DATE: May 12, 2020

TO: Board of Supervisors

FROM: Andrew Zawoyski, Interim Chief Procurement Officer
Sherri Terao, Interim Director, Behavioral Health Services
Imre Kabai, Acting Chief Information Officer

SUBJECT: NetSmart Amendment to Agreement CW2232919

RECOMMENDED ACTION

Consider recommendations relating to Agreement with NetSmart Technologies, Inc (NetSmart).

Possible action:

a. Approve Request for Appropriation Modification No. 211 - $5,661,864 transferring funds from the General Fund Contingency Reserve and Behavioral Health Services Department to the Technology Services and Solutions Department budget relating to the implementation of myAvatar Electronic Health Record System in the Behavioral Health Services Department. (4/5 Vote)

b. Approve Third Amendment to Agreement No. CW2232919 with NetSmart, relating to providing the County a suite of software, hardware, and professional services for implementation of a complete myAvatar Electronic Health Record System with related maintenance and support, increasing the maximum contract amount by $5,661,864 from $13,893,333 to $19,555,197 with no change to the term of the Agreement, that has been reviewed and approved by County Counsel as to form and legality.

FISCAL IMPLICATIONS

Approval of the Recommended Action would allow a one-time transfer of $4,461,864 from the General Fund Contingency Reserve to the Technology Services and Solutions (TSS) funded project (T14520NSCP) and $1,200,000 from the Behavioral Health Services Department (BHSD) funded project (T41217EPIC) to TSS for a total of $5,661,864.

The original budget for the FY 2019-20 General Fund Contingency Reserve was $164,105,457. Board policy 4.3 states that the contingency reserve should be 5% of general
revenues net of pass-through revenue. Since the use of contingency reserve impacts compliance with this policy, the midyear budget analysis included a $6,905,228 replenishment of this reserve. The balance of this reserve as of April 21, 2020 was $135,930,419 indicating that $28,175,038 has been allocated for other purposes. There may be additional pending actions that will impact this balance once they are approved and processed.

**CONTRACT HISTORY**

On May 15, 2017, the Procurement Department (Procurement) issued a Request for Proposals, under full and open competition, resulting in Agreement CW2224959 to Netsmart for the myAvatar CalPM Practice Management Solution. The term of this Agreement is May 15, 2017 through May 14, 2022, with a not-to-exceed value of $4,799,221. On December 18, 2017, the Director of Procurement executed the First Amendment to incorporate the on-premise Avatar Addiction Management to Netsmart Cloud Hosting Service, increasing the not-to-exceed value of this Agreement by $150,000 from $4,799,221 to $4,949,221. The Netsmart myAvatar CalPM Practice Management system went live February 26, 2018. Since that time Netsmart, BHSD and Patient Business Services (PBS) have continued to optimize the system to meet the needs of the departments.

On May 21, 2019 the Board of Supervisors approved and executed complementary Agreement #CW2232919 with NetSmart Technologies, Inc. in an amount not to exceed $13,451,000 for period May 21, 2019 through May 20, 2024. The single source award was for an electronic health record system including implementation, training and maintenance services for use by BHSD.

On January 3, 2020, the County’s Interim Chief Procurement Officer executed the First Amendment to the Agreement for NetSmart to provide $185,000 billing and financial transitional services to BHSD and TSS for the preparation of claims submissions to the State of California. The amendment increased the maximum contract amount to $13,636,000 with no change in the term of the Agreement.

On April 4, 2020, the County’s Interim Chief Procurement Officer executed the Second Amendment to the Agreement for NetSmart to provide $257,333 billing and financial transitional services to BHSD and TSS for the preparation of claims submissions to the State of California. The amendment increased the maximum contract amount to $13,893,333 with no change in the term of the Agreement.

The funding, secured through the Second Amendment ensured the County, was able to recoup over $13 million of unbilled services.

