



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Agreement No. A-12260

Upon motion of Supervisor Potter, seconded by Supervisor Armenta and carried by those members present, the Board of Supervisors hereby:

Ratified and authorized the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute Amendment No. 3 to the Agreement (A-12260) with 3M Company for medical records coding software maintenance, ICD-10 software licensing and maintenance and medical necessity dictionaries software maintenance services at NMC, with a retroactive date of June 30, 2015, extending the Agreement an additional 5 year period for a revised full term August 9, 2010 through August 8, 2020 and adding \$1,037,102 for a revised total Agreement amount not to exceed \$1,763,470.

PASSED AND ADOPTED on this 13th day of October 2015, by the following vote, to wit:

AYES: Supervisors Armenta, Phillips, Salinas, Parker and Potter
NOES: None
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 78 for the meeting on October 13, 2015.

Dated: October 15, 2015
File ID: A 15-321

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By  Deputy



Monterey County

168 West Alisal Street,
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Salinas, CA 93901
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Board Report

Legistar File Number: A 15-321

October 13, 2015

Introduced: 9/9/2015

Version: 1

Current Status: Agenda Ready

Matter Type: BoS Agreement

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RECOMMENDATION:

It is recommended the Board of Supervisors:

Ratify and authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute Amendment No. 3 to the Agreement (A-12260) with 3M Company for medical records coding software maintenance, ICD-10 software licensing and maintenance and medical necessity dictionaries software maintenance services at NMC, with a retroactive date of June 30, 2015, extending the Agreement an additional 5 year period for a revised full term August 9, 2010 through August 8, 2020 and adding \$1,037,102 for a revised total Agreement amount not to exceed \$1,763,470.

SUMMARY/DISCUSSION:

As the vendor of choice with the Center for Medicare and Medicaid Services (CMS) NMC has worked with 3M for over two decades for the provision of software and services pertaining to medical records coding. These services help NMC to achieve the highest reimbursement rates by several state and federal organizations for services provided to patients at NMC.

In June of 2012 this board approved Amendment No. 2 to extend the agreement with 3M Company to August 8, 2015 and adding \$554,250.31 for medical coding software licensing and maintenance services including new physician professional coding and reimbursement software, medical necessity dictionaries for Medi-Cal and Medicare software and maintenance services, on-going coding education of ICD10 code sets and for the replacement of ICD-9 to ICD-10 coding software licensing, installation and maintenance services.

The approved Amendment No. 2 included some services previously provided by the original Agreement with 3M as well as new services listed in the above paragraph which were required to meet federal and state requirements and mandates of medical record coding standards and guidelines. Also included in Amendment No. 2 were ICD-10 Facility Readiness Assessments

and Reports required of 3M Company to meet Department of Health and Human Services mandates for the conversion from ICD-9 code sets to ICD-10 code sets the acquired services totaled \$204,648.91. The annual fees for services and maintenance under this amendment were \$137,864.09 and \$150,698.11.

This Amendment No. 3 extends the previously approved software maintenance and licensing services for coding, medical necessity dictionaries and ICD-10 code sets, while eliminating the reports and assessments provided by Amendment No. 2 that are no longer needed. Amendment No. 3 also includes one additional new piece of regulated coding software (Reimbursement Calculation APR CA Medi-Cal) that operates in conjunction with existing software included in the agreement, this additional software better estimates California reimbursement rates for specific types of patient diagnosis.

The 3M software and maintenance service fees increase every year based on inflation and market changes therefore the amendment allows NMC to lock-in costs and ensure a clear price schedule with no additional increases for the five year term. Recognizing that it is critical and necessary to sustain these services for coding, reimbursement, data and statistical reporting it is beneficial to the organization by securing a five year contract. Pricing for this Amendment No. 3 includes a discount of \$9,277 per year for a total savings of \$46,390 over the life of Amendment No. 3 (five years). 3M is a government regulated vendor to ensure all pricing policies, criteria for setting pricing discounts, timelines and compliance are fair and consistent for all customers.

