Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER)

Report to
the Mississippi Legislature

A Review of Requests for Proposals Used by the Division of Medicaid and University of Mississippi Medical Center to Procure Electronic Health Records Systems

House Bill 941, 2010 Regular Session, required the PEER Committee to report to the Chairmen of the Senate and House Public Health and Welfare/Medicaid committees regarding the Division of Medicaid's and the University of Mississippi Medical Center's procurement and implementation of electronic health records systems.

PEER found that the Division of Medicaid's request for proposals (RFP) fully complied with the components PEER considers to be best practices for an RFP. The division initially estimated the six-year lifecycle cost of its electronic health records and e-prescribing system at $28.5 million; the division's consultant later projected the cost to be less than $10 million. The division plans to use Hurricane Katrina Stabilization Grants, Medicaid Transformation Grants, ARRA funds, and its own funds to fund the expenses of the system.

While the University of Mississippi Medical Center's RFP basically complied with the components PEER considers to be best practices for an RFP, the document provided less than complete information in the areas of legal and contractual information and proposal evaluation. The medical center initially estimated the five-year lifecycle cost of its health care information system to be approximately $50 million, but later revised the cost to be approximately $70 million. The medical center plans to use revenues generated from patients and ARRA funds that the medical center anticipates receiving to fund the expenses of the system.

The federal American Recovery and Reinvestment Act of 2009 (ARRA) provides more than $19 billion to states for Medicare and Medicaid health information technology incentives over five years. Types of incentives are Medicare payments for eligible professionals, Medicare payments for hospitals, Medicaid payments for health care providers, and grants to states and state-designated entities. Because ARRA incentive payments became effective for hospitals on October 1, 2010, and will become effective for other health professionals on January 1, 2011, it is not yet possible to know the portion of the $19 billion in ARRA funds that Mississippi providers will receive.

November 9, 2010

PEER: The Mississippi Legislature's Oversight Agency

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A joint committee, the PEER Committee is composed of seven members of the House of Representatives appointed by the Speaker and seven members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms, with one Senator and one Representative appointed from each of the U. S. Congressional Districts and three at-large members appointed from each house. Committee officers are elected by the membership, with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of four Representatives and four Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues that may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, special investigations, briefings to individual legislators, testimony, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, and the agency examined.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

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The Mississippi Legislature

Joint Committee on Performance Evaluation and Expenditure Review

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November 9, 2010

Honorable Haley Barbour, Governor
Honorable Phil Bryant, Lieutenant Governor
Honorable Billy McCoy, Speaker of the House
Members of the Mississippi State Legislature

On November 9, 2010, the PEER Committee authorized release of the report entitled **A Review of Requests for Proposals Used by the Division of Medicaid and University of Mississippi Medical Center to Procure Electronic Health Records Systems.**

Senator Nolan Mettetal, Chair

This report does not recommend increased funding or additional staff.

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Executive Summary

Introduction

Given the increased interest and movement in health information technology implementation, the Mississippi Legislature recognized the importance of a coordinated approach to this issue. The Legislature's means of addressing such coordination was the enactment of H. B. 941 during the 2010 Regular Session.

Section 10 of H. B. 941 required the PEER Committee to make a report to the Chairmen of the Senate and House Public Health and Welfare/Medicaid committees regarding the Division of Medicaid's and the University of Mississippi Medical Center's procurement and implementation of electronic health records systems. Specifically, the section required PEER to:

- evaluate the request for proposals (RFP) for the implementation and operations services for the Division of Medicaid (DOM) and the University of Mississippi Medical Center (UMMC) electronic health records systems and e-prescribing system for providers;

- evaluate the proposed expenditures of the Division of Medicaid and the University of Mississippi Medical Center regarding electronic health information; and,

- evaluate the use of American Recovery and Reinvestment Act (ARRA) funds for electronic health records system implementation in Mississippi.

The scope of this review includes only an evaluation of the request for proposals documents used by DOM and UMMC to procure electronic health records systems, not a review of the entities' evaluation of proposals received or the award decisions. Also, because DOM's and UMMC's health information technologies are in their early stages of

implementation, PEER did not review the operations of such technologies.

Each of the next three sections of this summary addresses one of the above-listed requirements of Section 10, H. B. 941, 2010 Regular Session. The final section consists of PEER's recommendations related to this issue.

Evaluation of RFPs Used by the Division of Medicaid and University of Mississippi Medical Center to Procure Electronic Health Records Systems

What are the legal requirements for these entities' procurement of information technology and services?

The Department of Information Technology Services (ITS) has statutory authority to promulgate regulations for the procurement of information technology and services by state agencies and institutions. MISS. CODE ANN. Section 25-53-25 (1972) allows ITS to exempt certain procurements from its oversight; both the DOM and UMMC received such exemptions for their health information technology projects.

What criteria did PEER use to evaluate RFPs used by the Division of Medicaid and University of Mississippi Medical Center to procure health information technologies?

From procurement requirements of ITS, the Personal Service Contract Review Board, and the American Bar Association, PEER developed a "best practices" list of RFP components to be used as criteria in its evaluation of RFPs issued by the Division of Medicaid and University of Mississippi Medical Center.

Did the Division of Medicaid comply with procurement "best practices" when developing an RFP to select a vendor to design and implement its e-health records and e-prescribing system?

The Division of Medicaid contracted with Fox Systems, Inc., to assist with a self-assessment to determine progress toward meeting guidelines of the Medicaid Information Technology Architecture Initiative. The contractor also assisted in developing a request for proposals for an e-health records and e-prescribing solution. PEER determined that the division's RFP fully complied with the components PEER considers to be "best practices" for an RFP.

Did the University of Mississippi Medical Center comply with procurement "best practices" when developing an RFP to select a vendor to design and implement its health care information system?

UMMC contracted with Kurt Salmon Associates to assist the medical center's Health Care Information System Committee and staff in developing the request for proposals for an enterprise health care information system. While UMMC's RFP basically complied with the components PEER considers to be "best practices" for an RFP, the document provided less than complete information in the areas of legal and contractual information and proposal evaluation.

Although DOM's and UMMC's requests for proposals were exempted from requirements of the Department of Information Technology Services for information system RFPs, would ITS have considered these RFPs to be fair to potential proposers?

At PEER's request, the Department of Information Technology Services offered an informal third-party opinion regarding whether each of the RFPs was fair to potential proposers. Although the department's staff acknowledged that the two entities' RFPs followed different models, they concluded that neither RFP appeared to be unfair to potential proposers.

Evaluation of Proposed Expenditures by the Division of Medicaid and University of Mississippi Medical Center to Implement Their Electronic Health Records Systems

What are the proposed expenditures and funding sources for the Division of Medicaid's electronic health records and e-prescribing system?

The Division of Medicaid initially estimated the six-year lifecycle cost of its electronic health records and e-prescribing system at $28.5 million; the division's consultant later projected the cost to be less than $10 million. The division plans to use Hurricane Katrina Stabilization Grants, Medicaid Transformation Grants, ARRA funds, and its own funds to fund the expenses of the system.

What are the proposed expenditures and funding sources for the University of Mississippi Medical Center's health care information system?

The University of Mississippi Medical Center initially estimated the five-year lifecycle cost of its health care information system to be approximately $50 million, but

later revised the cost to be approximately $70 million. The medical center plans to use revenues generated from patients and ARRA funds that UMMC anticipates receiving to fund the expenses of the system.

Evaluation of the Use of ARRA Funds Available for Implementation of Electronic Health Record Systems in Mississippi

What types of ARRA incentive payments are available for health care providers?

The federal American Recovery and Reinvestment Act of 2009 provides more than $19 billion to states for Medicare and Medicaid health information technology incentives over five years. Types of incentives are Medicare payments for eligible professionals, Medicare payments for hospitals, Medicaid payments for health care providers, and grants to states and state-designated entities.

Because ARRA incentive payments became effective for hospitals on October 1, 2010, and will become effective for other health professionals on January 1, 2011, it is not yet possible to know the portion of the $19 billion in ARRA funds that Mississippi providers will receive.

Recommendations

1. The Legislature should amend MISS. CODE ANN. Section 41-119-7 (1972) (which codifies Section 4 of H. B. 941, Regular Session 2010) to require the MS-HIN Board to provide the Chairmen of the Senate and House Public Health and Welfare/Medicaid committees with a report by January 1 of 2012, 2013, and 2014 detailing the board's progress in initiating a statewide health information network for the prior twelve-month period. (H. B. 941 repeals effective July 1, 2014.) The report should also contain recommendations to the Legislature that would make the work of the board more effective in establishing a statewide network.

2. The Legislature should amend MISS. CODE ANN. Section 41-119-19 (1972) (which codifies Section 10 of H. B. 941, Regular Session 2010) to require the PEER Committee to conduct a performance evaluation of the MS-HIN Board and make a report to the Chairmen of the Senate and House Public Health and Welfare/Medicaid committees by December 31, 2013.

3. To ensure that agencies select the proposal most advantageous to the state--i. e., the lowest and best--

the Legislature should amend MISS. CODE ANN.
Section 25-53-25 (1972) to require the Department of
Information Technology Services (ITS) to review the
following for agencies' purchases that have received
an exemption from the department's procurement
oversight:

• request for proposals;

• documentation of the proposal evaluation process;
and,

• analytical basis for the agency's award decision.