**REASONS FOR RECOMMENDATION**
Implementation of the myAvatar application for BHSD had been progressing according to schedule. However, in March 2020, the COVID-19 pandemic required the entire healthcare system to change its priorities and focus on people’s health. As a result, the Netsmart implementation slowed dramatically due to the Center of Disease Control (CDC) requirements and the County Public Health Officer’s Directive on social distancing. Specifically, these changes impacted classroom training, which was underway but had come to an abrupt halt. Additionally, BHSD priorities shifted to address the necessary support services related to COVID-19, thus reducing services reduced the availability of BHSD staff to participate in the implementation meetings to complete outstanding project deliverables.

Over the past year of implementation, additional needs have been identified to ensure a successful and effective EHR system that will strengthen coordination of care between the County and its Certified Contract Providers (CCP). The EHR will help clinicians and staff provide targeted services and track client/consumer outcomes while streamlining the delivery and coordination of care in an efficient manner. In addition, the EHR will provide data on service capacity across the systems of care and utilization of specific services and costs of services and revenues against the budget, thus allowing Behavioral Health to effectively manage the service delivery system and comply with managed care requirements. Specifically, the anticipated functionality will provide the following benefits to manage the BHSD service delivery system:

- Integrate client and benefit management, allowing BHSD to record client enrollment data, and authorize and track the delivery of clinical services;
- Allow BHSD to accurately track provider network contracts;
- Support adjudication rules and authorization requirements for clinical services; and
- Integrate with CCP so that claims related to clinical services can be processed and submitted to responsible payers on behalf of BHSD, ensuring more timely payments.

This Third Amendment will ensure Netsmart can continue its work to deliver the necessary EHR system. During the delay caused by COVID-19, which was initiated by the County, Netsmart will be working to address and improve the identified needs. All of the efforts listed below will ensure a greater user experience at go-live. This Third Amendment:

- Continues billing remediation through December 31, 2020 to complete the billing and claiming out of the current CalPM billing module.
- Adds support for Patient Business Services (PBS) to ensure billing and claiming out of the new version of the CalPM module, which continues to benefit the County.
- Provides a specialized effort to ensure clinician system usability and adoption of implementation, which is critical to the successful implementation of the EHR.
• Strengthens and supports Managed Care requirements and the development of the financial components, which are critical. The Finance module to manage the billing and claiming of the seventy percent (70%) of client services provided CCP is new. County staff will need significant support after go-live to ensure, similar to PBS, that billing and claiming processes are seamless.

• Expands “elbow support,” including increased availability for all clinical areas to maximize staff learning. While the County requested “elbow support” in the 2019 contract, at that time the County did not realize the significant effect this would have on day-to-day workflows and staff learning curves.

• Allows for shifting of certain deliverables from after go-live to pre-go-live as a result of the delay.

• Adds post go-live training to strengthen staff success in adopting to the new EHR. The BHSD plans to develop an ongoing training plan with super user staff; however, the initial post go-live trainings by onsite Netsmart experts will strengthen and streamline the adoption of the Netsmart system.

• Provides technical support for writing reports using a new database. With the implementation of the clinical module, there will be considerable reports necessary for clinicians, system operations, finance, managed care and the CCP. The shift from one type of database (structured query language) to a Cache database requires additional training on how to write reports with the new database.

CHILD IMPACT
The recommended action with have no/neutral impact on children and youth.

SENIOR IMPACT
The recommended will have no/neutral impact on seniors.

SUSTAINABILITY IMPLICATIONS
The recommended action will have no/neutral sustainability implications.

BACKGROUND
On May 15, 2017, Procurement issued a Request for Proposals under full and open competition, resulting in Agreement #CW2224959 to Netsmart to provide the myAvatar CalPM Practice Management Solution for a five-year term (May 15, 2017 through May 14, 2022), with a not-to-exceed value of $4,799,221. On December 18, 2017, the Director of Procurement executed an amendment to incorporate the migration of an on-premise Avatar Addiction Management to Netsmart Cloud Hosting Service, increasing the not-to-exceed value of this agreement by $150,000 from $4,799,221 to $4,949,221.

