



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



DATE: February 16, 2012
BOARD MEETING DATE: March 13, 2012
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors

FROM: Jean S. Fraser, Chief, Health System
Susan Ehrlich, MD, MPP, Chief Executive Officer
San Mateo Medical Center

SUBJECT: Amendment No. 2 to the Agreement with Caduceus Systems, LLC

RECOMMENDATION:

Adopt a Resolution authorizing the President of the Board to execute Amendment No. 2 to the Agreement with Caduceus Systems, LLC for the provision of a Materials Management Information System, for the term of December 1, 2010 through November 30, 2015, increasing the scope of services and the Agreement's maximum amount by \$254,000, for a new maximum fiscal obligation of \$683,830.98.

BACKGROUND:

On February 8, 2011, by Resolution 071253 your Board approved an Agreement with Caduceus Systems, LLC (Caduceus) for the term of December 1, 2010, through November 30, 2015, with a maximum amount payable of \$405,000. The Agreement was for the installation and implementation of a new Materials Management Inventory System (MMIS) that allows San Mateo Medical Center (SMMC) to have a perpetual inventory system to track disbursement and replenishment of stock.

On October 4, 2011, the Chief of the Health System approved Amendment No. 1 to the Agreement, increasing the maximum amount by \$24,830.98, for a new maximum amount payable of \$429,830.98. The term of the Agreement was not changed. The increase in the Agreement was to purchase an additional five scanning devices and increase the number of consulting hours to evaluate the feasibility of interfacing Caduceus with the County's Information Accounting System (IFAS).

DISCUSSION:

The scope of the MMIS is expanding to most departments at SMMC and its satellite clinics. Expansion will include kiosks with touch screens and tethered scanning devices located in the clinics as well as in the treatment areas to effectively balance inventory levels and maximize on-hand quantity to meet patient needs. The services

also permit recordation of patient revenue at the time medical supplies are dispensed. In addition, the system will be expanded to include the Biomed Service for SMMC, which adds electronic asset tracking of capital equipment throughout the hospital and clinics. Relevant agreements will also be uploaded into the Caduceus system for price verification and tracking of the unencumbered amount remaining on Service/Vendor agreements.

The Amendment increases the maximum amount to cover the increase in the number of consulting service hours, the amount of travel expenses, and the amount of equipment required for expansion of the Caduceus system throughout SMMC.

The Amendment and Resolution have been reviewed and approved by County Counsel as to form.

The Contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

This Amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by providing a system to procure, pay for, and issue supplies required for patient treatment. It is anticipated that SMMC's cost per adjusted patient day will increase from \$900 to \$920.

Performance Measure:

Measure	FY 2010-11 Actual	FY 2011-12 Projected
SMMC cost per adjusted patient day	\$900	\$920*

*Due to increase in operating costs

FISCAL IMPACT:

The term of this Agreement is December 1, 2010, through November 30, 2015. The Amendment increases the maximum amount of the Agreement by \$254,000, for a new maximum fiscal obligation of \$683,830.98. Of that amount, \$254,000 is included in the SMMC FY 2011-12 Adopted Budget. The annual maintenance fee of \$24,000 will be included in future budget years.

Expenses at SMMC are covered by fees for services or third-party payors whenever possible. The portion of expenses for services provided to the medically indigent or to those covered by programs that do not meet the full costs of care are covered by the County's General Fund contribution to SMMC, and are within the existing annual appropriation.

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * *

RESOLUTION AUTHORIZING THE PRESIDENT OF THE BOARD TO EXECUTE AMENDMENT NO. 2 TO THE AGREEMENT WITH CADUCEUS SYSTEMS, LLC FOR THE PROVISION OF A MATERIALS MANAGEMENT INFORMATION SYSTEM, FOR THE TERM OF DECEMBER 1, 2010 THROUGH NOVEMBER 30, 2015, INCREASING THE SCOPE OF SERVICES AND THE AGREEMENT'S MAXIMUM AMOUNT BY \$254,000, FOR A NEW MAXIMUM FISCAL OBLIGATION OF \$683,830.98

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, on February 8, 2011, by Resolution 071253 this Board approved an Agreement with Caduceus Systems, LLC (Caduceus) to provide a Materials Management Information System (MMIS); and

WHEREAS, on October 4, 2011, the Chief of the Health System approved Amendment No. 1 to the Agreement, increasing the maximum amount by \$24,830.98, for a new maximum fiscal obligation of \$429,830.98; and

WHEREAS, San Mateo Medical Center (SMMC) is expanding MMIS access to most departments in SMMC and satellite clinics and wishes to add Biomed Service for SMMC; and

WHEREAS, this capability will reduce the amount of physical inventory and interface with the patient electronic billing system, ensuring an accurate perpetual inventory and recordation of patient revenue as the medical supplies are dispensed;

and

WHEREAS, the equipment required will include a touch screen monitor and a handheld scanning device tethered to the MMIS system; and

WHEREAS, it is now necessary to increase the Agreement's maximum amount to cover the increase in the number of consulting service hours, the amount of travel expenses, and the amount of equipment required for expansion of the Caduceus system throughout SMMC; and

WHEREAS, both parties wish to amend the Agreement to expand the Contractor's scope of work, increasing the maximum amount by \$254,000, for a new maximum fiscal obligation of \$683,830.98; and

WHEREAS, this Board has been presented with the Amendment, has examined it and approved it as to both form and content, and desires to enter into it.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the President of this Board of Supervisors be and is hereby authorized and directed to execute said Amendment to the Agreement with Caduceus Systems for and on behalf of the County of San Mateo, and the Clerk of the Board shall attest the President's signature thereto.