Also, the Legislature should amend MISS. CODE ANN.
Section 25-53-25 (1972) to require the department to
co-sign information technology and services contracts
for agencies' purchases that have received an
exemption from the department's procurement
oversight.

A Review of Requests for Proposals Used by the Division of Medicaid and University of Mississippi Medical Center to Procure Electronic Health Records Systems

Introduction

Authority

In accordance with MISS. CODE ANN. Section 5-3-51 et seq. (1972) and House Bill 941, Regular Session 2010, the PEER Committee reviewed requests for proposals used by the Division of Medicaid and University of Mississippi Medical Center to procure electronic health records systems.[1]

Scope and Purpose

Within recent years, health care providers nationwide and in Mississippi have begun moving from manually maintained paper health records to computerized health information systems. The development of an information technology infrastructure for patients' health care records has the potential to improve the safety, quality, and efficiency of health care.

Through the use of financial incentives and penalties, the recent passage of the federal American Recovery and Reinvestment Act (ARRA) has accelerated health care providers' implementation of health information technology. Even prior to ARRA, within Mississippi, both the Division of Medicaid (DOM) and University of Mississippi Medical Center (UMMC), as well as other public

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[1] According to the *Strategic and Operational Plan* issued in 2010 by the Mississippi Health Information Infrastructure Task Force, an *electronic health record* is "an electronic record of health-related information on an individual that conforms to nationally recognized interoperability standards that can be created, managed, and consulted by authorized clinicians and staff across more than one health care organization." See page 8 for more information on the task force.

and private health care providers, had been making strides in implementing health information technologies.

Given the increased interest and movement in health information technology implementation, the Mississippi Legislature recognized the importance of a coordinated approach to this issue. The Legislature's means of addressing such coordination was the enactment of H. B. 941 during the 2010 Regular Session.

Section 10 of H. B. 941 required the PEER Committee to make a report to the Chairmen of the Senate and House Public Health and Welfare/Medicaid committees regarding the DOM's and UMMC's procurement and implementation of electronic health records systems. Specifically, the section required PEER to:

- evaluate the request for proposals (RFP) for the implementation and operations services for the Division of Medicaid and the University of Mississippi Medical Center electronic health records systems and e-prescribing system for providers;

- evaluate the proposed expenditures of the Division of Medicaid and the University of Mississippi Medical Center regarding electronic health information; and,

- evaluate the use of American Recovery and Reinvestment Act (ARRA) funds for electronic health records system implementation in Mississippi.

The scope of this review includes only an evaluation of the request for proposals documents used by DOM and UMMC to procure electronic health records systems, not a review of the entities' evaluation of proposals received or the award decisions. Also, because DOM's and UMMC's health information technologies are in their early stages of implementation, PEER did not review the operations of such technologies.

Method

In conducting this review, PEER:

- reviewed relevant state laws and regulations, as well as best practices regarding components of a request for proposals used in competitive procurements;

- reviewed relevant provisions of the American Recovery and Reinvestment Act;

- reviewed the Mississippi Health Information Infrastructure Task Force's "Strategic and Operational Plan" (September 20, 2010);

- reviewed documentation relevant to the development of requests for proposals by the Division of Medicaid and University of Mississippi Medical Center; and,

- interviewed staff of the Division of Medicaid, University of Mississippi Medical Center, and Department of Information Technology Services.

Background: Movement Toward Electronic Health Information Technology Within the Nation and Mississippi

This chapter addresses the following questions:

- What is electronic health information technology and what is the status of its implementation and use nationally?

- How has enactment of the federal American Recovery and Reinvestment Act accelerated the implementation and use of health information technology?

- How has Mississippi moved toward implementation and use of electronic health information technology?

- What actions has the Mississippi Legislature taken to encourage the implementation and use of health information technology by Mississippi health care providers?

What is electronic health information technology and what is the status of its implementation and use nationally?

Electronic health information technology is the use of technology to collect, store, retrieve, and transfer by electronic means a patient's clinical, administrative, and financial health information. Although the prevailing belief is that digital health data would improve health care quality and lower costs, clinical information has been slow to make the leap from paper to electronic form, but the pace is picking up.

According to the National Conference of State Legislatures (NCSL), although information technology has revolutionized the U. S. economy, the health sector lags behind in the adoption and use of technology. *Electronic health information technology* refers to the use of technology to collect, store, retrieve, and transfer by electronic means a patient's clinical, administrative, and financial health information. The ultimate goal of health information technology is to bring together vital pieces of patient data that are scattered across providers. Ideally such a system provides a patient's complete medical history at the point of care, wherever it may be, to support high-quality care and avoid duplicate tests and procedures. Policy concerns arise about what data enters the system, how data is compiled and aggregated, and what systems

need to be in place so that information can be safely exchanged.

Although the prevailing belief is that digital health data would improve health care quality and lower costs, NCSL states that clinical information has been slow to make the leap from paper to electronic form, but the pace is picking up. A number of pieces of the health system are going digital. Most prescriptions and diagnostic test results are transmitted electronically at some point between the initial order and delivery to the patient. A growing number of physicians dictate notes that are then digitally transcribed or they enter information about patient care directly into clinical information systems. In 2007, NCSL noted that the proportion of physicians who use various electronic health records systems remained low, with estimates ranging from 11% to 40%. Even hospitals and large group practices have been relatively slow to implement health information technology.

Despite the potential benefits of health information technology, there are obstacles to its implementation and use. Most providers have some and often multiple health information systems in place. The challenge of making these different systems work together, both within and across providers—interoperability—is an obstacle to realizing the promise of health information technology.

Today, health information technology policy is concentrated on bringing clinical information online. State and national policymakers are wrestling with how personal health data should come together for each patient (using electronic health records and variants) and how health care providers can connect to share information so it will come to one place when it is needed, either through regional health information organizations or health information exchanges.

How has enactment of the federal American Recovery and Reinvestment Act accelerated the implementation and use of health information technology?

A portion of the federal American Recovery and Reinvestment Act will provide funding to states to support efforts to achieve widespread and sustainable health information exchange within and among states through the "meaningful use" of certified electronic health records.

Within the recent past, much of the action on health care has occurred at state and local levels, with support from the federal government and national and local philanthropies. However, the recent enactment of the federal American Recovery and Reinvestment Act (ARRA) has shifted the focus of health care reforms, specifically

those relating to health information technology, from the states to the federal government.

Congress enacted the American Recovery and Reinvestment Act (ARRA) on February 13, 2009, and President Barack Obama signed the act into law four days later. The Health Information Technology for Economic and Clinical Health (HITECH) Act is the portion of ARRA specifically created to facilitate and support the adoption of heath care information technology to improve overall health and medical outcomes. The HITECH Act outlines provisions specifically focused on health care information technology, including the promotion and testing of health information technology, grants and loans, and privacy. The HITECH Act is designed to provide funds to states supporting efforts to achieve widespread and sustainable health information exchange within and among states through the "meaningful use" of certified electronic health records. Such funds are awarded through the State Health Information Exchange Grant Programs to states and qualified State Designated Entities to develop and advance mechanisms for information sharing across the health care system.

The HITECH Act includes Medicare and Medicaid electronic health records incentive programs to eligible professionals and eligible hospitals as they adopt, implement, upgrade, or demonstrate "meaningful use" of certified electronic health records technology. These payments are administered either through the Centers for Medicare and Medicaid Services (CMS) in the case of the Medicare program, or through the states for the eligible providers who qualify under the Medicaid program. The HITECH Act provided that CMS and the Office of the National Coordinator for Health Information Technology (ONC) develop the appropriate policies and definitions to enable the administration and distribution of the incentive funding.

The federal Department of Health and Human Services, CMS, and ONC have recently released the "meaningful use" final rule specifying the related initial set of standards, implementation specifications, and certification criteria for electronic health records technology with final "meaningful use" Stage 1 objectives and measures. The final "meaningful use" rule includes the following minimum set of services to be offered during Stage 1:

- electronic prescribing service (electronic generation and transmission of prescriptions and prescription related information);

- laboratory results exchange service (electronic submission of laboratory test orders and receiving/displaying of laboratory test results); and,

- exchange of patient summary records (including the minimum data elements of demographics; problem list; medication and medication allergy list; laboratory test results; and, procedures).

Creating a patient-focused health care model enables the transformation to higher quality, more cost efficient patient-focused health care through electronic health information access and use by care providers and patients. While ARRA included approximately $19 billion for Medicare and Medicaid health information technology incentives over five years, it is not possible to determine the amount Mississippi health care providers will receive until they implement and have "meaningful use" of health information technologies required by the act.

How has Mississippi moved toward implementation and use of electronic health information technology?

Mississippi has moved toward implementation and use of electronic health records through efforts of the Mississippi Health Information Infrastructure Task Force, the Division of Medicaid's e-health records and e-prescribing initiative, and the University of Mississippi Medical Center's health care information initiative.

Mississippi is participating in a nationwide effort to improve the quality and cost efficiency of health care. This effort includes a concentrated initiative to support the move of the health care system to the use of electronic health records systems and connect health care providers for the exchange of data.

