

**Department of Administration  
Purchasing Division**

**Finance & Personnel Committee Approval Required  
For Single Source Contract  
Contract #E17552**

**Background:**

<b>User Department:</b>	DOA Information Technology and Management Division (ITMD) on behalf of the Milwaukee Health Department (MHD)
<b>Purchasing Agent:</b>	Ethan Heffelfinger
<b>Contract Description:</b>	Vendor Service Contract for Electronic Health Records (EHR) System
<b>Vendor Name and Location:</b>	Patagonia Health, Inc. (Cary, NC)
<b>Contract Term:</b>	Estimated: Five (5) to Seven (7) years with the option to extend
<b>Requisition # and Date Received:</b>	Req# 17752 rec'd 9/10/2020
<b>Original Contract Amount:</b>	Estimated Total \$ (Pending Negotiations) <b>(FEDERAL CARES GRANT)</b>

**Purpose of Contract:**

The DOA-Information & Technology & Management Division (ITMD) on behalf of the City of Milwaukee Health Department (MHD) is seeking to enter into a new Vendor Service Contract for the purchase of an Electronic Health Records (EHR) System with Patagonia Health, Inc. for an estimated a term of five (5) to seven (7) years from date of award with the option to extend. It is anticipated that federal CARES Act funding may be used for a portion or total of year one (1) costs. Currently and for many years, the MHD has been lacking a 21<sup>st</sup> Century electronic data management system that has a shared platform that is capable of generating robust and dynamic data. It is also important to point out that several of the applications that are still being used by MHD are no longer supported by the grantor. Data integration is crucial in providing efficient and cost-effective care for patients. Furthermore, the purchase of an Electronic Health Records (EHR) system will better position MHD to more effectively address the COVID-19 global health pandemic; streamline operations and costs; strength security and control of MHD data; modernize MHD to meet ever-evolving needs; and will enable new opportunities for expansion.

**Background:**

In August of 2020, the MHD, DOA-ITMD, and an outside EHR Implementation Project Manager engaged in a vendor review process. In September 2020, DOA-ITMD submitted a requisition and a Request for Exception to Bidding form in accordance with City procurement policies and procedures and the *City Charter, Chapter 16 - Purchasing* requesting approval to move forward with their selection process based on an urgent need to meet tight grant funding deadlines and to position the MHD to more effectively and immediately address the COVID-19 global health pandemic. Patagonia Health, Inc. was identified as the vendor of choice following in-depth system demos; follow-up vendor interviews and end-user surveys. The MHD reached out to 20+ potential vendors for proposals and after the initial review, a short list of five (5) vendor proposals were received:

1. Patagonia Health, Inc.
2. Athena,
3. NetSmart,
4. Champ
5. Epic

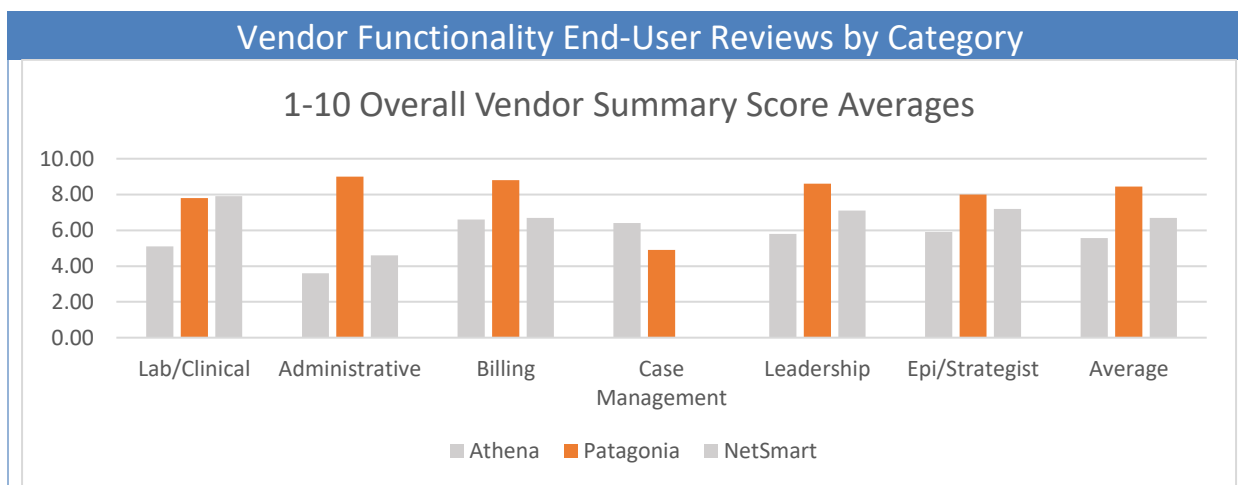
After a thorough review and evaluation, Patagonia’s solution was selected by unanimous vote involving the epidemiology and data coordination team, ITMD staff, and key program end users representing administration, billing, clinical operations and services, and case management population health programs. Please see the detailed *EHR Rational and Assumptions for Benefits Summary* below that further outlines the process and benefits.

