

October 29, 2024

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

Subject:

Ratification of the Approval and Payment of Existing Cerner Sales Orders 1-2J58SRR, for Transaction Overages for \$23,354, OPT-0333043, for BD HealthSight Foreign System Interface for \$27,416, OPT-0243884, for HealtheEDW Shared Computing Fees, for \$681,000, and OPT-0302375, for Travel Fees for Cerner Practice Management for a Not-to-Exceed \$460,824; Authorization for the Purchasing Agent or Designee to Increase the Amount of Existing Cerner Sales Order 1-2J58SRR, for Transaction Overages, Effective July 1, 2024, Through June 30, 2025, for a Total Cost of \$150,000.

Recommendations:

1. Ratification of the approval and payment of Cerner sales orders:
 - A. 1-2J58SRR (Exhibit 1) Schedule 2 transaction services, for a total cost of \$23,354.
 - B. OPT-0333043 (Exhibit 2) BD HealthSight Foreign System Interface (FSI), for a total cost of \$27,416.
 - C. OPT-0243884 (Exhibit 3) HealtheEDW shared computing services, for a total cost of \$681,000.
 - D. OPT-0302375 (Exhibit 4) Cerner Practice Management (CPM) travel fees, for a total cost of not-to-exceed \$460,824.
2. That your Board approve and authorize the Purchasing Agent or designee to increase the amount of existing Cerner Sales Order No. 1-2J58SRR (Exhibit 1) by \$150,000.

Reason for Ratification:

As described in more detail below, the sales orders were previously approved by your Board on various dates in the past. Cerner did not bill HCA timely and the related

purchase documents were lapsed, and, subsequently, HCA cannot pay the past due invoices.

Fiscal Impact:

Mandatory: No
Source of Funding: VCMC Operating Revenues
Funding Match Required: No
Impact on Other Departments N/A

Summary of Annual Revenues and Costs Under these Agreements:

	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Revenue:	\$891,829	\$450,765
Direct Cost:	\$891,829*	\$450,765
Indirect Cost:	\$0	\$0
Net County Cost	\$0	\$0

*Accrued in FY 2023-24

Current Fiscal Year Budget Projections:

Current FY 2024-25 Budget Projections for Ventura County Medical Center #3300				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated (Savings/Deficit)
Expenditures	\$720,985,484	\$720,985,484	\$720,985,484	\$0
Revenue	\$721,404,225	\$721,404,225	\$721,404,225	\$0
Operational Income/(Loss)	\$418,741	\$418,741	\$418,741	\$0

Sufficient revenue and appropriations are included in the FY 24-25 budget.
The operational income includes "Operating Transfers In" that are primarily attributed to County contributions.

Strategic Plan Priority:

The item presented in this Board letter supports the Reliable Infrastructure and Sustainability, and the Healthy, Safe, and Resilient Communities strategic priorities of the County Strategic Plan as it is designed to provide robust infrastructure and technology to serve the needs of our communities, and to meet the goal of providing access to quality healthcare required for our community to thrive.

Discussion:

Cerner Sales Order No. 1-2J58SRR Transaction Service Overages

On February 28, 2017, your Board approved Cerner Sales Order No. 1-2J58SRR for transaction service overages not included in the fixed technology fee. On February 9,

2024, HCA implemented Cerner Practice Management (CPM) that resulted in an increase in transaction service fees. There was enough in this sales order for transaction service overages in February, March, and April but not for May and June. Therefore, we are asking your Board to approve an increase to the sales order for the increased transaction fees covering service from May through June 2024, for a total cost of \$23,354 and to increase the amount of this sales order by \$150,000 for FY 2024-25 transaction fees. Costs of \$23,354 covering service from May through June 2024, were accrued in FY 2023-24.

Cerner Sales Order No. OPT-0333043 BD HealthSight FSI

On July 12, 2022, your Board approved Cerner Sales Order No. OPT-0333043 for an Foreign System Interface (FSI) with Cerner and BD HealthSight. \$115,233 was encumbered for fiscal years 2022-23 and 2023-24 for the services Cerner was to provide. Invoices totaling \$87,817 have been paid to date against Cerner Sales Order No. OPT-0333043. The project was delayed, and Cerner did not bill for services rendered until 2024. The last payment was expected to be November 2023 as the FSI was completed in 2023 and the purchasing documents were lapsed. We are asking your Board to approve re-establishment of purchasing documents for the unspent \$27,416 on Cerner Sales Order No. OPT-0333043. Of the \$27,416, \$11,802 is for invoices covering service from July 2023 through May 2024 that were accrued in FY 2023-24. The balance of \$15,614 is for additional invoices that may come in.

Cerner Sales Order No. OPT-0243884 HealtheEDW

On June 15, 2021, your Board approved Cerner Sales Order No. OPT-0243884 to implement HealtheEDW. Cerner agreed to payment terms that included 25% of one-time fees paid on effective date, 25% on project kick-off and 50% on first productive use. Cerner invoiced the first two payment terms as outlined but failed to invoice the last 50% until recently in 2024. The first annual payment of \$609,000 was billed and paid but Cerner failed to bill the last 50% until recently, however, the purchasing documents were previously lapsed. We are asking your Board to approve re-establishment of purchasing documents that had been lapsed to pay these past due invoices totaling \$681,000. These past due invoices of \$681,000 were accrued in FY 2023-24. Of the \$681,000, \$72,000 is for implementation costs, and \$609,000 is for software subscription covering the period from 1/19/2023 to 1/18/2024.

Cerner Sales Order No. OPT-0302375

On May 3, 2022, your Board approved Cerner Sales Order No. OPT-0302375 to implement CPM. The agreement included travel fees not-to-exceed \$460,824. The travel was expected to occur by September 2023, and the purchasing document was lapsed. Cerner delayed the project by a year and the travel occurred between August 2023 and February 2024. We are asking your Board to re-establish the purchasing document for \$460,824 to pay these past due invoices. Of the \$460,824, invoices totaling \$175,673

(covering travel expenses from August 2023 through February 2024) were accrued in FY 2023-24. The balance of \$285,151 is for additional travel invoices that may come in.

This letter has been reviewed by the County Executive Office, County Counsel, Auditor-Controller's Office, IT Services and General Services Agency Procurement Services. If you have any questions regarding these recommendations, please contact Bach Nguyen, HCA Chief Information Officer, at 805-652-5762.



Bach Nguyen
Health Care Agency Chief Information Officer



Theresa Cho, M.D., MHA
Health Care Agency Director

Exhibits:

- Exhibit 1 - Cerner Corporation Sales Order No. 1-2J58SRR
- Exhibit 2 - Cerner Corporation Sales Order No. OPT-0333043
- Exhibit 3 - Cerner Corporation Sales Order No. OPT-0243884
- Exhibit 4 - Cerner Corporation Sales Order No. OPT-0302375