The use of electronic health records systems in Mississippi varies depending on a health care provider's location within the state—i. e., urban versus rural—and available resources to implement such a system. According to a 2005 study, approximately 10% of rural hospitals in Mississippi had some form of electronic information systems. The study determined that all urban hospitals were using electronic information systems for various functions and that the larger hospitals had some form of shared clinical information systems. The aftermath of hurricanes Katrina and Rita in 2005 highlighted the vulnerability of the state's paper-based medical records systems and hastened the migration to improved health information technology such as electronic health records. As noted on page 6, the recent federal American Recovery and Reinvestment Act has required states to give attention to health information technology and the interoperability of such systems.

Governor Haley Barbour's Executive Order Establishing the Mississippi Health Information Infrastructure Task Force

The purpose of the task force is to improve the quality and safety of health care delivery by means of the expedited adoption and implementation of health information technology and health information exchange across the state.

In response to Presidential Executive Order 13410 (dated August 28, 2006) directing federal agencies to, in part, encourage the adoption of health information technology standards, as well as the demonstrated need for timely, secure, and accessible health information in the aftermath of Hurricane Katrina, Governor Haley Barbour issued Executive Order 979 on March 7, 2007. (See Appendix A, page 45, for the full text of the executive order.)

Executive Order 979 established the Mississippi Health Information Infrastructure Task Force for the purpose of improving the quality and safety of health care delivery by means of the expedited adoption and implementation of health information technology and health information exchange across the state. (See Appendix B, page 47, for a list of task force members.) The first milestone for the twenty-member task force was the development of an action plan, *Mississippi Health Information Infrastructure Action Plan*, published in September 2007. The plan detailed recommended activities, staffing requirements, funding options, and milestone dates necessary to achieve the goals set by the executive order within the designated two-year time frame.

Work accomplished by the task force led to a recommendation that Mississippi implement a "proof of concept" health information exchange project. One purpose of the pilot project was to provide the task force with hands-on experience, thereby establishing a foundation for the development of a strategy for a more expansive statewide health information exchange. To accomplish the project, the Mississippi Foundation for Medical Care, Inc. (doing business as Information and Quality Healthcare [IQH]), at Governor Barbour's request, established the Mississippi Coastal Health Information Exchange (MSCHIE). (Established in 1971, IQH is an independent Mississippi not-for-profit corporation under contract with the Centers for Medicare and Medicaid Services [CMS].) In order to fund the MSCHIE pilot project, the Governor's Office assisted IQH in obtaining Social Service Block Grant (SSBG) funds earmarked for Mississippi for post-Katrina recovery. The Department of Information Technology Services assisted IQH in developing a request for proposals to procure a vendor for the project. The primary goal of the MSCHIE request for proposals was to establish a restructuring effort to improve patient care delivery in Mississippi, particularly in Pearl River, Stone,

George, Hancock, Harrison, and Jackson counties, the coastal counties most affected by Hurricane Katrina.

On September 20, 2008, IQH, with the concurrence of the task force, selected Medicity, Inc., as the lowest and best vendor to provide technical services for the project. Implementation of Phase I of the project began in October 2008 and involved three disparate coastal stakeholders: Coastal Family Health Center, Memorial Hospital at Gulfport, and Singing River Health System. These provider organizations are currently sharing basic clinical information, lab results, and medication history. Phase II of the project is currently underway and is expanding the health information exchange by adding more hospital participants and establishing an extensive provider outreach program.

The Division of Medicaid's E-Health Records and E-Prescribing Initiative

In response to a directive by the federal Centers for Medicare and Medicaid Services to implement technologies and processes to improve administration, the Mississippi Division of Medicaid has launched an initiative to establish an e-health records and e-prescribing program for use by the division's staff and state Medicaid providers.

Medicaid is a program of medical assistance for the needy administered by the states using state-appropriated funds and federal matching funds within the provisions of Title XIX and Title XXI of the Social Security Acts, as amended. The Mississippi Medicaid program began on January 1, 1970. The program is administered in Mississippi by the Division of Medicaid, Office of the Governor, by authority of MISS. CODE ANN. Section 43-13-101 et seq. (1972). Initially, Medicaid management information systems were designed primarily as financial and accounting systems for paying provider claims accurately and timely. As the Medicaid program has grown more complex, the management information systems needed to support the Medicaid enterprise have also grown in number and complexity.

With the recent emphasis on health care reform, the Centers for Medicare and Medicaid Services (CMS), the federal funding agency for the Medicaid program, directed state Medicaid programs to implement technologies and processes that can enable improved administration for Medicaid enterprises. One goal of the CMS directive is for state Medicaid programs to be able to provide data that is timely, accurate, usable, and easily accessible to support analysis and decision making for health care management and program administration.

In keeping with the CMS directive, the Mississippi Division of Medicaid conducted a self-assessment in 2008 in an effort to develop a transition and implementation plan for accomplishing health information technology goals established by CMS. A component of the division's five-year plan was an initiative to establish an e-health records and e-prescribing program for use by the division's staff and state Medicaid providers. Through a request for proposals process, the division selected a vendor to provide such a system and began implementation of the system on July 1, 2009. (See pages 20 through 27 for additional details.)

The University of Mississippi Medical Center's Health Care Information Initiative

To move toward more comprehensive and interoperable electronic health records, UMMC selected a vendor to design and implement a health care information system, with implementation beginning in August 2010.

The University of Mississippi Medical Center (UMMC) in Jackson is the health sciences campus of the University of Mississippi. UMMC operates one general acute teaching hospital, three specialty teaching hospitals, and a twenty-five-bed critical care access facility in Lexington, Mississippi. UMMC has over 400 physicians who practice in 125 medical specialties. (In an academic context, medical practice plans are organized groups of physicians with medical school faculty appointments who, in addition to research and medical education responsibilities, provide patient care services to both insured and uninsured patients.)

As UMMC has grown in size and complexity since its creation in 1955, its many departments have developed automated and manual processes that have become inefficient and/or created duplicate data. To address the institution's myriad of information systems, UMMC established a Health Care Information System committee in 2008 to guide the institution toward a more comprehensive and interoperable information system. Through a request for proposals process, UMMC selected a vendor to design and implement a health care information system, with implementation of such system beginning in August 2010. (See pages 27 through 33 for additional details.)

What actions has the Mississippi Legislature taken to encourage the implementation and use of health information technology by Mississippi health care providers?

Recognizing that the state needed a coordinated and efficient approach to the adoption of health information technology, during its 2010 Regular Session, the Legislature enacted House Bill 941, which established the Mississippi Health Information Network, a successor organization to the Mississippi Health Information Infrastructure Task Force.

According to Executive Order 979, the Mississippi Health Information Infrastructure Task Force was to continue in existence until all of its objectives were achieved, but no later than March 6, 2009, unless extended by a future executive order. However, since there was no formal governance in place to carry out the task force's goals after its expiration, the Governor's Office extended the duties of the task force until June 30, 2010. During the extension, the task force provided guidance on the operation of MSCHIE and served as a segue until the state developed a process for producing Mississippi's *Strategic and Operational Plan* required by ARRA legislation.

Given that Congress had recently enacted ARRA and that the Division of Medicaid and University of Mississippi Medical Center were undertaking major initiatives to design and implement their own health information technologies, the Legislature recognized that the state needed a coordinated and efficient approach to the adoption of health information technology in Mississippi. During its 2010 Regular Session, the Legislature enacted House Bill 941, which established the Mississippi Health Information Network (MS-HIN), a successor organization to the task force.

The primary purpose of MS-HIN is to initiate a statewide health information network to:

- facilitate communication of patient clinical and financial information;

- promote more efficient and effective communication among multiple health care providers and payers;

- create efficiencies by eliminating redundancy in data capture and storage and reducing administrative, billing, and data collection costs;

- create the ability to monitor community health status;

- provide reliable information to heath care consumers and purchasers regarding the quality and cost-

effectiveness of health care, health plans, and health care providers; and,

- promote the use of certified electronic health records technology in a manner that improves quality, safety, and efficiency of health care delivery, reduces health care disparities, engages patients and families, improves health care coordination, improves population and public health, and ensures adequate privacy and security protections for personal health information.

Major provisions of H. B. 941 include the following:

- establishment of an eleven-member governing board whose members were to reflect the public-private nature of the network with authority to, among other things:

  o hire an executive director and other qualified personnel; and,

  o adopt modify, repeal, promulgate, and enforce rules and regulations to carry out the purposes of the MS-HIN.

Exhibit 1, page 13, presents the names and appointing authorities of MS-HIN board members.

- requirement that agencies, officers, departments, boards, commissions, offices and institutions of the state (except those financed entirely by federal funds), prior to acquisition of any health information technology system, provide MS-HIN with descriptive and operational information regarding such system. MS-HIN is to use such information to provide guidance to entities, including collaborative opportunities with MS-HIN members.

Because MS-HIN members have only recently been appointed by their respective appointing authorities, the board has not become fully functional. Because the Legislature did not appropriate funds to the board for FY 2011, the Governor's Office will use a portion of an ARRA grant to compensate an executive director and purchase a limited amount of commodities and equipment.

