contracting \$ profit in managed care
5. Clinical documentation of history and physical exam, encounter notes	Patient portal for entry of structured medical history that is validated by clinician; context-specific template-based charting	- Improve patient care - Reduce time and effort to enter history data - Reduce transcription expense - Complete documentation	Quality indicators \$ in transcription expense Provider productivity
6. Develop care plan for patient consistent with ICSI clinical guidelines			
7. Medication management, including samples, renewals/ mail order pharmacies			

Sample

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Manage Expectations

- Get as specific as you can, to achieve:
 - Understanding of requirements to achieve benefits
 - Clear functional and performance specifications to incorporate into your vendor selection process
- Be realistic,
 - Allow a transition period
 - But, be firm about achieving goals
- Be appreciative of vendor solutions:
 - Growing momentum is “pushing the envelope” for requirements not previously demanded in products

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“Code of Conduct”

- **Communications** – a single point of contact with vendors and others reduces annoyance factor and keeps process objective
- **Acceptance of gifts** – follow IRS guidelines, or better yet, don't accept gifts to ensure objectivity
- **Establish and follow “rules” of selection** – institute and stick to deadlines for receipt of RFP, criteria for due diligence, etc.
- **Cost** – *within a price class*, consider cost last. Price is negotiable and cost includes more than cash outlay. A “high” priced product may actually be lower in total cost.
- **Decision-Making** – identify who must provide approval to move forward at each step and ultimately to avoid stagnating
- **Sanctions** – consider sanctions if ethical tenets are not followed

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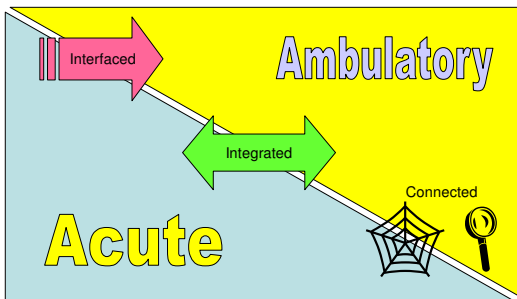
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Planning

Vendor Marketplace

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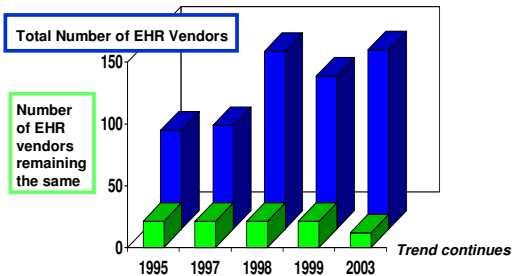
EHR Vendor Marketplace



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Marketplace is Dynamic



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Identifying Functional Requirements

- Use your goals and benefits
- Plus understanding of the vendor features and functionality,
 - From vendor resources
 - From functional descriptor resources
- List the specific functions you want the EHR to provide

Practice Problem	Solution				
Access to labs, referrals	Clinical messaging				
Medication	Current Processes	Functional EHR Issues	Benefits	Notes	
Defensive	NEW Benefit Problems	Current Processes	Functional EHR Issues	Benefits	Notes
Transcript	1. Paper-based	2. EHR Functionality	Availability	Description	
PAP prep	1. Manual	2. EHR Functionality	Availability	Description	
Access to	1. Manual	2. EHR Functionality	Availability	Description	



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It's not just about functions

- Functionality is very important, and the vendors under consideration should provide the type of functionality you want. For example, don't look at a vendor that only supplies clinical messaging, document management, or an EHR-lite if you want full functionality
- Other factors are also very important, for example:
 - How long has the vendor been in business?
 - With a dynamic marketplace, the vendor should have at least survived their initial few years
 - But the trade off in acquiring an EHR from a long-established vendor may be not the latest technology
 - Does the vendor provide local support? Is there an established local presence of users to provide community support?
 - Is the vendor on recommendation lists that match your size and type of specialty, intend to support DOQ-IT measures?
- Make a list of factors important to you that will help you narrow your list of vendors to 4 or 5 to whom to send a request for proposal

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Planning

Requesting a Proposal

Traditional Request for Proposal

- Common, especially in larger clinics & hospitals
 - Vendors servicing small clinics may not respond
- Some evidence of commitment to functionality is needed for contract
- Often becomes a "laundry list" that is difficult to assess
- Alternatives:
 - "ROI-based"
 - "Scenario-based"

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Traditional RFP

RFP Table of Contents

- Introduction and General Instructions for Response
- Background Information (of practice)
- Request for Information on:
 - Vendor Information
 - EHR Product History
 - How Product Meets Functional Requirements
 - EHR Technical Requirements
 - Implementation Plan
 - Training and Documentation
 - Contractual Considerations
- Price Proposal (as a separate, sealed document)

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Plan to Assess Responses

FUNCTIONAL REQUIREMENTS	USER PRIORITY	EXPECTED BENEFIT	IMPLEMENTATION
MO	FN	CS	TE
1. Practice management system includes administrative functions			
2. Patient and/or case manager			
3. Manage patient demographics			
4. Schedule appointments			
5. Clinical decision support, protocols			
6. Identify patient relationships			
7. Manage user administrative requirements (e.g., ASN, NPI, contracts)			
8. Electronic inquiry and benefits transactions			
9. Billing accounts receivable management			
10. Electronic claims transactions			
11. Electronic encounter transactions			
12. Electronic claims status transactions			
13. Electronic prior authorization/pre-certification transactions			
14. Patient and/or case manager			
15. Capture and record patient medical history			
16. Capture and record patient			

Priority Rank	Key Selection Criteria	Vendor Scores				Notes/IFU
		A	B	C	D	
5	Key functions meet group's benefit expectations					
4	Vendor has been in existence at least 5 years					
4	Vendor support is local and rated excellent by users contacted					
3	Training modality fits our practice					
3	Technical architecture is web enabled					
3	Vendor has continuous R&D budget					
2	Clinical culture recognizes primary care practice needs					
1	Vendor willing to meet our financing needs					

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Manage Vendor “Salesmanship”

- Review who will receive responses and when they will be supplied to team members for review
 - Review who may handle calls/questions from vendors
 - Consider using a bidders' conference (call) to respond to all questions at once
 - Ensure that there are no side-bar communications
- Decide whether vendors will be given more time than allotted to respond if requested
 - Decide what to do about a response that comes in late for which extra time was not requested
 - Decide whether to follow up on non-responsive vendors
- Use your code of conduct to assist in responding to vendor salesmanship
 - Remember, the salesperson does not necessarily reflect the quality of the product
 - But there better be a way to determine that!

