



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Health System



**Date:** June 25, 2016  
**Board Meeting Date:** August 9, 2016  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Louise Rogers, Chief, Health System  
Chester J. Kunnappilly, MD, Interim Chief Executive Officer, San Mateo Medical Center

**Subject:** Amendment to the Agreement with Cerner Health Services, Inc. for Application Managed Services

**RECOMMENDATION:**

Adopt a resolution authorizing an amendment to the agreement with Cerner Health Services, Inc. adding Application Managed Services but leaving unchanged all other services, term dates, and the maximum fiscal obligation amounts.

**BACKGROUND:**

On September 23, 2003, your Board approved a seven-year agreement with Siemens Health Solutions, USA, Inc. (Siemens) for ongoing support and additional applications at San Mateo Medical Center (SMMC).

On May 20, 2008, your Board approved an amendment to extend the term of the agreement to October 1, 2015. On January 10, 2012, your Board approved an amendment to extend the agreement term to December 31, 2020, for ongoing support and additional applications relating to the implementation of SMMC's inpatient electronic health record, with a new not to exceed amount for the period of July 1, 2012 through December 31, 2020, of \$23,681,838.81 for most services, and a separate maximum amount of \$9,318,161.28 for optional services for the same period.

Effective February 1, 2015, Siemens was acquired by Cerner Health Services, Inc. (Cerner), and the agreement between Siemens and the County of San Mateo was assigned to Cerner. In that assignment, Cerner assumed all responsibilities and obligations of Siemens under the agreement.

On March 29, 2016, your Board approved an amendment to add ePrescribing services, with a new primary not to exceed amount of \$23,919,354.17. The agreement has otherwise been subject to many amendments executed at the Health System/SMMC level without otherwise changing the term or maximum amounts.

**DISCUSSION:**

In 2012, when SMMC extended the agreement through 2020, the expanded services included the Soarian inpatient electronic health record system (Soarian) and the accompanying “Managed Services” support program. Managed Services comprise full technical support for Soarian, including application hosting, and support for ancillary systems such as Inpatient Pharmacy.

In February 2015, Cerner introduced an enhanced Managed Services program known as Application Managed Services (AMS). AMS comprises technical support and other related services for Soarian and Siemens legacy software products, as well as help desk and account provisioning services. These are all services that SMMC utilizes in relation to the inpatient electronic medical record. Under this amendment, Cerner also will migrate SMMC to the AMS program with stronger service commitments and no increase in total contract cost.

ISD has reviewed and approved the IT component of this amendment.

The amendment and resolution have been reviewed and approved by County Counsel as to form.

The amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by allowing SMMC providers to spend more time delivering care to the residents of San Mateo County. It is anticipated that 4,500 of 5,000 help desk calls will be answered within 30 seconds.

**PERFORMANCE MEASURE(S):**

Measure	FY 2016-17 Estimated	FY 2017-18 Projected
Help Desk calls answered within 30 seconds	4,500 of 5,000	4,950 of 5,500

**FISCAL IMPACT:**

The term of the agreement is July 1, 2012 through December 31, 2020. The amount of the agreement is not to exceed \$23,919,354.17 for the period of July 1, 2012 through December 31, 2020, of \$23, 681,838.81 for primary services, with a separate maximum of \$9,318,161.28 for optional services during this same period. There is no increase to the not to exceed amount in this amendment. Funds in the amount of \$82,593.48 were included in the SMMC FY2015-16 Final Budget. Funds in the amount of \$38,730.48 are included in the SMMC FY 2016-17 Approved Recommended Budget. Similar arrangements will be made in future year budgets.

Expenses at SMMC are covered by fees for services or third-party payers 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 General Fund contribution to SMMC, and are within the existing annual appropriation.