Exhibit 1: Mississippi Health Information Network Board Members

Member	Appointing Authority
Rita Rutland	Governor's Office, Division of Medicaid
Robert Pugh	Mississippi Primary Healthcare Association
Scott Stringer	Governor's Office (insurance carrier appointment)
Richard Ferrans	Information and Quality Healthcare (IQH)
James Dunaway	Department of Mental Health
Taylor Strickland	Delta Health Alliance
Craig Orgeron	Department of Information Technology Services
Mary Currier	Department of Health
John Lucas	Department of Health (information technology appointment)
Charlie Enicks	University of Mississippi Medical Center
Daniel Edney	Mississippi State Medical Association

SOURCE: Office of the Governor.

Chapter 1: Evaluation of RFPs Used by the Division of Medicaid and the University of Mississippi Medical Center to Procure Electronic Health Records Systems

In most cases, the Department of Information Technology Services (ITS) oversees agencies' acquisition of information technology systems[2] (see page 15). H. B. 941, 2010 Regular Session, specifically exempted from oversight of the MS-HIN Board any acquisition of a health information technology system that had been approved by ITS prior to the effective date of the bill (April 28, 2010).

MISS. CODE ANN. Section 25-53-25 (1972) provides ITS with authority to exempt certain procurements from its oversight and on December 18, 2008, and August 27, 2009, ITS had given approval to both the Division of Medicaid and University of Mississippi Medical Center, respectively, to proceed with their efforts to procure health information technology without ITS's approval of their RFPs (see page 17 for a discussion of ITS's exemption procedure).

Given that the Division of Medicaid and University of Mississippi Medical Center both were, in effect, excluded from the immediate oversight of both ITS and the MS-HIN Board, the Legislature (in Section 10 of H. B. 941, 2010 Regular Session) directed PEER to evaluate these two entities' requests for proposals used to procure their health information technologies.

This chapter addresses the following questions:

- What are the legal requirements for these entities' procurement of information technology and services?

- What criteria did PEER use to evaluate RFPs used by the Division of Medicaid and the University of Mississippi Medical Center to procure health information technologies?

- Did the Division of Medicaid comply with procurement "best practices" when developing an RFP to select a vendor to design and implement its e-health records and e-prescribing system?

- Did the University of Mississippi Medical Center comply with procurement "best practices" when

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[2] MISS. CODE ANN. Section 25-5-3 (1972) defines *agencies* to include state agencies as well as state institutions of higher learning.

developing an RFP to select a vendor to design and implement its health care information system?

- Although DOM's and UMMC's requests for proposals were exempted from requirements of the Department of Information Technology Services for information system RFPs, would ITS have considered these RFPs to be fair to potential proposers?

What are the legal requirements for these entities' procurement of information technology and services?

The Department of Information Technology Services has statutory authority to promulgate regulations for the procurement of information technology and services by state agencies and institutions. MISS. CODE ANN. Section 25-53-25 (1972) allows ITS to exempt certain procurements from its oversight; both the DOM and UMMC received such exemptions for their health information technology projects.

Role of the Department of Information Technology Services in Procuring Information Technology and Services

In 1968, the Legislature established the state agency now known as the Mississippi Department of Information Technology Services (ITS) to ensure that the state receives the maximum use and benefit from information technology and services (see MISS. CODE ANN. Section 25-53-1 [1972]). MISS. CODE ANN. Section 25-53-7 (1) (1972) creates a five-member board to set policy and oversee the activities of the department.

MISS. CODE ANN. Section 25-53-5 (1972) enumerates the powers and duties of ITS with regard to the efficient acquisition and utilization of computer equipment and services by all agencies of state government. The purview of ITS extends to the various state agencies, officers, departments, boards, commission, offices, and institutions of the state, except those financed entirely by federal funds.

ITS's Authority With Regard to Procurements

With regard to procurement of information technology and services, MISS. CODE ANN. Section 25-53-5 (o) (1972) states that all acquisitions of computer equipment and services involving the expenditure of funds in excess of the amount established in CODE Section 31-7-13 (c) (1972) (which is $50,000) shall be based upon competitive and open

specifications. The section further states that contracts for such acquisitions shall be entered into only after advertisements for bids have been placed in newspapers having a general circulation for not less than fourteen days.

Based on its statutory authority, ITS developed a *Procurement Handbook* for use by entities within its purview. Section 011-010 of the handbook describes ITS's requirements regarding the functionality and content of a request for proposals. The handbook notes that ITS uses the RFP as the instrument of choice for obtaining competitive pricing and offerings in compliance with MISS. CODE ANN. Section 25-53-5 (o) (1972). The handbook further states the following:

> *The RFP outlines the functional requirements for the equipment, software, and services needed, and vendors respond by proposing solutions and pricing that satisfy these requirements. Proposals and vendors are evaluated in terms of the ability of the solution to satisfy the stated requirements and best meet the needs of the purchasing agency over the expected life of the equipment or system. The evaluation is based on predefined evaluation criteria in which price is not the only factor.*

Section 018-010 of the ITS *Procurement Handbook* states that each RFP developed by ITS must contain a summary-level description of the criteria and process that will be used in the evaluation of submitted proposals to determine the winning proposal. The section further states that the details of the evaluation process and scoring methodology for an RFP are developed prior to the receipt of proposals.

Staff of ITS's Information System Services Bureau provided PEER with a template of a request for proposals typically used by ITS to procure information technology and services. The components of an ITS request for proposals include:

- submission cover sheet and configuration summary (brief description of services offered);

- proposal submission requirements;

- vendor information;

- legal and contractual information;

- proposal exceptions (i. e., RFP items to which a proposer might take exception);

- RFP questionnaire;

- technical specifications;

- cost information submission; and,

- references.

ITS's Authority to Grant Exemptions to its Procurement Oversight

MISS. CODE ANN. 25-53-25 (2) (1972) states that the ITS Board "may establish policies and procedures for the purpose of delegating the bidding and contracting responsibilities related to the procurement of computer equipment or services to the purchasing agency." Section 013-040 of the ITS *Procurement Handbook* details the procurement exemption process. A purchasing entity's exemption request must be submitted on an "Exemption Request" form and signed by the entity's executive director or chief information officer.

Once received, ITS staff review the information submitted on the Exemption Request form concerning the acquisition, including the procurement approach that will be used and the estimated total life-cycle cost. The Exemption Request may be approved by the ITS Executive Director or submitted for approval to the ITS Board if the total life-cycle cost exceeds the director's approval threshold—i. e., $1,000,000. The *Procurement Handbook* states that an exemption request should be approved by ITS before an advertisement is issued for the procurement.

If the purchasing entity receives approval of its Exemption Request from the ITS Executive Director or ITS Board, the entity has control of the procurement process from that point on without further involvement from ITS. However, the purchasing entity is responsible for making the purchase within the dollar limits approved by ITS and in compliance with applicable statutory requirements throughout the procurement process. These requirements include:

- developing competitive and open specifications;

- issuing an advertisement to solicit bids or proposals according to MISS. CODE ANN. Section 25-53-5 (o) (1972);

- conducting a thorough and equitable evaluation of all proposals received;

- responding in a timely manner to all public records and post-procurement review requests; and,

- negotiating and signing a contract, if applicable, within the scope and intent of the specifications.

ITS does not participate in any of these steps for exempted procurements. Although the ITS Exemption Request requires agency/institution directors to develop open specifications and ensure a thorough and equitable evaluation of all proposals received, currently no audit or review of such by ITS is required.

As noted on page 14, on December 18, 2008, and August 27, 2009, ITS gave approval to both the Division of Medicaid and University of Mississippi Medical Center, respectively, to proceed with their efforts to procure health information technology without ITS's approval of their requests for proposals.

What criteria did PEER use to evaluate RFPs used by the Division of Medicaid and the University of Mississippi Medical Center to procure health information technologies?

From procurement requirements of ITS, the Personal Service Contract Review Board, and the American Bar Association, PEER developed a "best practices" list of RFP components to be used as criteria in its evaluation of RFPs issued by the Division of Medicaid and University of Mississippi Medical Center.

Because it was the intent of the Division of Medicaid and University of Mississippi Medical Center to select the best and most cost-effective proposals for their electronic health records systems, it was imperative that the entities adhere to accepted competitive procurement principles. As a basis for conducting the RFP evaluations required in H. B. 941, 2010 Regular Session, PEER analyzed the statutory procurement requirements of ITS, as well as procurement requirements promulgated by the Personal Service Contract Review Board and American Bar Association and developed a "best practices" list of components that should be included in an RFP. (See Appendix C, page 48, for specific recommendations of the Personal Services Contract Review Board and American Bar Association with regard to the contents of an RFP document.) Exhibit 2, page 19, presents the RFP components used by PEER as criteria for evaluating RFPs of the Division of Medicaid and University of Mississippi Medical Center.

