

California Rural eHealth Information Network

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Lake Tahoe, California



AGENDA

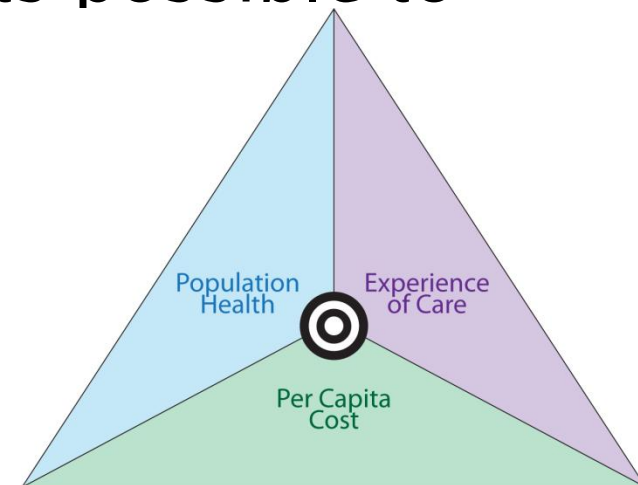
- ▶ Purpose
- ▶ HIT Network Background
- ▶ HIT Network Current Programs
- ▶ EHR Adoption Process
- ▶ Vendor Negotiations
- ▶ Warranties
- ▶ Financial Considerations
- ▶ Vendor Management



"Psst, Senator, not that one —
that's your *hidden agenda!*"

Why Are We Here?

- ▶ To assist rural communities in adopting the right health information technology tools to meet the triple aims
- ▶ To educate and assist rural communities to understand and prepare for the future of health care reform.
- ▶ To assist rural communities in getting the most financial assistance and benefits possible to achieve those goals.



Network History

- ▶ 4/2009: ARRA Passes
- ▶ 9/2009: RHITC formed by CHHS
- ▶ 12/2009: United agrees to support CAHs
- ▶ 4/2010: United funds CAH Assessments
- ▶ 10/2010: Rural HIT&E Strategic Plan Complete
- ▶ 11/2010: 14 Hospitals Begin Vendor Selection Process with 8 Vendors
- ▶ 6/2011: 13 Hospitals Negotiate Vendor Contracts with 5 Vendors
- ▶ 7/2011: Begin HIT Incumbent Worker Training Program
- ▶ 9/2011: Network funded by HRSA
- ▶ 12/2011: Contracts signed and implementation begins



EHR Vendor Selection Process

- ▶ Source Material:
 - <http://www.stratishealth.org/expertise/healthit/hospitals/htoolkit.html>

- ▶ Our Process:
 - <https://cahgrouppurchasing.pbworks.com/w/page/33300484/FrontPage>

- ▶ Our Theme Song: Eenie Meenie Miney Mo

Contract Negotiations

- ▶ Brought 13 Hospitals and 5 Vendors together for 2-day negotiations in one location
- ▶ Each CAH had “final two”
- ▶ Worked with the hungriest vendor first to set the bar for other vendors
- ▶ Used first vendor’s concessions to force others to follow
- ▶ Three vendors gave us everything we wanted, two vendors did not



Suggested Warranties (Suggested by Hunter Mclean)

- ☑ **Defects**. Vendor's software and hardware products are free from material and frequent errors and defects and will function in compliance with all documentation, RFP responses, and other specifications.
- ☑ **Ownership**. Vendor has sufficient right, title, and interest in the software and hardware being sold necessary to sell or license the hardware and software to Customer.
- ☑ **Updates**. Any updates, upgrades, newer versions, and patches to the software and hardware will meet all applicable warranties under the agreement.
- ☑ **Update Frequency**. Vendor will provide not fewer than two software updates per calendar year, each of which shall address and correct all bugs and issues known to Vendor at the time the update is released.