**EHR Rationale and Assumptions for Benefits**

Overall, Patagonia was identified as the leading vendor in most ‘must have’ functional categories and met MHD’s strategic implementation needs in terms of team structure and timeline. On August 31, MHD unanimously selected Patagonia as their first choice EHR solution following in depth system demos, follow-up vendor interviews, and end-user surveys.

Vendor At-a-Glance Comparison		
Patagonia	Athena	NetSmart
<ul style="list-style-type: none"> <li>• Meets core functionality needs</li> <li>• Founded 2008</li> <li>• Vendor handles all build and updates</li> <li>• Strong implementation support</li> </ul>	<ul style="list-style-type: none"> <li>• Meets core functionality needs</li> <li>• Founded 1996</li> <li>• Updates owned by MHD staff</li> <li>• Minimal upfront cost</li> </ul>	<ul style="list-style-type: none"> <li>• Meets core functionality needs</li> <li>• Founded 1996</li> <li>• Updates owned by MHD staff</li> <li>• Robust customization options</li> </ul>

Vendor Estimated Base Cost Comparison		
Patagonia	Athena	NetSmart
\$180,000	\$1200	\$240,000
\$120,000/yr	8.83% of yearly revenue - If 2019 Revenue: \$70,000/yr - If 2018 Revenue: \$104,000/yr	\$80,000/yr



Benefit Area	Rationale
<b>Efficiency and Productivity</b>	<ul style="list-style-type: none"> <li>• Eliminate practices of paper documentation</li> <li>• Increase access to key patient data and information</li> <li>• Reduce double documentation between surveillance systems, paper, and spreadsheets</li> <li>• Reduce redundant review of information for reporting practices</li> </ul>
<b>Organizational Strategy Enablement</b>	<ul style="list-style-type: none"> <li>• Improve patient experience by increasing their participation in their care</li> <li>• Introduce interoperability of records between MHD and other care organizations</li> </ul>

	<ul style="list-style-type: none"> <li>• Enhance continuity of care with improved communication with providers</li> <li>• Gain a greater understanding of the patient population</li> <li>• Cost effective for future scalability</li> </ul>
<b>Improved Reporting and Data Management Capabilities</b>	<ul style="list-style-type: none"> <li>• Provide consistent documentation for users, yielding reportable and comparable data</li> <li>• COVID-19 Risk Assessment: automatically categorize patients' risk level and save the results directly to the patient record</li> <li>• Improved data integrity utilizing free text fields only where appropriate</li> <li>• Real-time documentation, report extraction, and data visualization</li> </ul>
<b>Financial Strength</b>	<ul style="list-style-type: none"> <li>• Ability to implement cost-saving system build including 340B program tracking and customizable sliding scale fees</li> <li>• Automated insurance verification</li> <li>• Increased revenue capture with consistent, documentation-driven billing</li> </ul>

**Return on Investment (ROI) & Revenue Generating Opportunities**

**Long Term Investment & ROI:** Due to the additional costs of an EMR system (on-premise based solution), it was decided that an EHR system (cloud-based solution) would be the best solution due to a shorter implementation timeline and the cost effectiveness of selecting a cloud-based solution that eliminates the need for DOA-ITMD to host and provide ongoing support of an on-premise based solution. Further analysis of the benefits of an EHR system being implemented by MHD demonstrates that the ROI would be in the range of five (5) to seven (7) years post implementation to the point of a 100% return in future years.

**Estimated Yearly Lost of STI Clinic Visit Revenue:** There were 5,262 visits to the STI clinic in 2019. Only 2,149 visits were billed @ approximately \$447K in payments was received at an average of approximately \$208 per visit. Potential loss estimated from STI visits alone in 2019 was \$647K.

**Estimated Yearly Lost of Medication Revenue: \$211,000.** Today, 340B eligible drugs are not being billed for consistently. Based on Medicaid Reimbursement for these drugs, estimated lost drug revenue uses 50%\* of the listed reimbursement volume for MHD. This estimate captures missed opportunities for lower rates through 340B program. The \$211K calculation is for the sole year of 2019.

\*In 2015, the US government released a statement that organizations utilizing the 340B program save 30-50% off of average drug costs.

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City Purchasing Director

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Date

**F&P Presentation Date:** November 17, 2020