Exhibit 2: Components of a Request for Proposals for a Competitive Sealed Proposals Procurement Process, Based on Department of Information Technology Services Requirements, PSCRB Requirements, and the ABA *Model Procurement Code for State and Local Governments*

Major Component	Specific Component
Proposal Submission Requirements	• Time and date set for receipt of bids
	• Address of the office to which bids are to be delivered
	• Maximum time for bid acceptance by the state
Legal and Contractual Information	• Contract terms and conditions, including warranty and bonding or other security requirements
	• Statement that offerors may designate those portions of the proposals that contain proprietary information to remain confidential
Scope of Work and Technical Specifications	• Type of services required
	• Description of the work involved
	• Estimate of when and for how long the services will be required
Cost Information	• Statement of when and how price should be submitted
Proposal Evaluation Factors	• Factors to be used in the evaluation and selection process and their relative importance
	• Statement that discussions may be conducted with offerors who submit proposals determined to be reasonably capable of being selected
Offeror Information	• Name of the offeror, location of the offeror's principal place of business, and place of performance of the proposed contract
	• Age of the offeror's business and average number of employees over a previous period
	• Abilities, qualifications, and experience of all persons who would be assigned to provide the required services
	• Plan giving as much detail as is practical explaining how the services will be performed
References	• List of other contracts under which services similar in scope, size, or discipline to required services were performed

SOURCE: PEER analysis of Department of Information Technology Services' procurement requirements, Personal Services Contract Review Board regulations, and the American Bar Association's *Model Procurement Code for State and Local Governments*. See Appendix C, page 48, for specific recommendations of these bodies with regard to the appropriate contents of a request for proposals.

The Division of Medicaid contracted with Fox Systems, Inc., to assist with a self-assessment to determine progress toward meeting guidelines of the Medicaid Information Technology Architecture Initiative. The contractor also assisted in developing a request for proposals for an e-health records and e-prescribing solution. PEER determined that the division's RFP fully complied with the components PEER considers to be "best practices" for an RFP.

What prompted the Division of Medicaid to initiate its e-health records and e-prescribing project?

The Medicaid Information Technology Architecture Initiative (MITA) has established national guidelines for technologies and processes to enable improved administration for states' Medicaid enterprises. The DOM contracted with a consultant to assist with the division's self-assessment to determine progress toward meeting MITA guidelines, one component of which is development of a standard electronic medical records architecture and processing model.

Medicaid Information Technology Architecture Initiative

Historically, Medicaid Management Information Systems (MMIS) were designed primarily as financial and accounting systems for paying provider claims accurately and in a timely manner. As the Medicaid program has grown more complex, the MMIS systems needed to support the Medicaid enterprise have also grown in number and complexity. The MMIS has migrated from a single, integrated system of claims processing and information retrieval to one including non-financial Medicaid systems running on multiple hardware and software platforms.

In mid-2000, the Center for Medicaid and State Operations (CMSO) began an initiative, the Medicaid Information Technology Architecture (MITA), to establish national guidelines for technologies and processes that can enable improved administration for Medicaid enterprises. The Centers for Medicare and Medicaid Services (CMS) defines a Medicaid enterprise as the communities that have an interest in seeing that the mission and goals of the Medicaid program are met. MITA has the following goals:

- develop seamless and integrated systems that effectively communicate, achieving common Medicaid goals through interoperability and standards;

- promote an environment that supports flexibility, adaptability, and rapid response to changes in programs and technology;

- promote an enterprise view that supports enabling technologies aligned with Medicaid business processes and technologies;

- provide data that is timely, accurate, usable, and easily accessible to support analysis and decision making for health care management and program administration;

- provide performance measurement for accountability and planning; and,

- coordinate with health partners and integrate health outcomes within the Medicaid community.

CMS will use MITA as a tool for communicating a common vision for the Medicaid program and for providing guidance on achieving that vision. MITA will change the way states design and build, change, or modify their Medicaid systems and the manner in which states perform information technology investment planning. States will need to ensure that their business goals and objectives meet the MITA goals and objectives. As a result, states will have better access to a wider range of accurate and timely data. A state can share this data within itself, with other states, and with federal agencies through efficient and secure data exchange.

Division of Medicaid Self-Assessment

For states, the first phase of MITA implementation is a self-assessment. This phase requires a state to review its strategic goals and objectives and current business and technical capabilities against the MITA Business Capability Matrix and the MITA Technical Capability Matrix. The state can then develop a list of combined target capabilities that enables it to meet its strategic goals and objectives. The combined target capabilities list outlines business and technical capabilities that a state plans to implement to transform its Medicaid enterprise in accordance with MITA principles.

MITA capabilities are allocated to five maturity levels that show a progression from the current business and technical architecture to architecture that embodies the long-term target vision for the Medicaid enterprise. At Level 1 maturity of the business architecture, an agency primarily focuses on meeting compliance thresholds dictated by state and federal regulations. At Level 2 maturity, an agency focuses on cost management and improving quality of access to care within structures designed to manage costs. At the ultimate Level 5

maturity, national and international interoperability is achieved.

In May 2008, the Division of Medicaid issued a request for proposals to locate a consultant to assist the division in conducting its MITA self-assessment. Through this competitive process, the division selected Fox Systems, Inc., as the firm to assist with the self-assessment. On September 29, 2008, the division completed its required self-assessment report consisting of three components: "as is"—where the state is currently; "to be"—where the state would like to be in the future; and, "the gap"—issues remaining to be addressed to achieve the goal. Specifically, the report contained a business process analysis and technical architecture assessment. The report documented that the division was functioning at a MITA Level 1 maturity, with occasional areas of Level 2 maturity. To advance to a higher maturity level, it would be necessary for the division to promote usage of intra-state data exchange and provide widespread, secure access to clinical data.

Fox Systems, Inc., also produced for the division a MITA "Transition and Implementation Plan"—i. e., five-year vision to assist the division in accomplishing the MITA goals. The report noted that the national health care industry is being pressured to improve technology, reduce costs, extend service, and create a patient-centric environment for Medicaid participants. The report noted that many of these initiatives bring additional pressure to bear on a Medicaid agency and are a factor in determining the strategic direction in the MITA "to be" phase.

One initiative highlighted in the division's MITA "Transition and Implementation Plan" report is electronic medical records. The report stated that Electronic Medical Record Advisory groups are moving toward the development of a standard electronic medical record architecture and processing model. The report noted that there may be implications in these proposed structures for the data that will be required by a Medicaid Management Information System (MMIS) or the structure required for that data, particularly as MMIS systems participate in health information exchanges.

How did the Division of Medicaid develop the RFP for its electronic health records and e-prescribing system?

The DOM contracted with Fox Systems, Inc., to assist the division in developing a request for proposals for an e-health records and e-prescribing solution. Through the use of a detailed project plan and project management manual, the contractor conducted background research, interviewed stakeholders, and compiled the request for proposals.

At the suggestion of the Centers for Medicare and Medicaid Services, the Division of Medicaid issued a request for proposals in September 2008 to locate a contractor to assist the division in developing a request for proposals and an Implementation Advanced Planning Document (IAPD) for an e-health records and e-prescribing solution. Through this competitive process, the division selected Fox Systems, Inc., as the firm to assist with the development of the documents.

Through the use of a detailed project plan and a project management manual, Fox Systems conducted necessary background research, interviewed relevant stakeholders, and compiled the request for proposals and IAPD documents over a fifty-seven-day period. The firm's work also included conducting a cost-benefit analysis and risk assessment, as well as preparing an evaluation plan for reviewing and scoring proposals received from prospective vendors. With regard to soliciting input from stakeholders regarding the proposed e-health records and e-prescribing system, the division conducted a meeting on November 5, 2008, with representatives of ITS, the Department of Health, and the University of Mississippi Medical Center.

As provided in state law (see page 17), the Division of Medicaid requested an exemption from ITS oversight for its procurement of an e-health records and e-prescribing system. During its meeting of December 18, 2008, ITS Board members unanimously approved the exemption request at a total estimated six-year lifecycle cost of $28.5 million. The board's approval included a requirement that a follow-up report be presented to the board should ongoing cost-benefit analysis for the project indicate a decrease in the currently anticipated benefit. (The division projected savings over four years of operations to be approximately $32 million due to reduced cost of prescriptions through the use of generic drugs, reduction of unnecessary drugs, and prevention of drug interaction.)

The division issued an RFP on January 21, 2009, for "Implementation and Operations Services for Medicaid Electronic Health Records System and E-Prescribing System." The document stated that sealed proposals were

due on March 12, 2009, with the division receiving proposals from seven vendors. Through a multi-phase evaluation and scoring process, the division eventually selected Shared Health, Inc., as the vendor to design, develop, and implement the e-health records and e-prescribing system. The division signed a contract with Shared Health on July 1, 2009, and work commenced immediately and will continue through June 30, 2013.

Did the specific components of the Division of Medicaid's RFP comply with PEER's "best practices" criteria?

The Division of Medicaid's RFP for an e-health records and e-prescribing system fully complied with the components PEER considers to be "best practices" for an RFP. The division selected Shared Health, Inc., as the vendor to design, develop, and implement the e-health records and e-prescribing system.

As stated on page 18, PEER analyzed the statutory procurement requirements of ITS, as well as procurement requirements promulgated by the Personal Service Contract Review Board and American Bar Association and developed a "best practices" listing of components that should be included in an RFP. Exhibit 2, page 19, presents the RFP components used by PEER as criteria for evaluating the Division of Medicaid's RFP for an e-health records and e-prescribing system.

