

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

November 16, 2021

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Data Subscription Agreement with Definitive Healthcare, LLC for Access to Claims Data

RECOMMENDATION(S)

Approve a Data Subscription Agreement with Definitive Healthcare, LLC, for access to medical claims data used for research and strategic planning at a total cost of \$296,949, for the term of November 16, 2021 through November 15, 2024.

(Presenter: William L. Gilbert, Director, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Create, Maintain and Grow Jobs and Economic Value in the County.

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 Agreement with Definitive Healthcare, LLC (Definitive Healthcare) will not result in the use of Discretionary General Funding (Net County Costs). The total cost of \$296,949 is funded by State Medi-Cal, Federal Medicare, private insurances and other departmental revenues. 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) 2021-22 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

The Data Subscription Agreement with Definitive Healthcare, LLC (Definitive) will give ARMC access to a database of medical claims data. This will assist ARMC to operate strategically and in a fiscally responsible manner by allowing the hospital to understand the actual market share and profitability of any medical service. By reviewing actual claims and payments data for other hospitals and providers in the area, ARMC will be better able to determine which opportunities and service lines are in high demand, thereby focusing resources on where the needs of the community exist. Additionally, this data will help ARMC understand why and where current patients are being referred out to, thereby assisting the hospital in restructuring and/or expanding its services in a manner to reduce the need to refer and/or transfer patients to other facilities.

Definitive mines claims data provided by the Center for Medicare and Medicaid Services for all patients in the United States. This data allows providers to identify where patient leakage is occurring, which is when patients are referred to outside providers. By identifying patient leakage, providers and hospitals can take necessary steps to reduce the loss of revenue and ensure the type of patient care needed is offered.

The Data Subscription Agreement is Definitive's standard commercial agreement, negotiated by the parties, with the following non-standard contract terms:

1. The County has the right to terminate the agreement at the end of each annual term upon 60 days written notice.
 - The County's standard contract permits the County to terminate the contract at any time with 30 days written notice.
 - Potential Impact: The County's right to terminate the Definitive agreement is significantly limited compared to the standard County contract. The County is only able to terminate the agreement at the end of each annual term, and only if the County provides Definitive at least 60 days written notice.
2. Definitive disclaims liability for any indirect, incidental, consequential, special, and punitive or exemplary damage.
 - The County standard contract does not include a limitation of liability.
 - Potential Impact: In the event the County sustains any of the foregoing damages, it may not be able to recover such damages from Definitive, leaving the County financially liable for such damages.
3. Except for claims due to its gross negligence, willful misconduct, or any intellectual property claims, Definitive caps its liability at five times the aggregate subscription fee paid by the County in the prior 12 months.
 - The County standard contract does not include a limitation of liability.
 - Potential Impact: Definitive caps its liability as discussed above. Claims could exceed the liability cap and the contract amount, leaving the County financially liable for the excess.
4. The Agreement does not require Definitive to meet certain County insurance standards and requirements, including the waiver of subrogation.
 - 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 Agreement does not include County standard insurance requirements. This means that the County has no assurance that Definitive will be financially responsible for claims that may arise from the County's use of the database, which could result in expenses to the County that exceed the total contract amount. No waiver of subrogation may allow Definitive's insurer to bring suit against the County, which could result in expenses that exceed the total contract amount.

PROCUREMENT

This is a non-competitive procurement- based on specialized credentials by of Definitive. While there are other vendors who perform similar services on the market, this vendor is the only one that has access to claims data from the Centers for Medicare and Medicaid Services, as Definitive is the sole source for this service. Definitive compiles comprehensive claims data from the Centers for Medicare and Medicaid Services and provides a searchable database to its subscribers. This access will allow ARMC to determine which opportunities and services to begin and or may be initiated or expanded to better meet patient needs within ARMC facilities. County Purchasing approves this non-competitive procurement.

REVIEW BY OTHERS

This item has been reviewed by This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on October 13, 2021; Purchasing Department (Ariel Gill, Buyer, 777-0722) on November 1, 2021; Risk Management (Victor Tordesillas, Director, 386-

8631) on November 3, 2021; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on October 21, 2021; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on October 27, 2021; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-5423) on October 28, 2021.