



Item # 22

**Purchasing Office
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA DATE: 4/6/2006
ITEM NO:**

Subject: Authorize negotiation and execution of a 12-month service agreement with ASCENSION HEALTH, St. Louis, MO, for automated information systems services in an amount not to exceed \$217,907, with two 12-month extension options in an amount not to exceed \$228,802 for the first extension option, and in an amount not to exceed \$240,243 for the second extension option, for a total contract amount not to exceed \$686,952.

Amount and Source of Funding: Funding in the amount of \$108,953.50 is available in the Fiscal Year 2005-2006 Approved Operating Budget of the Community Care Services Department. Funding for the remaining six months of the contract period and extension options is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

Requesting Department:

For More Information: Vic Chanmugam, C.P.M., Specialist Senior Buyer/974-2030

Prior Council Action:

Boards and Commission Action:

Purchasing Language: Sole Source.

MBE/WBE: This contract was awarded in compliance with Chapters 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore no goals were established for this solicitation.

This action is to approve a new contract with Ascension Health to continue providing specialized data processing services for the "Diamond" software and the "Rx Express" software used by the Community Care Services Department for operation and management of the Community Health Centers of Austin and Travis County (CHC) and the Medical Assistance Program (MAP). Our staff enters patient data, which is processed by the software running on remote servers in data centers operated by the contractor, and this software then refreshes the screens used by staff.

Ascension Health is the nation's largest nonprofit health system, serving patients through a network of hospitals and related health facilities providing acute care services, long-term care, community health services, psychiatric, rehabilitation and residential care. Ascension's hospitals and related health facilities are staffed with over 100,000 associates located in 20 states and the District of Columbia.

There has been a contract with Ascension Health since 1996, when the City leased Brackenridge Hospital to the Daughters of Charity National Health Services (now Ascension Health) and replaced the City's obsolete clinic billing system with an integrated client management system that addressed the growing needs of the Community Health Centers and MAP. The present system has been in use for over nine years and will soon have to be retired.

However, this change is being deferred for now at the request of the Board of Managers of the

Travis County Hospital District, on whose behalf the CHCs are being run. They have undertaken a strategic planning initiative to define their indigent health care programs. Until this initiative has been concluded, they have asked us to defer considering the purchasing of any new data management systems. Accordingly, despite the many problems of working with outdated software, a decision has been made to continue the arrangement with the present contractor. Two 12-month extension options are also being requested to cover the uncertainty of how long this initiative will take. Approval is also being sought to negotiate and execute a new contract as against an amendment because there have been so many changes since the contract was first negotiated - in scope (e.g. we have dropped the "Signature" software and changed system functionality requirements) and in standard terms and conditions. A new contract will provide us with the opportunity of introducing the City's latest standard terms and conditions into the contract.

The "Diamond" software is used to screen CHC patients for eligibility and to enroll them into MAP and/or the CHC sliding fee scale programs. The software also provides tools for medical management and work flow processes to adjudicate claims from external contracted providers.

The "Rx Express" software creates a prescription history for CHC and MAP patients who are given medications by nurses or doctors in a clinic setting, or who are enrolled in drug manufacturers' Patient Assistance Programs. The software also facilitates receiving bulk drugs provided by drug manufacturers.

It is critical that the current data systems for eligibility, enrollment, medical management, claims adjudication, and patient prescription history (Diamond and Rx Express) be maintained so that the City may fulfill its obligations to the Hospital District to operate and manage the District's indigent health care programs. These services will be necessary until such time as the Hospital District approves funding and provides implementation resources to purchase a new patient management data system.

The not to exceed contract amount of \$217,907 shown above for the initial contract term is based upon Ascension Health's most recent schedule of rates. It is planned that escalation will be based upon the lesser of Consumer Price Index increases or five percent (5%) per year. Five percent (5%) escalation has been assumed for each of the two extension options, resulting in an amount not to exceed \$228,802 for the first extension option and an amount not to exceed \$240,243 for the second extension option.

Sole Source, as only the Contractor has the licenses to use the software as enumerated above.