Due to the deadline date of June 30, 2015 on establishing the pricing discounts for the five year term, NMC executed the agreement prior to presenting the agreement to the Board of Supervisors in order to receive the savings and requests that the Board ratify full execution of the Agreement

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Amendment No. 3 as to legal form only, and the Auditor-Controller has reviewed and approved as to payment provisions. The Amendment No. 3 has also been reviewed and approved by NMC's Finance Committee on August 27, 2015 and by its Board of Trustees on September 11, 2015.

FINANCING:

The cost for this Amendment No. 3 is \$1,037,102 of which \$183,075 is included in the Fiscal Year 2015-16 Adopted Budget. Amounts for remaining years of the Agreement will be included in those budgets as appropriate. There is no impact to the General Fund.

Prepared by: Kim Williams-Neal, Director of Health Information Management, 783-2440

Approved by: Gary R. Gray, DO, Interim Chief Executive Officer, 783-2504

Attachments:

Amendment No. 3 to 3M Company Agreement

Amendment No. 2 to 3M Company Agreement

Amendment No. 1 to 3M Company Agreement
Original 3M Company Agreement
Amendment No. 3 Cost Sheet
Spend Sheet

Attachments on file with the Clerk of the Board



Gary Gray DO, Chief Executive Officer

10/5/15

Date

AMENDMENT 3
TO THE
SOFTWARE LICENSE AND SERVICES AGREEMENT

THIS AMENDMENT to the **Software License and Services Agreement**, dated **August 9, 2010** (the "Agreement") between 3M Company, together with its subsidiaries and affiliates, (collectively referred to herein as "3M") having an office at 575 West Murray Boulevard, Murray, Utah 84123-4611 and **Natividad Medical Center** (hereinafter referred to as "Client") with offices at **1441 Constitution Blvd, Salinas, CA 93906-3100** is executed on **June 30, 2015** ("**Execution Date**") and the terms of this Amendment shall be effective on this date unless stated otherwise.

Client and 3M agree that the above referenced Agreement is amended as follows:

1. **Except as provided in this Amendment, all terms and conditions of the above referenced Agreement will remain in full force and effect.**
2. **DELETE EXHIBIT B, the Software Services Schedule, and REPLACE with the attached EXHIBIT B.**
3. **DELETE Section 1.3 of the terms and conditions and REPLACE with the following**

1.3. "**Documents**" means written reference, operations and/or users manuals, training aides, installation guides and other documents, and all revisions thereto, which provide specifications for or instructions for the use of the Software and/or the implementation of the Services, and which are furnished to any Authorized Site or Authorized Users by 3M via download from <https://support.3mhis.com> or through the Control Panel feature of the Software (ASP).

4. **DELETE Section 1.7 of the terms and conditions and REPLACE with the following:**

1.7. "**Software**" means 3M Software and Third Party Content. Provisions of this Agreement referring to Software denoted as "CSI" shall apply only to Software that is implemented by delivery of the Software to the Client, on physical media or by online download, for installation on the Equipment. References in this Agreement to Software denoted as "ASP" shall apply only to Software that is implemented by enabling the Client to access and use the functionality of the Software, or the results produced by the use of the Software, remotely via the Internet, Virtual Private Network or other online means without installation of the Software on the Equipment. Provisions of this Agreement referring to Software without denotation to "CSI" or "ASP" shall apply to both types of Software.

5. **ADD Section 1.13 to the terms and conditions.**

1.13. "**Client Data**" means any data, information, or materials provided by Client to 3M for facilitating the purposes of this Agreement including, but not limited to; images, patient records and all translations, and versions of that data.