* * * * *

**AMENDMENT NO. 2 TO AGREEMENT
BETWEEN THE COUNTY OF SAN MATEO AND
CADUCEUS SYSTEMS, LLC**

THIS AMENDMENT TO THE AGREEMENT, entered into this _____ day of _____, 2012, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and CADUCEUS SYSTEMS, LLC, hereinafter called "Contractor";

W I T N E S S E T H:

WHEREAS, pursuant to Government Code, Section 31000, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof;

WHEREAS, the parties entered into an Agreement with Caduceus Systems, LLC for provision of a Materials Management System on February 8, 2011, pursuant to Resolution No. 071253; and

WHEREAS, the Health System Chief approved Amendment No. 1 to the Agreement on October 4, 2011, increasing the maximum amount by \$25,000 and expanding the services in Exhibits C and F; and

WHEREAS, the parties now wish to further amend the Agreement to increase the maximum amount by \$254,000.00, to a new maximum fiscal obligation of \$683,830.98.

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

- 1. The following subsections of Section 1.4 of Exhibit C of the Agreement are amended to read as follows:**

1.4 Fees for Consulting Services

1.4.1 Fees. Customer shall pay Caduceus a fee of \$125.00 per hour for professional services provided to Customer by Caduceus' personnel. The scope of service that Caduceus will provide to Customer is estimated to comprise 2,263 hours of professional services. The estimated total of hourly fees for implementation and consulting services is \$282,875.00. The hourly rate of \$125.00 represents a discount from the schedule of time and materials rates generally available from Caduceus, and Caduceus agrees to extend this discounted rate to Customer until completion of the implementation and production use of the system has commenced. Fees will be invoiced to

Customer at the beginning of each month for services provided during the previous month. Caduceus will provide Customer with a report to accompany each invoice that identifies the number of hours of service provided, the specific Caduceus resource, and the project task.

1.4.4 Payment Terms for Implementation and Consulting Services. Customer agrees to pay the estimated total of \$282,875.00 for implementation and consulting services according to the following schedule:

- 1.4.4.1 An amount of \$36,500 will be paid upon the start of project activities. We are changing the scope of work (1) to include the following departments: the Emergency Department, Intensive Care Unit, Floor 1A, Floor 2 A&B, and Floor 3 A&B and its satellite clinics; and (2) to increase the amount of Consulting Service hours in the amount of \$209,875.00 will be billed as needed to cover the cost of the implementation at these sites.
- 1.4.4.2 An amount of \$36,500 will be paid upon successful completion of acceptance testing and go-live use of the system. Go-live use shall mean the time the system is first used for daily or production purposes to process live data by Customer.
- 1.4.4.3 Travel and living reimbursement expenses will be paid by Customer at the time of invoicing. Caduceus will invoice Customer monthly in arrears at the beginning of each month for travel and living expenses, to the satisfaction of the Customer, incurred during the prior month. Such invoices will contain documentation for travel and living expenses. Invoiced amounts shall be due and payable by Customer within Fifteen (15) days after receipt.
- 1.4.4.4 In the event that implementation and consulting services are provided by Caduceus to Customer in excess of the estimated 2,263 hours as described in Paragraph 1.4.5 herein, the fees for such services will be billed to Customer at the beginning of the month for the prior 30 day period when the estimate was exceeded. All invoices for services will include documentation which shows the individual who performed the service, the tasks that the individual performed, and the number of hours worked to complete the task. Any fees for service in the excess of 983 hours will be approved by Customer before the work is performed. Any work in excess of 2,263 hours that is authorized by Customer will be billed at the hourly rate of \$125 per hour until the successful completion of acceptance testing and go-live use of the system has commenced. In the event that implementation and consulting

services are provided by Caduceus to Customer at a total amount less than the estimated 2,263 hours described in Paragraph 1.4.5 herein, Caduceus will refund to customer a portion of the amount already paid under Paragraph 1.4.4.2 using the following formula or, if the payment has not yet been made under Paragraph 1.4.4.2, will accept a reduction to the amount listed in Paragraph 1.4.4.2 based on the same formula:

Refund/

reduction = (2,263 hrs. - total implementation/consulting services hrs.) x \$125/hour amount

1.4.5 Description of Estimated Hours for Implementation. The following table shows the estimated hours necessary for implementation project completion for Caduceus' personnel and Customer personnel:

1.4.5.1 Estimated Implementation Hours for Customer		
Project Tasks/Activity Estimates	Caduceus' Staff Estimated Hours	Customer's Staff Estimated Hours
Project Planning	39	126
Data Conversion Analysis, Design and Development	373	891
Process Redesign and System Set-up	529	443
User Training	621	1239
Operations Readiness Assessment and Go-Live Activities	580	639
Project Management	121	174
TOTAL Estimated Hours	2263	3512
Note: All hours are estimates based on pre-project plan assumptions.		