Suggested Warranties

- ☑ **Sunsetting**. Vendor will continue to actively market and license, and will continue to provide maintenance services for, the software and hardware for at least the first 10 years after the date of the agreement.
- ☑ **Vendor Statements**. The software, hardware, and other materials sold or licensed under the agreement fully comply with all of Vendor's statements to Customer and with all product demonstrations or other sales-related exhibitions provided by Vendor.
- ☑ **Intellectual Property**. The software, hardware, and documentation do not infringe on, violate, or misappropriate any patent, trademark, copyright, or other intellectual property right of any third party or misappropriate any trade secret of any third party.

Suggested Warranties

- ☑ **Functionality**. Any update to the software, hardware, or documentation will improve, and will not reduce or eliminate, any function, feature, or option present in such product at the time of the update.
- ☑ **All Prerequisites Included**. The configuration specified by Vendor contains all prerequisite products for each Vendor product purchased or licensed under the agreement.
- ☑ **User Materials**. User materials provided under the agreement are complete and accurately describe the operation and use of the software and hardware, and Vendor will continuously update the user materials to reflect any upgrades.

Suggested Warranties

- ☑ **Training**. The amounts and types of training recommended by Vendor are sufficient for Customer and Customer's personnel to understand, operate, and use the software and hardware.
- ☑ **Services**. All services and deliverables will be performed, completed, and provided in accordance with all applicable warranties contained in the agreement.
- ☑ **Quality of Maintenance Services**. The quality, reliability, and timeliness of the maintenance services during any given period of six consecutive calendar months will not be less than the quality, reliability, and timeliness of the maintenance services provided by Vendor during the first six months of the agreement.

Suggested Warranties

- ☑ **Milestone Dates.** Vendor will perform and complete all of its obligations on or before the milestone dates set forth in the agreement.
- ☑ **Scalability.** The software has the capacity to scale up to meet customer's processing load.
- ☑ **Software Development.** Vendor will spend at least X% of its gross revenues during each calendar year of the agreement on developing and actively enhancing the software.
- ☑ **80% Similar Product.** If, within the first four years of the agreement, Vendor releases a new software product which contains 80% or more of the features and functionality of the software product purchased by Customer under the agreement, Vendor shall provide that newly released software product to Customer at no additional cost.

Suggested Warranties

- ☑ **No Data Loss.** The software and services will not result in direct or indirect loss, destruction, deletion, or alteration of any of Customer's data.
- ☑ **Viruses; Disabling Devices.** The software will not contain any timer, virus, adware, keystroke logger, Trojan horse, or other disabling routine that will impair the performance of the software or cause it to be made inoperable or incapable of being used by the Customer.
- ☑ **No Vaporware.** The software and hardware are generally available to Vendor's other customers and are currently being used in live production environments by at least five other Vendor customers with equal or greater seat licensing and processing capacity needs.

Suggested Warranties

- ☑ **No Open-Source Software.** The software does not contain any open-source software code.
- ☑ **No Beta Software.** The software and updates provided do not contain any "beta" code or other software or programming code that has not been thoroughly tested and successfully implemented.
- ☑ **Third-Party Software; Warranty Pass-Through.** Any third-party software provided by Vendor under the agreement will operate in all material respects in conformance with its documentation.
- ☑ **Hardware Sizing.** The hardware and any related technological infrastructure that Vendor provides or recommends is of sufficient capacity and capabilities to consistently and reliably meet the requirements of the agreement.

Suggested Warranties

- ☑ **Anticipated Growth.** The hardware specified by Vendor has sufficient capacity to accommodate a 100% increase in Customer's current processing and storage needs.
- ☑ **Warranty Pass-Through.** Any third-party hardware provided by Vendor under the agreement will operate in all material respects in conformance with its documentation and Vendor will cause Customer to become the full beneficiary of any warranty provided by the third-party supplier.
- ☑ **Compliance with Accreditation Standards.** The software and hardware will provide Customer with an information system that complies with applicable accreditation standards including those of The Joint Commission.

