



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

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**File #:** A 14-086, **Version:** 1

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Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the McKesson Master Agreement MA 135605204 with McKesson Technologies Inc. for Cardio Picture Archiving & Communication System (CPACS) services, adding InterQual software services in the amount of \$169,296 for the period May 20, 2014 to June 30, 2019 and increasing the total maximum liability under the Agreement from \$954,669 to \$1,123,965. (ADDED VIA ADDENDUM)

### **RECOMMENDATION:**

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the McKesson Master Agreement MA 135605204 with McKesson Technologies Inc. for Cardio Picture Archiving & Communication System (CPACS) services, adding InterQual software services in the amount of \$169,296 for the period May 20, 2014 to June 30, 2019 and increasing the total maximum liability under the Agreement from \$954,669 to \$1,123,965.

### **SUMMARY/DISCUSSION:**

Amendment No. 1 to the McKesson Master Agreement MA135605204 for CPACS includes CareEnhance Review Manager Enterprise (“Review Manager”) and InterQual Learning Source training services. These services will provide a web-based, stand-alone product for use by the Case Management department as 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 web-based tool contains content and algorithms based on medical standards of care and backed by evidence-based practices. NMC’s current practice has been to apply individual collaborative consideration among physicians and case managers and determine levels of care and/or medical necessity for admission on either inpatient or outpatient with observation services. The subjective nature of the decisions could potentially have a negative impact on the quality of care, assignment of appropriate levels of care, payment for services if not medically necessary, HCAHPS, denials, and NMC’s overall payments from Medicare, based on quality measures. This model combined with CERMe InterQual tools adds both predictability and standardization of criteria for all types of reviews.

CERMe InterQual is one of two clinical review tools available that has been approved by Medicare for utilization review (UR) compliance. Review Manager and InterQual will provide a degree of consistency for case management and UR about admitting decisions related to the level of the bed, acuity of services required and insurance coverage. Review Manager and InterQual can 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 Review Manager and InterQual will also allow NMC to participate in the MediCal NO Treatment Authorization Request (TAR) practices for hospitals, eliminating the current paper process and reducing the costs for processing TAR’s for a large MediCal population.

Training will be scheduled within 60 days of purchase with a planned Go-Live date of August 1, 2014. Staff

will train via webinars, and will be supported by McKesson online and by phone.

**OTHER AGENCY INVOLVEMENT:**

County Counsel has reviewed and approved this Amendment No. 1 as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Amendment No. 1 as to fiscal provisions. The CAO-Budget and Analysis Division has advised to inform the BOS the spending authority (appropriations) associated with NMC's FY 2014 Adopted Budget has been exceeded and approval and authorization for modification of NMC's appropriation budget should be presented to the BOS. Since NMC is an Enterprise Fund, this does not prevent continued expenditures and is not a legal requirement, but it is considered good public policy, transparency and fiscal management.

**FINANCING:**

The cost for this Amendment No.1 is \$ 169,296 and is included in the Fiscal Year 2013/2014 Adopted Budget. Amounts for remaining years of the Amendment No.1 will be included in those budgets as appropriate. NMC is confirming its appropriations position and if its spending authority has been exceeded will return to the Board. There is no impact to the General Fund.

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Approved by: Harry Weis, Chief Executive Officer, 783-2553

Attachments: Original Agreement (CPAC), Amendment No.1

Attachments on file with the Clerk to the Boards Office.