

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

December 17, 2024

FROM

ANDREW GOLDFRACH, ARMC Chief Executive Officer, Arrowhead Regional Medical Center

SUBJECT

Agreement and Solution Order with Optum Insight, Inc. for Services, Software Licensing and Support, and Equipment for Picture Archiving and Communication Systems and Cardiology Picture Archiving and Communication Systems

RECOMMENDATION(S)

Approve **Agreement No. 24-1298** which includes the Solution Order with Optum Insight Inc., including non-standard terms, for computing, processing, subscription, hosting, implementation, maintenance, professional, and consulting services, software and equipment for a Picture Archiving and Communication System and a Cardiology Picture Archiving and Communication System, in the not-to-exceed amount of \$4,614,752, for the contract period of May 26, 2025 through May 25, 2030.

(Presenter: Andrew Goldfrach, ARMC Chief Executive Officer, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The cost of \$4,614,752 is funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. Funding sources may change in the future pending any legislative activity related to the repeal and/or replacement of the Affordable Care Act. Adequate appropriation and revenue have been included in the Arrowhead Regional Medical Center (ARMC) 2024-25 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

The Agreement and Solution Order with Optum Insight, Inc. (Optum) provides for implementation services, software licenses with maintenance and support, consulting and training services, and equipment that will allow ARMC to utilize a Picture Archiving and Communication System (PACS) and a Cardiology Picture Archiving and Communication System (CPACS) for the storage, retrieval and transmittal of medical images used for patient care. PACS and CPACS are a medical imaging software solution that handle various image formats such as mammograms, magnetic resonance, ultrasound, echocardiogram, computed tomography and digital radiography. By utilizing PACS and CPACS, healthcare providers can easily access patient medical images and information in a digital format. This digital access can accelerate and improve care and help to minimize treatment and prescription errors. The PACS

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and CPACS system is integrated with ARMC's electronic health record, and stores images for many departments within the hospital.

The Solution Order provides a list of equipment and software as well as the scope of work for the maintenance and support services. Additionally, the Solution Order provides a payment schedule for the Agreement.

The Agreement is the County standard Information Technology Contract. Optum would not agree to all County standard terms, so the parties negotiated certain non-standard modifications to the County standard terms. The non-standard terms include the following:

1. The Agreement has modified insurance terms including exempting Errors and Omissions, Cyber liability, and Environmental Liability insurances from the waiver of subrogation and limiting the County being named as an additional insured to the Commercial/General Liability, Automobile Liability and Umbrella policies.
 - The County standard contract requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department.
 - Potential Impact: The exemptions to the waiver of subrogation may allow Optum's insurer to bring suit against the County for the exempt types of claims, and the modification to the additional insured provision limits the County's protection under the contractor's policies to certain types of claims, both of which could result in expenses that exceed the total Agreement amount.
2. There is no stated venue in the Agreement.
 - County Policy 11-05 requires a venue for disputes in the Superior Court of California, County of San Bernardino, San Bernardino District.
 - Potential Impact: Optum is located in Hennepin County, Minnesota. Having no express venue in the Agreement means that Hennepin County, Minnesota venue could be applied to disputes arising under this Agreement, which may result in additional expenses that exceed the amount of the Agreement.

ARMC recommends the approval of the Agreement and Solution Order with Optum to PACS and CPACS services, including the non-standard terms, to provide for the safety, health and social service needs of County residents by providing efficient access to medical images for patient care.

PROCUREMENT

The County Administrative Office approved and authorized the release of Request for Proposals (RFP) No. ARMC124-ARMC-5332 on March 29, 2024. The RFP was posted on the County's Electronic Procurement Network (ePro).

Two proposals were received by the established deadline in response to the RFP. The proposals from the two bidders below met the minimum requirements and continued through the evaluation process.

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Agency	Agency Address	Total 5-Year Cost
Merge Healthcare Solutions, Inc.	900 Walnut Ridge Drive Hartland, WI 53029	\$4,112,974
Optum Insights, Inc.	11000 Optum Circle Eden Prairie, Minnesota 55344	\$4,614,752

The evaluation committee, with representation from ARMC’s Medical Imaging Team, Cardiac Services Team, Information Management team, Finance Team and Risk Management/Compliance Team, reviewed and evaluated the proposals based on the criteria released in the RFP. The criteria included Qualifications and Experience, Financial Review, Technical Review, References, Cost and Demonstration.

Based on the evaluation criteria, the evaluation committee determined that Optum best meets ARMC’s needs. Optum has experience with local approval agencies, as well as an understanding of the county's needs regarding real-time availability of data, images and reports. Optum also understands the county's needs regarding cloud-based data archiving, software compliance with the Joint Commission and the Centers for Medicare and Medicaid Services. Additionally, Optum’s system interfaces with ARMC’s electronic health record, Epic, and Optum understands the county's needs regarding collection and storage of patient radiation dosages with overexposure alert. Although Optum’s proposal had a higher total cost than the other proposer, it was still below ARMC’s total \$5 million budget for the PACS and CPACS service. Therefore, ARMC recommends the award of the Agreement to Optum. Award and denial letters were sent to all bidders, advising the non-selected bidder of the opportunity to submit a formal written protest based on the criteria in the RFP. No protests were received by the deadline.

The Purchasing Department supports this competitive procurement based on the solicitation mentioned above.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Bonnie Uphold, Supervising Deputy County Counsel, 387-5455) on December 12, 2024; Purchasing (Veronica Pedace, Buyer III, 387-2464) on November 19, 2024; Risk Management (Gregory Ustaszewski, Staff Analyst, 386-9008) on December 2, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on November 21, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on December 2, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on December 2, 2024.

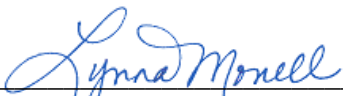
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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: December 17, 2024



cc: ARMC - Goldfrach w/ agree
 Contractor c/o ARMC w/ agree
 File w/ agree
JLL 12/20/2024