



Monterey County

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Board Report

Legistar File Number: A 14-255

December 09, 2014

Introduced: 10/23/2014

Version: 1

Current Status: Agenda Ready

Matter Type: BoS Agreement

Authorize the Natividad Medical Center (“NMC”) Deputy Purchasing Agent to execute Amendment No. 2 to the Master Agreement (A-12525) with McKesson Technologies Inc. for Cardio Picture Archiving & Communication Systems (CPACS) services, adding additional InterQual software services in the amount of \$35,086.41 for a five-year term of October 14, 2014 through June 30, 2019, for a revised total Agreement amount not to exceed \$1,159,051.42 in the aggregate.

RECOMMENDATION:

It is recommended the Board of Supervisors authorize the Natividad Medical Center (“NMC”) Deputy Purchasing Agent to execute Amendment No. 2 to the Master Agreement (A-12525) with McKesson Technologies Inc. for Cardio Picture Archiving & Communication Systems (CPACS) services, adding additional InterQual software services in the amount of \$35,086.41 for a five year term of October 14, 2014 through June 30, 2019, for a revised total Agreement amount not to exceed \$1,159,051.42 in the aggregate.

SUMMARY/DISCUSSION:

Amendment No. 2 to the McKesson Master Agreement (MA135605204) for CPACS includes two additional licenses for InterQual Adult Psychiatry and InterQual Rehabilitation for CareEnhance Review Manager Enterprise (“Review Manager”) and corresponding InterQual Learning Source training.

These products were not included in the original CPACS Amendment No. 1 for the previously purchased CareEnhance Review Manager Enterprise (CERMe) Adult Package because NMC was unaware that they would be included in the State requirement for MediCal. The specific clinical criteria for both Psychiatry and Rehabilitation recently became a requirement for compliance with MediCal billing. Their implementation will provide NMC’s Case Management staff in the Mental Health Unit (MHU) and the Acute Rehabilitation Unit (ARU) with a decision support tool for determination of admission status, level of care, and medical necessity reviews as required by the Federal Government Conditions of Participation for Hospitals. The tool contains content and algorithms based on psychiatric and acute rehab standards of care and backed by evidence-based practices. The absence of this specialized content for the Mental Health Unit and the Acute Rehab Unit will negatively impact quality of care, assignment of appropriate levels of care, and payment for services.

All the Review Manager and InterQual programs we have purchased will provide a degree of consistency for case management and UR about admitting decisions related to the level of bed, acuity of services required and insurance coverage. They assist NMC’s case management department with achievement of full compliance with Medicare’s Conditions of Participation

regarding admission and continued stay reviews, support compliance with the UR Plan for medical necessity oversight, and make physician secondary review easier. Implementation of the Psychiatric and Rehab InterQual products will allow NMC's Acute rehab Unit and our Mental Health Unit to participate in the MediCal NO TAR practices for hospitals, eliminating the current paper process and reducing the costs for processing TARS for a large MediCal population.

Pricing information:

Year One for McKesson CERMe software licensing fees are \$5,906.29 and InterQual training package is \$1200; annual service fees are \$6803.45 for years 2 - 5; prorated annual implementation, education and consulting services for year 6 is \$766.32.

As part of its approval of CPACS Amendment #1, this Board approved \$169,296 in InterQual-related purchases. Included in this approved amount was \$10,307.38 in tax liability. The parties discovered that these software purchases were purely electronic and thus exempt from sales tax. The error was identified before McKesson invoiced the County for the tax liability. Accordingly, Amendment No. 2 expressly removes from the Agreement this tax liability related to InterQual.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Amendment No. 2 as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Amendment No. 2 as to fiscal provisions. The Amendment No. 2 has also been reviewed and approved by Natividad Medical Center's Finance Committee (September 25, 2014) and Board of Trustees (October 3, 2014).

FINANCING:

The cost for this Amendment No. 2 is \$35,086.41. \$13,909.74 is included in the Fiscal Year 2014/2015 Adopted Budget. Amounts for remaining years of the Amendment No. 2 will be included in those budgets as appropriate. There is no impact to the General Fund.

Prepared by: Charles Harris M.D., NMC Medical Staff, 783-2785

Approved by: Kelley O'Keefe, M.D., Interim Chief Executive Officer, 783-2553

Attachments: Amendment #2 and Order Form, Original Agreement/Amendment No. 1, Spend Sheet

Attachments on file with the Clerk to the Board

Kelly O'Keefe, M.D., Phd, FCAP
Interim CEO, Natividad Medical Center

Date