Suggested Warranties

- ☑ **Legal Compliance.** Vendor complies with all applicable laws, regulations, rules, mandates, and requirements of the U.S. government and any applicable state and local governments regarding healthcare, including HIPAA, HITECH, and ARRA.
- ☑ **No Sanctioned Providers.** Vendor is not a sanctioned provider or subject to debarment under any federal healthcare program, including Medicare or Medicaid.
- ☑ **Compliance with 42 C.F.R.** Any EHR technology provided by Vendor meets all of the conditions specified in 42 C.F.R. § 1001.952(y) and 42 C.F.R. § 411.357(w).
- ☑ **Meaningful Use.** The software and hardware will enable, and will not in any way prevent, Customer's ability to meet "meaningful use" as that term is defined under ARRA and its accompanying regulations, rules, and guidance.

Suggested Warranties

- ☑ **ONC Certification.** The software and hardware have achieved ONC certification and will continue to hold ONC certification during the initial term of the agreement and during any time when Customer has in place a maintenance services agreement with Vendor.
- ☑ **Legal Privacy and Confidentiality.** Because Customer may use the Software to collect data and personal information about residents of certain U.S. states and certain foreign nations, Vendor warrants that the Software is as, or more, technologically secure as the highest comparable vendor security standards; upon request from Customer, Vendor shall provide a report comparing the security standards contained in the software and hardware to the then-current highest comparable security standards offered by other vendors.

Suggested Warranties

- ☑ **Vendor's Authority, Organization, Qualifications.** Vendor is organized, validly existing, and in good standing under the laws of the state of its incorporation; Vendor has the legal and corporate power and authority to enter into the agreement and carry out its duties and obligations thereunder.
- ☑ **Litigation.** Vendor is not a party to any pending litigation and knows of no threatened litigation regarding its products or services.
- ☑ **Due Diligence.** Vendor has visited and carefully examined Customer's facility and concluded that no conditions exist which will adversely affect its ability to perform under the agreement.
- ☑ **Solvency.** Vendor is financially solvent and any financial information provided to Customer is true and correct.

Suggested Warranties

- ☑ **Cooperation**. Vendor will fully cooperate with, and not interfere with, Customer's other vendors.
- ☑ **Financial**. Vendor represents and warrants that it knows of no fact or circumstance which could reasonably be expected to cause Vendor to restate past financial statements, be removed or delisted from any applicable stock exchange, default on any bond or other indebtedness, or suffer any other materially adverse change to its financial stability as an ongoing business.

Warranties

“From the purchaser’s perspective, a truly winning contract will couple strong warranties with – among other provisions – **a thorough pre- and post-live testing and acceptance period**, rights regarding personnel selection and issue escalation, appropriate language apportioning liability, and indemnification by the vendor in circumstances where the purchaser should not bear risk.”

Diana J.P. McKenzie, Partner and Chair, Information Technology & Outsourcing Practice Group

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NOT INTENDED AS LEGAL ADVICE

Our Process Outcomes

- ▶ Tahoe Forest: CPSI
- ▶ Colorado River : CPSI
- ▶ Modoc Medical Center: CPSI
- ▶ John C. Fremont: CPSI
- ▶ Glenn Medical Center: CPSI
- ▶ Kern Valley: CPSI
- ▶ Seneca: CPSI



Process Outcomes

- ▶ Biggs–Gridley: Prognosis
- ▶ Plumas: Prognosis
- ▶ Mendocino Coast: Nextgen
- ▶ Trinity: Nextgen
- ▶ Mayers: McKesson
- ▶ Tehachapi: Healthland
- ▶ Surprise Valley: Healthland



Financial Considerations

- ▶ Working capital is a major issue
 - United Bond–Supported Loans
 - USDA Loans
- ▶ Contract structure extremely important
 - Most CAHs eligible for 90–100% of depreciable costs with accelerated depreciation and payment
 - Training, maintenance falls to cost report (~70%)
 - Warranty covers maintenance for 3 years
 - No charge for business systems if replacing existing system



Vendor Management

- ▶ “Best partner they ever had.”
- ▶ Be wary of the testing cycle
- ▶ If you move outside their process proceed with great caution
- ▶ Form mini-user groups
- ▶ Be prepared for the valley of despair
- ▶ Take control of communication
- ▶ Document everything!
- ▶ Leverage the power of your network



Questions?

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