PEER concludes that the division's request for proposals fully complied with the components PEER considers to be "best practices" for an RFP. The following sections provide details as to the division's compliance with such components.

Proposal Submission Requirements

The division's RFP provided information on the cover of the document and within the body as to the date and time that proposals were due, as well as the name and physical address of the division employee to whom proposals were to be sent. The RFP stated that the division anticipated concluding the e-health records and e-prescribing system procurement process by April 30, 2009.

Legal and Contractual Information

The division's RFP included more than twenty pages describing the terms and conditions of the proposed contract between the division and a potential contractor. Specifically, the RFP included sections addressing, among other things, performance standards and liquidated damages; bonding requirements; period of the contract; process for terminating the contract; subcontracting; indemnification; and risk management. The RFP also

contained a section discussing proprietary rights on behalf of the division and the contractor.

Scope of Work and Technical Specifications

Page 1 of the division's RFP stated that the agency was seeking responses from contractors to assist the agency in implementing and operating an e-health records and e-prescribing system.   The RFP included a twenty-page chapter describing the scope of work of the proposed project. Specifically, the chapter described the contract phases; tasks and requirements; project organization and staffing; project governance; and deliverable procedures and standards. The chapter also included a listing of milestone deliverables along with expected dates of completion.

Cost Information

Chapter 6 of the RFP was dedicated to the offeror's business proposal and Appendix F was a "Proposal Cost Response Form." The RFP required offerors to propose a firm fixed price for each of the requirements contained on the form. (The requirements on the form related to contract phases, such as implementation, operation, turnover, and enhancement.) The RFP also required offerors to certify that their offer would be binding upon the offeror for 180 days following the proposal due date. The RFP noted that the division would consider pricing as a separate criteria of the overall bid package.

Proposal Evaluation

Chapter 7 of the RFP described the process that the division would follow to evaluate proposals received. The Executive Director of the Division of Medicaid appointed an Evaluation Committee consisting of division staff who had "extensive experience" in the Medicaid program. The RFP stated that Evaluation Committee members would use a standard evaluation form to ensure consistency in evaluation criteria.

The RFP stated that the evaluation process would consist of two components: evaluations of offerors' technical and business proposals. The RFP noted that a maximum of 700 points would be available for the technical proposal evaluation and a maximum of 300 points would be available for the business proposal evaluation.

The technical proposal evaluation consisted of two phases. In Phase 1, the division's Procurement Officer reviewed each proposal to determine whether the proposal was complete and sufficiently responsive. Those deemed to be such continued to Phase 2. (The division considered all

seven responses received to be complete and responsive to the RFP.) Phase 2 consisted of an evaluation of seven factors within the technical proposal. The factors and point values were:

- executive summary: 30

- corporate background and experience: 100

- overall technical approach: 125

- electronic health record/eScript requirements approach: 225

- technical approach to turnover: 40

- approach to project organization and staffing: 100

- technical approach to project governance: 80

As stated on page 25, the total maximum points for the technical proposal evaluation was 700, with proposals being required to achieve a minimum score of 490 points (70% of the maximum) in order to proceed to the business/cost phase of the evaluation. (Three of the seven proposals received scores higher than 490 points and were evaluated from a cost standpoint.)

In order to seek clarification regarding an offeror's proposal, the RFP stated that the division could conduct discussions with offerors that submitted proposals determined to be reasonably capable of being selected for award.

Offeror Information

Various sections of the RFP required the offeror to provide descriptive information regarding the company, such as date established, principal place of business, number of employees, and financial information. The RFP also required an offeror to describe the company's approach to project organization and staffing for the division's e-health records and e-prescribing project. Required information included the number of staff to be assigned to each phase of the project, organizational placement of such staff, and individual resumés for management positions within the project team.

The RFP required offerors to respond to all requirements in the RFP, explaining their technical approach, identifying tools to be used, describing staffing commitments, and explaining in detail how they would meet all requirements.

Chapter 5 of the RFP required offerors to present details of the offeror's experience (and the experience of each of its subcontractors) with the type of service required in the division's RFP. In addition, the RFP required offerors to provide a minimum of three corporate references for each type of experience. The RFP noted that the division would conduct reference checks at its option.

Vendor Selection

As noted on page 24, the Division of Medicaid selected Shared Health, Inc., as the vendor to design, develop, and implement the e-health records and e-prescribing system. The division signed a contract with Shared Health on July 1, 2009, and work will continue through June 30, 2013.

Did the University of Mississippi Medical Center comply with procurement "best practices" when developing an RFP to select a vendor to design and implement its health care information system?

UMMC contracted with Kurt Salmon Associates to assist the medical center's Health Care Information System Committee and staff in developing the request for proposals for an enterprise health care information system. While UMMC's RFP basically complied with the components PEER considers to be "best practices" for an RFP, the document provided less than complete information in the areas of legal and contractual information and proposal evaluation.

What prompted the University of Mississippi Medical Center to initiate its health care information system?

UMMC is a core partner of the Delta Health Alliance, which addresses priority health care needs within the eighteen Delta counties. Since 2008, UMMC and the alliance have worked together on an electronic health records project to improve the quality of care for Delta patients. Also, since 2009, UMMC's Health Care Information Systems Committee has worked toward implementation of an enterprise health care information system, of which electronic health records was a component.

UMMC's Electronic Health Record Project with Delta Health Alliance

Created in 2002, the Delta Health Alliance (DHA) operates as a 501 (c) (3) non-profit corporation. The purpose of DHA is to identify priority health care needs within the eighteen counties comprising the Mississippi Delta, secure funds, allocate resources, and ensure that goals and

objectives are accomplished as set forth in funding agreements. Along with the Delta Council, Delta State University, Mississippi State University, and Mississippi Valley State University, the University of Mississippi Medical Center serves as a core partner of Delta Health Alliance.

In 2008, DHA and UMMC entered into a Memorandum of Agreement (MOA) to undertake an electronic health records project. The purpose of the project was to conduct a study of the impact of a secure electronic health record to facilitate outcomes tracking and communication among providers, reduce the incidence of medical errors, and improve the quality of care for patients. The MOA between DHA and UMMC became effective on July 1, 2008, and was to remain in effect for one year.   At the expiration of the initial MOA, DHA and UMMC entered into another MOA effective July 1, 2009, for a period of three years.

The second MOA obligated DHA to involve a minimum of 125 physicians per year in the electronic health records project, with UMMC being responsible for providing seventy-five physicians per year and DHA providing the remaining fifty per year. The second MOA also specified the use of the Allscripts Enterprise Electronic Health Record system provided by DHA for use by UMMC for the implementation of the electronic health records project. In conjunction with the DHA project, UMMC began using the Allscripts electronic health records system within its family medicine, allergy, and cardiovascular departments. (UMMC and DHA amended the July 1, 2009, MOA in August 2010 to allow the use of Allscripts and/or the EpicCare Ambulatory Clinical System for electronic health records.)

Creation of the UMMC Health Care Information System Committee

In December 2008, Dr. Scott Stringer, Associate Vice Chancellor for Clinical Affairs and President of University Physicians, created a Health Care Information System (HCIS) committee. Dr. Stringer directed the committee to:

- determine the needs of UMMC for a health care information system in the context of the need for a computerized physician order entry system, possible partnerships with vendors for a new radiology suite, a new physician billing platform, and the current electronic health records rollout;

- evaluate available health care information systems and vendors based on functionality, integration, compatibility across the enterprise and cost; and,

- determine the required steps with the Department of Information Technology Services, Board of Trustees of Institutions of Higher Learning, and UMMC purchasing and start the process in parallel with the first two items to the extent possible to minimize delay.

The fourteen-member committee was composed of representatives from various departments within UMMC—e. g., academic medicine, research, hospital administration, and information services. In April 2009, the HICS Committee developed an HIS Vision statement as a high-level description of the committee's intended outcome and as a guide for the request for proposal and vendor selection process. (See Appendix D, page 52.) (NOTE: The committee's work encompassed an enterprise health care information system, of which electronic health records was only one component.)

How did the University of Mississippi Medical Center develop the RFP for its health care information system?

UMMC contracted with Kurt Salmon Associates to assist with procurement of a health care information system. The contractor assisted the medical center's Health Care Information System Committee and staff in developing the request for proposals.

After developing the HIS Vision statement, the HCIS Committee and UMMC staff began preparing for the procurement of a health information system. The committee invited three vendors—GE, McKesson, and Siemens—to make educational presentations to committee members during March and April 2009 regarding the form and content of electronic health records systems. The committee requested each company to present information regarding: company philosophy (brief overview of the design, implementation and operating models of the company's system); system platform; overview of patient management and patient financials capabilities; overview of clinical systems; system integration; and implementation process. UMMC required the three companies to sign statements acknowledging that they understood that information offered during the educational presentations would not be considered should they choose to respond to UMMC's RFP once it was finalized.