6. **ADD Section 1.14 to the terms and conditions:**

1.14. "**Go-Live Date**" or "**License Start Date**" as the case may be: The date in which (a) 3M has completed all installation and training tasks and the respective module(s) of Software CSI are made available to Client's Authorized Users for actual production use in a live environment, or (b) the Software CSI designated Client-installable ("CI"), is "delivered" to Client, or (c) 3M provides Client with access to and use of the 3M Software ASP. "Delivered" means (i) Client has downloaded the Software CSI from 3M's website, or (ii) seven (7) calendar days after 3M ships the Software CSI media to Client, or (iii) Client has taken physical possession of any Purchased Equipment. For the avoidance of doubt, unless set forth otherwise on the respective Schedule, the Go-Live Date shall be set regardless if Customer elects not to install the Software CSI designated CI or use the Software after the Go-Live Date.

7. **ADD Section 2.11 to the terms and conditions:**

2.11 **Password Security.** Client is responsible for the security of all passwords provided to Client and its Authorized Users by 3M for access to and use of the Software under this Agreement. In the event that access to, or use of, a Client's password is permitted by Client, or gained by an unauthorized party while such password is in the possession of Client, and subsequently access to, or use of the Software is made by such unauthorized party, Client shall be solely responsible for any access to, or use of, the Software, or activity or transaction using the Software by such unauthorized party. Client understands and agrees that the access to, or use of, the Software by any person using a password provided to Client or its Authorized Users constitutes an authorization by Client to use such password and access or use the Software, without limitation. Client shall be solely liable for all access to, or use of, the Software using the Client's passwords, until 3M has received notification from Client in writing that the security of such password, and subsequent access or use, is not authorized. Client agrees to immediately notify 3M of any possession, or use, of its passwords by an unauthorized party of which it becomes aware. Upon such notification, 3M shall terminate such password and issue a new password to Client.

8. **ADD Section 2.12 to the terms and conditions.**

2.12 **Use of Client Data.** Client acknowledges that 3M requires access to and use of Client Data in 3M's development, delivery and support of its products and services, including the Software and Services provided under this Agreement. Client therefore grants 3M a

non-exclusive, non-transferable right to access, copy, store, convert and use Client Data to provide, develop, and support 3M's products and services, to perform 3M's obligations and exercise its rights under this Agreement, and to create de-identified data in accordance with 45 CFR § 164.514(b) ("De-identified Data") and summarized aggregate data for 3M's business purposes, including, without limitation, inclusion in 3M's products and services. Client represents and warrants that Client has all rights and permissions necessary to grant 3M the rights set forth in this Section.

9. ADD Section 2.13 to the terms and conditions:

2.13 Medical Care Responsibility. Client agrees that 3M has no responsibility whatsoever for the conduct of Client's business or patient care. Client agrees that any reliance upon the Software or Services provided to Client by 3M under this Agreement shall not diminish Client's responsibility for patient care. Client acknowledges that the Software and Services may produce documents and errors, and transcriptionists produce documents with errors. Documents that are produced using the Software or Services are not intended to be used to provide medical treatment unless there is a review for accuracy by Client's staff.

10. DELETE Section 3.1.3 of the terms and conditions and REPLACE with the following:

3.1.3 Client Support. Upon Client's registration to 3M's secure customer care website, 3M will provide the following Nosology and user assistance options; a) telephone support, and/or b) 24/7 access to 3M's secure self-help website <https://support.3mhis.com>.

11. DELETE Section 8.4 of the terms and conditions and REPLACE with the following:

8. Business-related Travel; Miscellaneous Expenses.

8.4.1. Professional and Consulting Services. Client will be invoiced for business-related travel, travel expenses (e.g., transportation, lodging, meals), and miscellaneous expenses (charges outside the scope of Services) for Professional and Consulting Services, and when otherwise set forth in this Agreement (Appendixes, Schedule or Statement of Work) shortly after such expenses are incurred.

8.4.2. 3M Software. When applicable, Client will be invoiced for business-related travel expenses for 3M Software shortly after such expenses are incurred.

8.4.3. Preapproval. If preapproval of costs is required by Client for travel and expenses, Client must notify 3M in writing prior to 3M scheduling travel. Client shall be responsible for all cost due to delays because of the preapproval requirement.

