LEGISLATIVE DIGEST

[No Competitive Solicitation Process - Selection of Preferred Contractor - Regents of the University of California - Modern Electronic Health Record System]

Ordinance providing that the competitive solicitation process requirement in Administrative Code, Section 21.1, shall not apply to the Department of Public Health's (DPH) contract for a modern, secure, and fully integrated electronic health record (EHR) system for the San Francisco Health Network to replace DPH's current system; ratifying the selection of the Regents of the University of California (UC), by and through the University of California San Francisco, as the preferred contractor.

Existing Law

Section 21.1 of the Administrative Code requires all city contracts for commodities and/or services be procured through competitive solicitation unless otherwise authorized in the Code.

Amendments to Current Law

This proposed ordinance would provide that the competitive solicitation process requirement in Administrative Code, Section 21.1 shall not apply to the Department of Public Health's (Department or DPH) contract to procure a new, modern electronic health record (EHR) system to replace the Department's existing, outdated EHR system to comply with federal EHR "meaningful use" rules and regulations. This ordinance would apply retroactively to all actions taken by City officials or City agencies or entities in connection with the with the selection of the EHR system and vendor.

This ordinance would also ratify and confirm all actions taken by City officials or City agencies or entities in selecting the Regents of the University of California (UC), through and by the University of California San Francisco (UCSF), as the City's preferred contractor for the procurement of the new EHR system for the Department, and authorize the Director of Health (Director) of the Department to enter into negotiations, initially on an exclusive basis with UC, to procure the new EHR system to replace the Department's aging system. If, within six months of negotiation with UC, the Department is unable to reach a satisfactory agreement, the Director would be authorized to commence a new competetive process. At any point, if the Department is unable to reach final agreement with UC, then the Department would commence a competetive process.

This ordinance would require the Director to obtain final approval of the agreement to procure the new EHR system from the Board of Supervisors.

Background Information

EHR systems house patient records, charting, test results, medication administration, acute and long-term care, and other important confidential patient information. The Department's current EHR system, which was originally implemented in 1996, and developed piecemeal over the years, does not comply with federal health care delivery, or EHR "meaningful use" requirements, is not certified EHR technology and is ineligible to receive federal Eligible Professional and Hospital incentive payments. (See https://www.cms.gov/regulations-andguidance/legislation/ehrincentiveprograms/eligibility.html) SFHN estimates that its payment reductions related to its inability to meet "meaningful use" requirements will be approximately $876,000 annually starting in 2017, assuming that Stage 3 meaningful use penalties, as categorized under federal law, are enforced.

DPH needs a modern, fully integrated EHR system to improve patient safety and care coordination, fulfill the federal care delivery and HER meaningful use requirements, and help achieve the triple aim of health care reform: better care for individuals, better health for the population, and lower cost through improvement.

The Department embarked on an extensive research process to determine the best option for developing a fully-integrated EHR system that could provide effective records and information management for the various ways that the Department delivers health care services. The U.S. Department of Health and Human Services and multiple industry reports recognize Epic and Cerner as the top providers of EHR systems in ambulatory care and hospital settings. After the Department's own extensive analysis, DPH leadership recognized, consistent with industry findings, that the breadth and functionality offered by both Epic and Cerner, could provide the Department a single vendor EHR system solution that would fulfill federal requirements and replace a large part of the different patchwork of electronic records systems that are currently being used by the SFHN.

The Department learned that Epic allows a shared use of their EHR system via a process called Community Connect. Epic requires Community Connect host organizations, like UCSF, to meet a rigorous set of accreditation criteria to ensure the product is kept updated, properly utilized and that the hosts adopts technology using Epic's EMR option Model℠. Depending upon the pricing and subsidy decisions at the host organization, in this case, UCSF, a Community Connect satellite site, in this case SFHN, can benefit from a shared record and technical resources of the host, often at a lower cost, and with a faster implementation timeline than developing a free-standing integrated EHR system directly from the vendor.

In considering the many factors that would contribute to the successful implementation of a new EHR system, the Department confirmed several justifications for partnering with UCSF, including:
- the ability to leverage UCSF's Epic EHR content and system design because UCSF can host the substantial infrastructure and hardware necessary to run the EHR system;

- beginning from a design that is familiar to the health care providers who are shared by DPH and UCSF, but also having the option to expand UCSF's existing EHR system design to align with DPH's needs is an optimal baseline for successful user adoption;
- the considerable training and extensive experience that shared UCSF employees have with Epic, including lessons learned from UCSF's implementation of the Epic EHR system should significantly reduce the training effort required to implement a new EHR system; and
- safer and more efficient coordination and sharing of information will improve the safety and quality of care provided to SFHN patients.

After extensively researching various options over the last three years, the Department concluded that contracting with UCSF to implement Epic as a Community Connect Partner is the Department's most viable option for several key reasons: clinical coordination/patient safety, clinical implementation support, population health research, and training and implementation costs.

This legislative digest reflects amendments adopted by the Budget and Finance Committee on March 9, 2016.