UMMC also entered into a contract with Kurt Salmon Associates (KSA) to assist with the procurement process. Effective June 24, 2009, the contract required KSA to:

- develop and finalize a work plan and schedule for the procurement;

- gather and review available background information, including any internal analyses;

- develop a proposed request for proposals and vendor selection criteria; and,

- develop a detailed analysis of proposals received.

KSA staff conducted a "kick-off" meeting with UMMC project staff on July 8, 2009. During July, KSA staff assisted committee members and UMMC staff in developing the request for proposals.

As provided in state law (see page 17), UMMC requested an exemption from ITS oversight for its procurement of a health information system. The request noted that many current automated and manual processes, created by the independently acquired and internally developed applications, had become inefficient and had created duplicate data. During its meeting of August 27, 2009, ITS Board members unanimously approved the exemption request at a total estimated five-year lifecycle cost of $50 million. The board's approval included a requirement that ITS staff review the contract prior to execution by UMMC. (During its September 24, 2010, meeting, the ITS Board agreed to an increase in the lifecycle cost of the project from $50 million to $70 million due to UMMC choosing to implement a larger number of applications from the selected vendor than originally anticipated.)

UMMC issued an RFP on August 17, 2009, for an "Enterprise Health Care Information System." The document stated that sealed proposals were due on September 17, 2009, with UMMC receiving proposals from six vendors. Through an evaluation and scoring process, UMMC selected Epic Systems Corporation as the vendor to replace the center's hospital information system. The contract became effective on August 23, 2010, for a term of five years.

Did the specific components of the University of Mississippi Medical Center's RFP comply with PEER's "best practices" criteria?

While UMMC's RFP basically complied with the components PEER considers to be "best practices" for an RFP, the document provided less than complete information in the areas of legal and contractual information and proposal evaluation. UMMC selected Epic Systems Corporation as the vendor for its enterprise health care information system.

As stated on page 18, PEER analyzed the statutory requirements of ITS as well as procurement requirements promulgated by the Personal Service Contract Review

Board and American Bar Association and developed a "best practices" listing of components that should be included in an RFP. Exhibit 2, page 19, presents the RFP components used by PEER as criteria for evaluating UMMC'S RFP for a health information system.

While PEER concludes that UMMC's RFP basically complied with the components PEER considers to be "best practices" for an RFP, the document provided less than complete information in the areas of legal and contractual information and proposal evaluation. The following sections provide details as to UMMC's compliance with the "best practices" components.

Proposal Submission Requirements

UMMC's RFP provided information within the body as to the date and time that proposals were due as well as a mailing address and physical address where responses were to be mailed or delivered. The timeframe listed in the RFP indicated that UMMC intended to begin implementation of the system in April 2010.

Legal and Contractual Information

UMMC's RFP contained a section entitled "General Terms and Conditions" that described UMMC's right to contract with one or more vendors, the university's right to reject any or all proposals, contract termination provisions and alternative dispute resolution procedures. The "Awarding the Contract" section of the RFP also allowed vendors to designate proprietary information as confidential. While UMMC's RFP contained the most basic legal and contractual information, it did not contain a comprehensive discussion of such information, including performance standards, liquidated damages, and bonding requirements.

Scope of Work and Technical Specifications

UMMC's RFP stated that the university was seeking to procure an "integrated Enterprise clinical and patient financial product suite that fully supports the patient care, research and education missions of the Medical Center." The RFP also contained a section describing required applications to be provided by a vendor as well as the university's implementation priorities. The RFP noted that the document "is designed to provide interested vendors with sufficient basic information to submit proposals meeting minimum requirements." The RFP further stated that "vendors are permitted to (and encouraged to) expand upon specifications to evidence service capability under any agreement."

Cost Information

Attachment D of the RFP required offerors to provide a cost proposal by completing all worksheets in a "Cost Proposal" spreadsheet (Attachment E). The RFP required offerors to detail cost estimates for each application proposed to be implemented at UMMC. The RFP also required offerors to provide a ten-year cash flow including all costs for the project.

Proposal Evaluation

While various sections of UMMC's RFP described the desired attributes of a health care information system, the RFP did not contain the specific factors that UMMC used to evaluate proposals received or a description of the evaluation process. During the July 8, 2009, kick-off meeting involving UMMC staff and staff of Kurt Salmon Associates, the consultant recommended that the vendor selection criteria consist of the following categories:

- client base for products bid;

- core product functional depth;

- interfaces and integration;

- technology platform;

- support reputation;

- reasonable cost; and,

- ability to execute/low risk.

While UMMC apparently gave consideration to proposal evaluation criteria that it would use to select the vendor to provide the requested services, the university did not convey to potential vendors through the RFP the selection criteria or their relative importance and worth.

Offeror Information

UMMC's RFP required an offeror to provide basic information about the company, such as name, year established, corporate location, and location of office to support UMMC's project. The RFP also required an offeror to provide a proposed sequencing strategy and implementation work plan. In addition, the RFP required an offeror to describe UMMC's internal staffing requirements, as well as those of the offeror and third-party vendors, necessary for implementation of the system.

UMMC's RFP noted that reference checks would be used by the university to identify finalist vendors. The RFP also required an offeror to provide a list of at least ten academic health care organizations comparable in size and complexity to UMMC that currently used the offeror's product. The RFP required offerors to note whether such organizations were available for reference calls or site visits.

Vendor Selection

As noted on page 30, the University of Mississippi Medical Center UMMC selected Epic Systems Corporation as the vendor for an enterprise health care information system. The contract became effective on August 23, 2010, for a term of five years.

Although DOM's and UMMC's requests for proposals were exempted from requirements of the Department of Information Technology Services for information system RFPs, would ITS have considered these RFPs to be fair to potential proposers?

At PEER's request, the Department of Information Technology Services offered an informal third-party opinion regarding whether each of the RFPs was fair to potential proposers. Although the department's staff acknowledged that the two entities' RFPs followed different models, they concluded that neither RFP appeared to be unfair to potential proposers.

Although the RFPs of both DOM and UMMC were granted exemptions from procurement oversight of the Department of Information Technology Services (see page 18), PEER requested that ITS staff review the structure and content of the two entities' RFPs and offer an informal third-party opinion regarding whether each RFP was fair to potential proposers. (ITS staff did not evaluate the detailed functional specifications of either RFP.)

ITS staff noted that the two entities' RFPs followed different models and offered the following opinions.

• DOM's RFP was determined to be closer to the format typically used by ITS for application system procurements and contained more detailed functional requirements for the requested applications. None of its vendor requirements appeared to be restrictive and the requirements for the vendor's project team appeared reasonable.

- UMMC's RFP, which asked vendors to submit descriptive information, then used the evaluation process to refine the offerings and obtain additional details, was considered a valid approach for public sector RFPs and the selection criteria appeared appropriate.

ITS staff concluded that neither RFP appeared to be unfair to potential proposers.

Chapter 2: Evaluation of Proposed Expenditures by the Division of Medicaid and the University of Mississippi Medical Center to Implement Their Electronic Health Records Systems

Section 9, subsection (4) of H. B. 941, Regular Session 2010, specifically exempts from oversight of the MS-HIN Board any acquisition of an health information technology system that was approved by the Department of Information Technology Services (ITS) prior to the effective date of the bill (April 28, 2010). Both the Division of Medicaid and University of Mississippi Medical Center had received approval from the Department of Information Technology Services to proceed with their efforts to procure health information technology.

Section 10 of H. B. 941 directs PEER to evaluate the proposed expenditures of the two entities to procure their health information technologies.

This chapter addresses the following questions:

- What are the proposed expenditures and funding sources for the Division of Medicaid's electronic health records and e-prescribing system?

- What are the proposed expenditures and funding sources for the University of Mississippi Medical Center's health care information system?

What are the proposed expenditures and funding sources for the Division of Medicaid's electronic health records and e-prescribing system?

The Division of Medicaid initially estimated the six-year lifecycle cost of its electronic health records and e-prescribing system at $28.5 million; the division's consultant later projected the cost to be less than $10 million. The division plans to use Hurricane Katrina Stabilization Grants, Medicaid Transformation Grants, ARRA funds, and its own funds to fund the expenses of the system.

The Division of Medicaid estimated the six-year lifecycle cost of its electronic health records and e-prescribing system to be approximately $28.5 million. The ITS Board approved that lifecycle cost estimate when granting a procurement exemption to the division (see page 23). After receipt of proposals, the division's consultant conducted a cost-benefit analysis of the proposals and projected the lifecycle costs to be less than $10 million. Exhibit 3, page 36, presents the projected expenses and

funding sources associated with the division's electronic health records and e-prescribing system.

Exhibit 3: Projected Six-Year Lifecycle Cost of the Division of Medicaid's Electronic Health Records and E-Prescribing System

Cost Component	Amount
Development Cost	
100% funded through Mississippi Provider Stabilization Grant	$1,790,000
90% federal, 10% state Medicaid funds	899,690
Subtotal for Development Costs	$2,689,690
Operational Costs	
100% funded through Transformation Grant	$ 867,834
75% federal, 25% state Medicaid funds	5,912,166
Subtotal for Operational Costs	$6,780,000
Total	$9,469,690

SOURCE: Division of Medicaid staff

The Division of Medicaid plans to use the following sources to fund the expenses associated with the system.