12. ADD Section 11.0 to the terms and conditions:

11.0 SERVICES

11.1 Applicable Provisions. The provisions of this Agreement shall apply to 3M's performance of Services, except that: (i) Sections 2, 3, 6, 7.3 and 8.1 specifically shall not apply to Services, and (ii) those other provisions of the Agreement which, by their nature, apply only to Software shall not apply to Services.

11.2 Responsibility for Use of Services. Client understands and acknowledges that it is solely responsible for the use it makes of any advice, recommendations, information or data, including evaluations and advice relating to the performance or effectiveness of certain personnel employed by or under contract with Client (collectively, "Work Product") that 3M supplies to Client resulting from Services performed under this Agreement. Accordingly, Client agrees to indemnify and hold 3M harmless from any demands, claims, or suits by any third party for loss, judgment, damages or expenses (including attorney's fees) arising out of or related to use of the Work Product by Client or any other person.

11.3 Intellectual Property Rights. All right, title and interest in the software or tools owned or licensed by 3M that are utilized to provide Services under this Agreement are the sole property of 3M or its licensors. Except as set forth in Section 2 of this Agreement, no licenses express or implied, under any patents, copyrights, trademarks or other property rights are granted for such software or tools to Client under this Agreement.

11.4 3M's Performance of Services, Limited Warranty. 3M's performance of Services, as set forth in the respective Scope of Work, and the timeliness of that performance, depends upon Client's cooperation and support. Accordingly, 3M's time of performance, if fixed, shall be enlarged to the extent reasonably necessary, in the event that: (a) Client fails to submit data in the prescribed form or as required by this Agreement, or as necessitated for 3M to complete Services which may become part of this Agreement, (b) any force majeure occurrence including, acts of God, malfunction of any equipment or other cause beyond the control of 3M, (c) special requests by Client or any governmental agency or other regulatory authority authorized to regulate or supervise Client that impact 3M's performance of the Services; or (d) if Client fails to provide any equipment, software, premises, performance or other assistance called for or necessitated by this Agreement or Attachment A. Subject to the foregoing, 3M warrants to Client that the Services will be performed in a good and workmanlike manner. In the event of a breach of the foregoing warranty, 3M's exclusive liability, and Client's exclusive remedy, shall be for 3M, at its option, to either: (i) re-perform the Services in manner consistent with this warranty, or (ii) refund to Client any amounts paid for the Services that fail to meet this warranty and terminate this Agreement without further obligation on the part of either party. THE WARRANTIES SET FORTH IN THIS SECTION CONSTITUTE THE SOLE AND EXCLUSIVE WARRANTIES PROVIDED BY 3M WITH RESPECT TO THIS SERVICES AGREEMENT AND THE SERVICES AND SUCH

Exhibit B SOFTWARE AND SERVICES SCHEDULE

S/O ITEM	CPU ACTION	SKU	AUTHORIZED SITE PRODUCT DESCRIPTION	SITE TYPE LIST FEE	FEE
177628	Networking	-----	NATIVIDAD MEDICAL CENTER--1441 CONSTITUTION BLVD, SALINAS, CA, HI2930399	Install/Access Site	
1.	Renew	APC	APCfinder Software	\$12,615.00	\$8,407.14
2.	Renew	APRDRGCAS	Advanced Analyzer	\$24,280.00	\$20,638.00
3.	Renew	CODREF	Coding Reference Software	\$5,669.00	\$5,385.55
4.	Renew	CODREFPL	Coding Reference Plus Software	\$4,753.00	\$4,515.35
5.	Renew	CONNSFT BAS	Connections Software Basic	\$2,591.00	\$2,591.00
6.	Renew	CRSNOCAS	Coding & Reimbursement System without Clinical Analyzer Software	\$60,107.00	\$51,090.95
7.	Renew	CTT ICD10 ENTERPRISE	ICD10 Code Translation Tool Enterprise	\$6,120.00	\$5,202.00
8.	Renew	ICD-10 EDU- ANNUAL	3M ICD-10 Education Program-Annual	\$15,118.00	\$14,362.10
9.	Renew	MND CA A&B	Medical Necessity Dictionaries CA A&B	\$25,700.00	\$21,845.00
10.	Renew	MND MED CA	Medical Necessity Dictionaries Medi-Cal - 4000000000150 ¹	\$25,700.00	\$16,705.00
11.	Renew	PCRS	Physician Coding And Reimbursement System	\$12,460.00	\$10,591.00
12.	Renew	S-APR-DRG	S-All Patient Refined DRG Software	\$22,169.00	\$18,843.65
SITE SUBTOTAL:					\$180,176.74