The BHSD implemented HealthLink as the clinical documentation tool in February 2018.
parallel, BHSD implemented Netsmart Technologies, Inc. myAvatar CalPM Practice Management and Billing for County-operated Mental Health services billing and state reporting. Interoperability between HealthLink and myAvatar CalPM could not be accomplished, resulting in inadequate workflows for clinical documentation, billing, claiming and state reporting. Therefore, BHSD determined a need to implement Netsmart myAvatar comprehensive Electronic Health Record (EHR) solution for both Mental Health and Substance Use Treatment Services.

BHSD required an EHR solution that can manage the unique workflow requirements of California’s Short-Doyle Medi-Cal billing, state reporting requirements for Client and Service Information (CSI) and California Outcomes Measurement System (CalOMS), managed care business components, and clinical documentation that is unique to BHSD. In addition, BHSD must comply with regulations on network adequacy and timely access to services and manage service utilization across the system. The EHR also must meet the strict compliance and security requirements for behavioral health services.

Netsmart developed myAvatar EHR specifically for Behavioral Health Services organizations. MyAvatar includes specific modules to meet the unique billing and regulatory requirements of California counties. Netsmart provided technology to over 26,000 other Behavioral Health and post-acute organizations, as well as 26 of California’s counties.

Seventy percent (70%) of patient services are managed by CCPs who have EHR systems of their own. With implementation of the Netsmart myAvatar comprehensive solution for BHSD, interoperability will be needed with the CCPs. In order to meet managed care, billing, and state reporting needs, the CCPs must be able to safely and reliably send billing, state reporting and capacity management data from their individual EHRs to the County’s Netsmart myAvatar system. Netsmart ProviderConnect Enterprise will allow the CCPs that have an EHR to interoperate with the BHSD system avoiding duplicate data entry and minimizing error correction processes.

For the reasons above, the Board of Supervisors executed CW2232919 on May 21, 2019 for myAvatar Electronic Health Record System Agreement, which included both the Clinical Workstation (CWS) and ProviderConnect Enterprise (PCE) modules.

**CONSEQUENCES OF NEGATIVE ACTION**

Failure to approve this amendment would:

1. Result in a significant delay to NetSmart project implementation.
2. Compromise any enhanced operational processes using technology to support the BHSD.
BHSD intends to utilize the Netsmart solution so that it can effectively manage the unique workflow requirements related to California’s Short-Doyle billing, state reporting requirements for Client and Service Information (CSI) and California Outcomes Measurement System (CalOMS), etc. Without this solution, manual workaround and gaps in reporting will place the BHSD at risk in terms of complying with regulatory and reporting obligations.

3. Require the continued need of Netsmart contractors, past the currently identified timelines, for assistance to fix billing and claiming risks.

4. Continue to limit BHSD’s ability to collect earned revenues. Due to the lack of interoperability between Healthlink and myAvatar, BHSD, Technology Solutions and Services, and PBS staff are performing many manual workarounds to generate claims. In addition, the State has begun to implement financial penalties on counties who fail to meet the required Network Adequacy Standards for clients’ timely access into the system.

5. Prevent interconnection with the CCPs and continue arduous manual efforts to bill and collect their data.

**STEPS FOLLOWING APPROVAL**

Upon completion of expedited processing, please notify David Strausser of Procurement Department and Michael Fogelstrom of the Office of Countywide Contracting Management.

Links:

Linked To: 96689 : Approve Agreement with NetSmart Technologies Inc. relating to the purchase of software, hardware, professional and support services for implementation and post implementation support of a complete myAvatar Electronic Health Record System personal computers, accessories & relative maintenance, in an amount not to exceed $13,450,845 for period May 21, 2019 through May 20, 2024 that has been reviewed and approved by County Counsel as to form and legality.

**LINKS:**

- References: 96689 : 96689

**ATTACHMENTS:**

- NetSmart_CW2232919_Amendment_3_finalsigned (PDF)
- NetSmart_CW2232919_AM1-signed (PDF)
- NetSmart+CW2232919+AM2-signed (PDF)
- F85 211 LF 100551 NetSmart Agreement (PDF)