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Distribute Responses & Review

- Independent reviews of everything by all, or
- Divide and conquer
 - Users review functionality, IT review technology, administration review benefits
- Scoring vs. narrative reviews

Scoring

- Appears objective
- Provides a good start
- Requires really good criteria and skilled evaluators

Narrative

- Highlights exceptions
- May be time-consuming, especially for large groups
- May be difficult to glean pertinent information

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Reject Clear “Losers”



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Due Diligence

Prepare



Prepare

- Review the due diligence process; review the code of conduct if necessary
- Gather tools to assure objectivity and reduce “halo effect”
 - Review these for questions from the selection committee
 - Rehearse if necessary
- Develop roles for individuals to play:
 - It's difficult for everyone to look at everything
 - But assure that each person has a “natural” role as well as a “back up” role
- Review key selection criteria
- Understand what the vendor is selling vs. what you are buying!
 - Prepare to investigate all aspects and determine what you really need

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Due Diligence

Product Demos



Demos: Who, What, When, Where

- Who (not just the sales force or the steering committee)
 - Key stakeholder groups:
 - Steering committee, to gain an overall appreciation for the product, vendor staff “fit,” implementation strategies, etc.
 - Domain teams, to fully understand the clinical implications
 - I.T., to evaluate staff capabilities and ease of maintenance and customization
 - Finance, though not to negotiate the contract but to understand the price proposal
 - Vendor fairs
 - When
 - Group or sequential
 - Addressing shift needs
 - Where
 - On site
 - On line
 - What
 - Scripts/Score Cards
 - Live feed
 - Show and tell
- Why:
- Educate the masses
 - Build rapport with vendor staff
 - One-on-one with representatives
 - See it (again), touch it, feel it

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After the Demos

- Conduct a debriefing meeting immediately after each demo or set of demos
 - Scan any vendor fair score cards to determine general level of interest, any key questions others may have missed
 - All decision makers should attend debriefing
 - Everyone should present initial findings and impressions. Use nominal group process to avoid “group think” or introduction of bias. Remember your code of conduct.
 - Preliminarily rank vendors and drop any that are clear “losers” for you
 - Identify follow up questions
 - For vendors
 - For site visits
 - For reference checks
- Write a thank you note, outlining next steps and timeframes as applicable

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Due Diligence

Site Visits



Visits: Who, What, When, Where

- Who to site visit
 - Similar size, number of sites, specialty mix
 - Same PMS
 - Same version of product
 - Other similar source systems
 - To get all this, it may be necessary to “mix and match”
- Who visits
 - Key representatives from organization (3 to 5, or a sufficient number to represent all key facets of product).
 - One-on-one with physicians, other clinicians, practice administration, and IT should be arranged.
 - Plan to spend from half to three-quarters of a day
 - Vendor representatives should limit their participation to introductions; if necessary, one individual should have the role of corraling the representative if necessary
- Interpreting results
 - Reference sites are often the best of the best, but there is much to learn from them. They are often more inclined to be open about lessons learned

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After the Visits

- Conduct a debriefing meeting immediately after each site visit
 - If possible to meet with selection committee (if different than visit team), do so
 - Otherwise, meet as a visitor team (without the vendor) and record initial findings and impressions
 - Use nominal group process if necessary to avoid “group think” or introduction of bias
 - Remember your code of conduct
 - Rank vendors again, although it is unlikely that any will be dropped at this point
 - Identify follow up questions
 - For vendors
 - For reference checks
- Write a thank you note to the site!

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Due Diligence

Reference Checks



Checks: Who, What, When, Where

- Use vendor supplied reference checks, and attempt to find others
 - Attend users group meeting; ask around
 - Use reference checks to expand your net of contacts. A follow up call to the site visited is not really a separate reference check; but ask them who they called
- Call, write, or both
 - If calling, set up a specific time and stick to it. This yields most spontaneous answers
 - Writing is more formal and will yield less spontaneous results, but may be applicable if there are specific issues
 - Sending an outline of discussion in advance of a call can be helpful, but don't send the questions in advance
 - Attempt to do all calls in close proximity to one another, but allow intervening time for debriefing
- When: before, simultaneous with, or after site visits
- Weighting responses from reference checks in relationship to site visit information

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After the Checks

- Compile notes and debrief with all decision makers *after each call*
- Verify what each person heard
 - Short calls
 - Lack of visual
 - May result in subtle, but powerful differences in interpreting results
- Use findings from one call to add questions to next call
- Debrief about all calls as soon after all calls are finished

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Due Diligence

Other Due Diligence



Vendor Corporate Due Diligence

- Legal issues
- Pending litigation
- Financial records/audit reports
- Other corporate information

Consistent with level of product being acquired!

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Due Diligence

Vendor of Choice



Getting to One

- Sometimes there is a clear leader, and this can be tested at this point
- If there is a great divide, introduce objective tool
- If there is strife, introduce quantitative measures



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