For the purpose of this Agreement, the Software Implementation Date a/k/a Software Installation Date, as the case may be, is deemed to be August 9, 2015.

182454			NATIVIDAD MEDICAL CENTER--1441 CONSTITUTION BLVD, SALINAS, CA, HI2930399		
13.	Add	RCS APR CAMED	Reimbursement Calculation Software-APR CA Medi-Cal	\$3,409.00	\$2,897.65
14.	Add	RCS I&T	Reimbursement Calculation Software All Formulas I&T	\$500.00	\$500.00
SITE SUBTOTAL:					\$3,397.65

¹Subject to Section 8.1.e

FEE SUMMARY:

ANNUAL SOFTWARE LICENSE & SUPPORT FEES:	\$183,074.39
*TOTAL ONE TIME, IMPLEMENTATION & TRAINING FEES:	\$500.00
**TOTAL CONSULTING SERVICES FEES:	\$0.00
TOTAL THIS SCHEDULE:	\$183,574.39

The fees stated above are guaranteed for a period of ninety (90) days from the Issue Date of this Schedule or December 31, 2015, whichever occurs first, unless this Schedule is fully executed prior to such date. Client acknowledges and agrees the Fees shown above include discounts for Client's commitment to a **Five (5) Year** term. 3M reserves the right to rescind the multi-year discount and re-price this Schedule in the event Client elects a term less than stated above.

In the event Client delays implementation of any module of Software or scheduling of Services, at no fault of 3M, for more than one hundred fifty (150) days from the execution date of this Schedule, 3M may, at its option, increase the price of such Software or Service to the then-current list price or 3M may terminate any such module of the Software or Service from the Agreement.

I&T = Implementation and Training PI = Phone Installed CI = Customer Installed

EXHIBIT E

3M TRAVEL EXPENSE POLICY EXCERPT

AIR

Employees traveling on 3M business must purchase online tickets through the 3M contracted agency. For domestic travel/intra-country, coach/economy class of services is required, and lowest available non-refundable/restricted air fare must be purchased. Travelers must take advantage of low fare opportunities without consideration for upgrade or mileage incentives.

HOTEL

3M negotiated a comprehensive hotel program designed to meet the various needs of travelers and to provide significant corporate savings. In certain cities, 3M negotiated rates with local hotels. These hotels have been selected for various business reasons and are generally located near airports, a downtown area, or a 3M location.

MEALS

Costs incurred for meals while traveling on business. Meals are reimbursable only when the employee is out of town overnight. Meal costs should be moderate, reflecting rates typical for the area. (No breakfast on the first day or dinner on the last day.) Alcoholic beverages, cover charges, and/or additional charges for atmosphere or entertainment are not reimbursable.

AUTO RENTAL

Costs incurred when there is a business purpose to rent a car. The merchant's name is required for the rental car category on the expense report. Receipts are required for the cost of the rental car and gas regardless of the amount.

Employees who operate a rental car while conducting 3M business must be aware of and obey **all local laws and regulations** regarding vehicle operation when traveling on behalf of the company. Traffic violations, both moving and parking, and any incurred penalties, are the responsibility of the individual and will not be reimbursed by 3M.

Sending or reading text messages and/or emails while operating a vehicle is **EXTREMELY** dangerous and is **STRICTLY PROHIBITED**. Additionally, the programming of GPS devices, MP3 players, or other electronic devices while driving will be considered a violation of this policy.

Costs incurred for parking while traveling on business. An explanation should be included when multiple charges are added together and entered as one expense. A receipt is required when a parking expense exceeds \$25.

