



County of Monterey

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

Board Report

File #: A 15-074, **Version:** 1

Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) to execute an Amendment No. 3 with Healthcare Services Management, Inc. (HSM), for Information Technology Consulting and Project Management Services at NMC to extend the term of the Agreement for one (1) additional year for a revised term of May 1, 2011 through June 30, 2016 with no additional cost to the total Agreement amount of \$2,023,675.

RECOMMENDATION:

It is recommended the Board of Supervisors:

Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) to execute an Amendment No. 3 with Healthcare Services Management, Inc. (HSM), for Information Technology Consulting and Project Management Services at NMC to extend the term of the Agreement for one (1) additional year for a revised term of May 1, 2011 through June 30, 2016 with no additional cost to the total Agreement amount of \$2,023,675.

SUMMARY/DISCUSSION:

The Federal Department of Health and Human Services (HHS) has established several changes for national coding with the purpose of meeting the growing demands of the complex payment environment in healthcare. Initially HHS had established October 1, 2014 as the mandated effective date for these changes. HHS has since moved this effective date to October 1, 2015 and as of October 1, 2015, reporting claims for medical diagnoses and inpatient procedures, once submitted to payers using ICD-9 code sets, will need to be submitted using the new ICD-10 (International Classification of Diseases - version10) code sets.

ICD codes are the common system of codes used to classify diseases and other health problems on many types of health records. ICD means International Classification of Diseases. ICD codes are alphanumeric designations given to every diagnosis, description of symptoms and cause of death attributed to human beings. This means that each diagnosis a human being may be given has a code that goes with it. That code means that every medical professional in the United States and many other parts of the world will understand the diagnosis the same way.

ICD-10 code sets are critical to NMC. They are required for the hospital to retrieve revenue for services rendered, used to calculate payments for covered services, compile statistics, and assess quality within a healthcare setting. The transition to ICD-10 is being mandated because ICD-9 codes (currently used nationwide) produce limited data about patients' medical conditions and hospital inpatient procedures. ICD-9 is 30 years old, has outdated terms, and is inconsistent with current medical practices.

To help facilitate the implementation of the use of ICD-10 codes, NMC has contracted with HSM for the purpose of providing ICD-10 subject matter expertise, financial impact analysis, project planning, code set implementation, and physician and staff education and training. HSM will also provide implementation

assistance to help NMC complete assessment recommendations and prepare the hospital for the transition to ICD-10. Utilizing an enterprise-wide approach, HSM will collaborate with NMC with implementing a strategy and roadmap for ICD-10 that will assist NMC in achieving and maintaining compliance. This Amendment No. 3 is to request an extension of the term for one additional year to allow for these services to continue. This additional year is needed because of the change in ICD-10 effective date by HHS.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Amendment No. 3 as to legal form and risk provisions, 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 03/26/15 and by its Board of Trustees on 04/03/15.

FINANCING:

There is no added cost for Amendment No. 3.

Prepared by: Charles Harris, MD, NMC Information Technology, 783-2559
Approved by: Gary R. Gray, DO, Interim Chief Executive Officer, 783-2504

Attachments: Amendment No. 3, Amendment No. 2, Amendment No. 1, Original Agreement with Healthcare Services Management, Inc., Spend Sheet

Attachments on file with the Clerk of the Board