

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

March 15, 2022

**FROM**

**WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center**

**SUBJECT**

Amendments to Agreement with Change Healthcare Technologies, Inc.

**RECOMMENDATION(S)**

1. Approve **Amendment No. 12** to **Agreement No. 06-141** with Change Healthcare Technologies, Inc. for preventative maintenance validation for Epic implementation, increasing the contract by \$4,675, from \$10,375,700 to \$10,380,375, and approving a non-standard indemnification term retroactive to November 9, 2021, with no change to the contract period of February 7, 2006 through May 25, 2025.
  2. Approve **Amendment No. 13** to **Agreement No. 06-141** with Change Healthcare Technologies, Inc. for medical imaging data transfer costs, increasing the contract by \$541,961, from \$10,380,375 to \$10,922,336, with no change to the contract period of February 7, 2006 through May 25, 2025.
- (Presenter: William L. Gilbert, Director, 580-6150)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**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 additional cost of \$546,636 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. Sufficient appropriation and revenue are included in the Arrowhead Regional Medical Center (ARMC) 2021-22 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

Approval of Amendment No. 12 to Agreement No. 06-141 with Change Healthcare Technologies (CHC) will allow ARMC to provide continued maintenance and support of the Picture Archiving and Communications Systems (PACS) and Cardiology Picture Archiving and Communications Systems (CPACS). These systems allow medical diagnostic images to be directly accessed at ARMC nursing stations and clinics so that medical staff can provide immediate diagnosis for improved and more efficient patient care.

Annual validation services are required for the preventative maintenance of the PACS and CPACS software. The 2021-22 service needed to be expedited to ensure no delays to the launch of ARMC's new Electronic Health Record (EHR) system during February of 2022. Any delays to the launch of the EHR could result in significant fines. Therefore, in November of

**Amendments to Agreement with Change Healthcare Technologies, Inc.  
March 15, 2022**

2021, the Purchasing Agent approved a purchase order to cover the fee of \$4,675, and retroactive approval is requested from the Board of Supervisors (Board) for this action.

Approval of Amendment No. 13 to Agreement No. 06-141 with CHC provides additional funds needed to cover the cost of continued data storage during a transfer of service from CHC's subcontractor Iron Mountain to Datatility.

CHC's Disaster Recovery/Long Term Archiving Service is a managed service which provides automated disaster recovery and archiving. This service provides an off-site backup of medical images while providing access to the images through the existing PACS. Up to May 2020, CHC subcontracted this archiving service with Iron Mountain. However, this service was transferred to a new subcontractor, Datatility, with notification made to ARMC of the change. The change of subcontractors required significant data transfers, and Iron Mountain took longer than anticipated to transfer the data due to the slow speed imposed by insufficient bandwidth in ARMC's operating system. Consequently, the prolonged data transfer resulted in additional cost for continued data storage at Iron Mountain while waiting for the transfer to Datatility to complete. Moving forward, ARMC anticipates reduced costs of data storage through services provided by Datatility.

ARMC recommends approval of these amendments to provide for the safety and health needs of County residents by ensuring radiologists are able to continue to provide quality care during medical imaging procedures.

On February 7, 2006 (Item No. 51), as the result of a competitive process, the Board approved Agreement No. 06-141 with McKesson Technologies, Inc. (McKesson) in the amount of \$4,055,970, which included the purchase of PACS, comprised of hardware, software, and licensing in the amount of \$2,499,734, and system maintenance support in the amount of \$1,556,236, for the period of February 7, 2006, through February 6, 2011.

The Board has since approved eleven amendments to this agreement, including: the continuation of systems maintenance on existing PACS hardware, issuing new contract supplements for the purchase of new PACS and CPACS Systems, additions to contract costs, and an assignment change of the Agreement from McKesson to CHC. The second amendment approved by the Board on May 19, 2015 (Item No. 8), followed a formal Request for Proposals (RFP) for a new PACS and CPACS. Six companies submitted proposals in response to the RFP, but McKesson (now known as Change Healthcare) was the lowest, responsive bidder. The schedule of approvals for the initial agreement, and subsequent amendments, is as follows:

Contract Amendments	Board Date	Item Number
1	12-3-13	4
2	5-19-15	8
3	12-6-16	20
4	1-24-17	8
5	5-23-17	17
6	8-21-18	10
7	8-21-18	10
8	4-21-20	9
9	8-25-20	13
10	4-20-21	7
11	5-18-21	17

**Amendments to Agreement with Change Healthcare Technologies, Inc.  
March 15, 2022**

On April 21, 2020 (Item No. 9), the Board approved Amendment No. 8 to Contract 06-141 with CHC (formerly McKesson) in the amount of \$1,777,119. Included in that Amendment was Sales Order IWS-267858 in the amount of \$711,792.66 to transfer archive services from Iron Mountain to Datatility. Therefore, Amendment No. 13 is subject to the terms of Contract No. 06-141 as amended by the terms of Sales Order No. IWS-267858.

**PROCUREMENT**

Purchasing supports this non-competitive procurement based on an existing agreement to ensure continuity of service as ARMC transitions from the Meditech EHR system to Epic, and ensure continuity of service through CHC's transition from the Iron Mountain data storage provider to Datatility.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Bonnie Uphold, Deputy County Counsel, 387-5455) on February 28, 2022; Purchasing Department (Ariel Gill, Buyer III, 777-0722) on February 18, 2022; Finance (Chen Wu, Budget and Finance Officer, 580-3165) on February 23, 2022; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-5423) on February 24, 2022.

**Amendments to Agreement with Change Healthcare Technologies, Inc.  
March 15, 2022**

Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

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

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: March 15, 2022



cc: ARMC- Gilbert w/agree  
Contractor- C/O ARMC w/agree  
File- w/agree  
LA 03/21/2022