MISCELLANEOUS

Costs incurred for other types of business transportation (e.g., bus, subway, etc.). Indicate type of transportation used in the description field on the expense report. **A receipt is required regardless of the amount.**

3M Amendment #3 Cost Sheet By Line

Term August 9, 2015 through August 8, 2020

Max of 5% Annual Increase

MYA CL #	RENEWAL SERVICES	2015/16 Charges	2016/17 Charges	2017/18 Charges	2018/19 Charges	2019/20 Charges	Totals
6	1 Coding & Reimbursement System without Clinical Analyzer Software	\$51,090.95	\$53,645.50	\$56,327.77	\$59,144.16	\$62,101.37	\$282,309.75
1	2 APCfinder Software	\$8,407.14	\$8,827.50	\$9,268.87	\$9,732.32	\$10,218.93	\$46,454.76
12	3 S-All Patient Ref;ined DRG Software	\$18,843.65	\$19,785.83	\$20,775.12	\$21,813.88	\$22,904.57	\$104,123.06
2	4 Advanced Analyzer	\$20,638.00	\$21,669.90	\$22,753.40	\$23,891.06	\$25,085.62	\$114,037.98
3	5 Coding Reference Software	\$5,385.55	\$5,654.83	\$5,937.57	\$6,234.45	\$6,546.17	\$29,758.56
4	6 Coding Reference Plus Software	\$4,515.35	\$4,741.12	\$4,978.17	\$5,227.08	\$5,488.44	\$24,950.16
5	7 Connections Software Basic	\$2,591.00	\$2,720.55	\$2,856.58	\$2,999.41	\$3,149.38	\$14,316.91
10	8 Medical Necessity Dictionaries Medi-Cal	\$16,705.00	\$17,540.25	\$18,417.26	\$19,338.13	\$20,305.03	\$92,305.67
9	9 Medical Necessity Dictionaries CA A&B	\$21,845.00	\$22,937.25	\$24,084.11	\$25,288.32	\$26,552.73	\$120,707.41
11	10 Physician Coding and Reimbursement System	\$10,591.00	\$11,120.55	\$11,676.58	\$12,260.41	\$12,873.43	\$58,521.96
8	12 3M ICD-10 Education Program-Annual	\$14,362.10	\$15,080.21	\$15,834.22	\$16,625.93	\$17,457.22	\$79,359.67
7	13 ICD-10 Code Translation Tool Enterprise	\$5,202.00	\$5,462.10	\$5,735.21	\$6,021.97	\$6,323.06	\$28,744.33
	Total Renewal Services	\$180,176.74	\$189,185.58	\$198,644.86	\$208,577.10	\$219,005.95	\$995,590.23
	NEW SERVICES						
13	20 Reimbursement Calculation Software-APR CA Medi-Cal	\$2,897.65	\$3,042.53	\$3,194.66	\$3,354.39	\$3,522.11	
14	21 Reimbursement Calculation Software All Formulas I&T (see line item #15)						
	Total New Services	\$2,897.65	\$3,042.53	\$3,194.66	\$3,354.39	\$3,522.11	\$16,011.35
	Sub Total / Renewal & New Services	\$183,074.39	\$192,228.11	\$201,839.51	\$211,931.49	\$222,528.07	
15	14 1st Year One Time, Implementation and Training Fee (Reimbursement Calculation Software All Formulas I&T)	\$500.00	N/A	N/A	N/A	N/A	
	Total Charges	\$183,574.39	\$192,228.11	\$201,839.51	\$211,931.49	\$222,528.07	\$1,012,101.57
22	TRAVEL REIMBURSEMENT	\$25,000.00	\$25,000.00	\$5,000.00	\$0.00	\$0.00	
	Add travel & expense charges as needed per the Monterey County Travel Policy						\$25,000.00
	Purchase Order Total	\$208,574.39	\$217,228.11	\$206,839.51	\$211,931.49	\$222,528.07	
	Contract Grand Total						\$1,037,101.57