



Board Report

File #: A 14-183, Version: 2

a. Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 3 to the McKesson Master Agreement MA1011350 ("Monterey County Agreement A-11723") with McKesson Technologies, Inc. for Horizon Medical Imaging Radiology, Picture Archiving and Communication System (PACS) and related systems services at NMC, in order to:

- 1) Upgrade existing software; and
- 2) Add software enhancements to PACS, including a new module for Computed Tomography (CT) and Magnetic Resonance Imaging (MRI) studies and Clinical Viewer software called Study Share Viewer; and
- 3) Replace the hardware server database with Virtual Data Base server; and

b. Add \$1,674,663 for the period July 1, 2014 to June 30, 2019 (one time upgrade implementation fee of \$253,236 plus \$1,421,427 for software maintenance of both existing software and new software enhancements for the period July 1, 2014 to June 30, 2019), for a revised total maximum liability under Monterey County Agreement (A-11723) of \$4,424,326.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

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SUMMARY/DISCUSSION:

NMC is executing the third phase (see attachment: McKesson Radiology PACS Phasing Summary) of its Picture Archive and Communication System (PACS) which consists of computer hardware and software assembled for the storage, distribution and presentation of digital radiographic images. This software upgrade is necessary due to unsupported computer platforms (windows XP) by Microsoft which will make the current software version at risk for failure. By upgrading the current software version to 12.0 which is fully compatible with Microsoft Windows 7 the Diagnostic Imaging Department's digital environment will be secure. In addition this upgrade will allow for distributing images off-site i.e. physicians offices, and improves image sharing within the hospital. This Amendment will allow for:

Implementation of McKesson Radiology PACS 12.0 software replacing the existing software
Improved software module for reading Computed Tomography (CT) and Magnetic Resonance Imaging (MRI) studies which allows the Radiologist to have more precise images to make a diagnosis

Virtual Data Base server to replace current hardware server data base
Clinical Viewer software to enable physicians to view images on any computer

Software maintenance of both existing software and new software enhancements for the period of July 1, 2014 to June 30, 2019 as outlined in the table below.

		Annual Software Maintenance
<i>July 1, 2014 to June 30, 2015</i>		\$261,788
<i>July 1, 2015 to June 30, 2016</i>		\$269,050
<i>July 1, 2016 to June 30, 2017</i>		\$282,502
<i>July 1, 2017 to June 30, 2018</i>		\$296,628
<i>July 1, 2018 to June 30, 2019</i>		\$311,459
<i>One Time Upgrade Implementation FEE</i>		\$253,236
<i>Total Amendment Cost</i>		\$1,674,663.00

NMC recognizes that Amendment No. 1 board report had a typographical error in the not to exceed dollar amount. For Amendment No.1, the not to exceed dollar amount should have been \$2,749,663. The dollar amount has been corrected in this report and Amendment No.2.

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 (5-29-2014) and Board of Trustees (6-6-2014).

FINANCING:

The cost for this Amendment No. 2 is \$1,674,663. The One Time Upgrade Implementation Fee (\$253,236) and the first years Annual Maintenance (\$261,788) totaling \$515,024 is included in the Fiscal Year 2014/15 Adopted Budget. Additional funds will be budgeted for remaining years of the agreement. There is no impact to the General Fund.

Prepared by: Andrea Rosenberg, Asst. Administrator Operations and Support Services 783-2562
Approved by: Harry Weis, Chief Executive Officer, 783-2553

Attachments: McKesson (Original Agreement), Order Form (Medical Imaging Solutions), Amendment No.P14000927, the County of Monterey-MR-5 Year Pay Schedule, McKesson Radiology PACS Phasing Summary

Attachments on file with the Clerk to the Boards Office