1.4.6 Reimbursable Travel Expenses. Customer agrees to reimburse Caduceus for reasonable and customary travel and living expenses for Caduceus personnel to travel to Customer's facility in San Mateo, California to perform services on-site at Customer's facility. Expenses for airfare, ground transportation, hotel, meals and living will be invoiced at the beginning of each month throughout the implementation project for expenses incurred during the previous month and invoices for these expenses will be accompanied by receipts and substantiating documentation for the expenses.

1.4.6.1 Caduceus agrees that reimbursable travel expenses will not exceed \$109,000.00 if Customer's implementation project is completed according to the preliminary implementation project plan provided by Caduceus. Caduceus has estimated in the

preliminary project plan that the travel and living expenses necessary to execute the plan will consist of the following:

- (i) Fifty (50) round-trip airfares between Austin, Texas and San Francisco, California, and
- (ii) Auto rentals in California for a period of 200 days, and
- (iii) Two hundred (200) person days of per diem, Parking and meal expenses, and
- (iv) Two hundred (200) person nights of hotel expenses.

1.4.6.2 In the event that (i) Customer and Caduceus mutually agree to change the preliminary project plan or the services to be provided on-site at Customer's facility by Caduceus personnel, and (ii) any such mutually agreed upon change results in additional travel and living expenses beyond those included in the preliminary project plan, then Customer agrees to reimburse Caduceus for such travel expenses even if such travel expense exceeds \$109,000.00 in aggregate. Customer and Caduceus agree that a change order must be executed by both parties that acknowledges and authorizes such a change before the services are provided or the travel expense that results from the change is incurred by either party.

2. Section 1.1 of Exhibit F of the Agreement is amended to read as follows:

1.1 Motorola Symbol MC55 Wireless Scanner Device (Or Equivalent Device).

Customer hereby authorizes the purchase of the following hardware by Motorola (or equivalent manufacturer) for use in conjunction with the System in the quantities stated and for the prices stated herein. Customer acknowledges that the hardware is manufactured by Motorola or another manufacturer and that Caduceus is acting as a reseller of such products and that the warranty provided to Customer for this equipment is provided by the Motorola Corporation. The hardware to be provided to Customer is as follows:

ITEM NUMBER	QUANTITY	PRICE EACH	EXTENDED PRICE
=====	=====	=====	=====
SYM-MC5574P7CDUQRA9W Symbol Wireless Scanner Or Equivalent Device	13	\$1,561.00	\$20,293.00
SYM-BTRYMC55EAB00	13	\$40.00	\$520.00

Battery for MC55 Scanner Or Equivalent Device			
SYM-CRD5500100UR MC55 DESKTOP CRADLE KIT Or Equivalent Device	13	\$136.46	\$1773.98
SYM-256859601R USB Cable	1	no charge	0.00
Touch Screen with Tethered Scanner	30	\$1,000	\$30,000.00
Total For Thirteen (13) Motorola Symbol MC55 Wireless Scanners\$22,586.98 Or Equivalent Devices			
Total for 30 Kiosks.....\$30,000.00			

Maintenance for Motorola MC55 Scanner Devices Or Equivalent Devices

The three (3) year maintenance program for the MC55 or equivalent devices will be provided by the Motorola Corporation according to the following:

ITEM NUMBER	QUANTITY	PRICE EACH	EXTENDED PRICE
=====			
SYM-SSBMC55XX30 (Or Equivalent Program) 3 Year Service-From-the-Start Service Center Maintenance Coverage Bronze Level Maintenance	13	\$209.00	\$2,717.00

Wavelink Communications Software

Wavelink is third party software that is used to facilitate communications between the MC55 scanning devices and the server and is used in conjunction with the System. Customer acknowledges that Caduceus is acting as a reseller for Wavelink and that warranty and maintenance services for the Wavelink product are provided by the Wavelink Corporation Or Equivalent Provider.

ITEM NUMBER	QUANTITY	PRICE EACH	EXTENDED PRICE
=====			
WAV-110LISTCS30 WAVELINK STUDIO COM SERVER (Includes one client license)	1	\$189.00	\$189.00
WAV-110LISTCU30 STUDIO COM CLIENT (additional user license)	12	\$189.00	\$2268.00
Total license for Wavelink Software.....			\$2457.00

- 3. All other terms and conditions of the Agreement dated February 8, 2011, including subsequent Amendment No. 1, dated October 4, 2011, between the County and Contractor shall remain in full force and effect.**

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, have affixed their hands.

COUNTY OF SAN MATEO

By: _____
President, Board of Supervisors, San Mateo
County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

CADUCEUS SYSTEMS, LLC

Contractor's Signature

Date: _____