Hurricane Katrina Provider Stabilization Grants

In February and June 2007 and in June 2008, the Division of Medicaid received Hurricane Katrina Provider Stabilization Grants totaling $92,756,749. The purpose of the grants was to provide financial assistance to the general acute care hospitals and inpatient psychiatric facilities located in regions affected by Hurricane Katrina. As provided by the grants, the division requested and CMS approved the division setting aside $1,791,266 of grant funds to create a web-based electronic health records system to serve as the basis for a broad statewide health information exchange infrastructure with easy accessibility for Medicaid providers statewide.

Medicaid Transformation Grants

The federal Deficit Reduction Act of 2005 established Medicaid Transformation Grants for the adoption of innovative methods to improve the effectiveness and efficiency in providing medical assistance under Medicaid. The act provided that transformation grants could be used to fund methods for reducing patient error rates through the implementation and use of electronic health records,

electronic clinical decision support tools, or e-prescribing programs. The Division of Medicaid received $1,688,000 in transformation grants.

Division of Medicaid Funds

The division received permission from CMS to fund the development and installation of its electronic health records and e-prescribing system at an enhanced federal financial participation match rate of 90%. The division plans to pay ongoing operational costs of its electronic health records and e-prescribing system from its regular Medicaid funds, which have a federal financial participation match rate of 75%. However, the division plans to cover the operational costs associated with the system from its transformation grant funds until such funds have been totally expended.

What are the proposed expenditures and funding sources for the University of Mississippi Medical Center's health care information system?

The University of Mississippi Medical Center initially estimated the five-year lifecycle cost of its health care information system to be approximately $50 million, but later revised the cost to be approximately $70 million. The medical center plans to use revenues generated from patients and ARRA funds that UMMC anticipates receiving to fund the expenses of the system.

As stated on page 30, UMMC initially estimated the five-year lifecycle cost of its health care information system to be approximately $50 million. After receipt of proposals and selection of a preferred vendor, UMMC, with approval of ITS, revised the lifecycle cost of the proposed system to be approximately $70 million. Exhibit 4, page 38, provides details of the cost estimate.

UMMC plans to fund the costs of the health care information system with revenues generated from patients. UMMC anticipates that a portion of the funds needed for the project will be offset by approximately $20 million in ARRA funds that the university anticipates receiving once the health care information system becomes operational and complies with "meaningful use" standards promulgated by the U. S. Department of Health and Human Services (see page 6).

Exhibit 4: Projected Five-Year Lifecycle Cost of UMMC's Health Care Information System

Cost Component	Amount
Enterprise license	$ 11,135,500
Third-party licenses	1,612,615
Subscription fees	315,525
Implementation fees	13,811,500
Epic Post Go-live support	270,960
Software maintenance	9,706,270
Supplemental implementation services	20,000,000
Hardware	10,000,000
Contingencies	3,147,630
Total	$70,000,000*

*UMMC's health care information system includes components that are not typically considered to be part of an electronic health records system—e.g., registration and billing modules. UMMC staff estimate that the electronic health records component of the project will cost approximately $15 million to $20 million over a five-year period.

SOURCE: University of Mississippi Medical Center staff

Chapter 3: Evaluation of the Use of ARRA Funds Available for Implementation of Electronic Health Record Systems in Mississippi

Section 10 of H. B. 941, Regular Session 2010, directs PEER to evaluate the use of American Recovery and Reinvestment Act (ARRA) funds for electronic health records implementation in Mississippi.

This chapter addresses the following question:

- What types of ARRA incentive payments are available for health care providers?

What types of ARRA incentive payments are available for health care providers?

The federal American Recovery and Reinvestment Act of 2009 provides more than $19 billion to states for Medicare and Medicaid health information technology incentives over five years. Types of incentives are Medicare payments for eligible professionals, Medicare payments for hospitals, Medicaid payments for health care providers, and grants to states and state-designated entities.

Section 4201 of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) establishes a program for payment to providers who adopt and become meaningful users of electronic health records. Specifically, ARRA provides more than $19 billion to the states for Medicare and Medicaid health information technology incentives over five years.

As stated above, receipt of ARRA funds for adoption and implementation of health information technology is dependent on a health care provider becoming a meaningful user of such technology. ARRA specifies three main components of "meaningful use" as follows:

- use of a certified electronic health record in a meaningful manner—e. g., e-prescribing;

- use of certified electronic health records technology for electronic exchange of health information to improve quality of health care; and,

- use of certified electronic health records technology to submit clinical quality and other measures.

ARRA provided authority to the Department of Health and Human Services to establish goals, and objectives for the

measurement of "meaningful use" by a health care provider. Because ARRA incentive payments became effective for hospitals on October 1, 2010, and will become effective for other health professionals on January 1, 2011, it is not possible to know the portion of the $19 billion in ARRA funds that Mississippi providers will receive as a result of their "meaningful use" of health information technology.

Medicare Payment Incentives for Eligible Professionals

ARRA establishes financial incentives beginning in January 2011 for eligible professionals who are meaningful electronic health records users. (Hospital-based physicians who substantially furnish their services in hospital setting are not eligible.) Medicare incentive payments would be based on an amount equal to 75% of the allowable charge established by the Secretary of Health and Human Services, up to $15,000 for the first payment year. Incentive payments would be reduced in subsequent years: $12,000, $8,000, $4,000, and $2,000, after 2015. For eligible professionals in a rural health professional shortage area, the incentive payment amounts would be increased by 10%.

Physicians who do not adopt or use a certified health information technology system would face reductions in their Medicare fee schedule of -1% in 2015, -2% in 2016, and -3% in 2017 and beyond. Exceptions would be made on a case-by-case basis for significant hardships—e. g., rural areas without sufficient Internet access.

Medicare Payment Incentives for Hospitals

ARRA provides incentive payments, beginning with October 2010, for eligible hospitals and critical access hospitals that are meaningful electronic health records users. Reduced payment updates beginning in FY 2015 will apply to eligible hospitals that are not meaningful electronic health records users. An eligible hospital that is a meaningful electronic health records user could receive up to four years of financial payments.

Each hospital's incentive payment will be calculated using three factors: an initial amount; a Medicare share; and, a transition factor. The initial amount is the sum of a $2 million base year amount plus a dollar amount based on the number of discharges for the hospital. The Medicare share is a fraction based on estimated Medicare fee-for-service and managed care inpatient bed days divided by estimated total inpatient bed-days and modified by charges for charity care. The transition factor phases

down the incentive payments over the four-year period. The factor equals 1 for the first payment year, ¾ for the second payment year, ½ for the third payment year, ¼ for the fourth payment year, and zero thereafter.

Medicaid Payment Incentives for Health Care Providers

ARRA establishes 100% federal financial participation for states to provide incentives to physicians, hospitals, federally qualified health centers, rural health clinics, and other providers. Providers receiving such incentives must use the funds to purchase, implement, and operate (including support services and training for staff) certified electronic health records technology. (Physicians cannot take advantage of the incentive payment programs under both the Medicare and Medicaid programs.) Eligible pediatricians (non-hospital based) with at least 20% Medicaid patient volume could receive up to $42,500 and other physicians (non-hospital based) with at least 30% Medicaid patient volume could receive up to $63,750 over a six-year period.

ARRA also establishes 90% federal financial participation for state Medicaid administrative expenses related to the incentive payment program. To qualify for the 90% FFP rate, a state must demonstrate compliance with the following criteria:

- the state uses the funds for purposes of administering the incentive payments, including the tracking of meaningful use of certified electronic health records technology by Medicaid providers;

- the state conducts adequate oversight of the incentive program;

- the state pursues initiatives to encourage adoption of certified electronic health records technology to promote health care quality and the exchange of health care information.

Grants to States and State Designated Entities

ARRA provides grants to states and qualified state designated entities to promote health information technology. The primary purpose of the grants is to support efforts to achieve widespread and sustainable health information exchange within and among states through the meaningful use of electronic health records. The goal of meaningful use of electronic health records is for health care providers to use this technology to improve the quality and efficiency of care.

Exhibit 5, below, lists the ARRA grants received by Mississippi entities as of June 30, 2010, for the implementation of electronic health records systems.

Exhibit 5: American Recovery and Reinvestment Act Grants Received by Mississippi Recipients for Implementation of Health Information Technology As of June 30, 2010

Grant Recipient	Location	Amount
Aaron E. Henry Community Health Services Center, Inc.	Clarksdale	$788,160
Arenia C. Mallory Community Health Center	Lexington	1,008,135
The Coastal Family Health Center, Inc.	Biloxi	1,369,546
The Coastal Family Health Center, Inc.	Biloxi	2,987,714
Delta Health Alliance, Inc.	Stoneville	14,666,156*
East Central Mississippi Health Care, Inc.	Sebastopol	597,725
Governor's Office	Jackson	10,387,000#
Family Health Center, Inc.	Laurel	130,336
Family Health Care Clinic, Inc.	Pearl	1,337,275
G.A. Carmichael Family Health Center, Inc.	Canton	841,255
Southeast MS Rural Health Initiative, Inc.	Hattiesburg	1,666,205

*BLUES is a project of Delta Health Alliance to address diabetes in the Mississippi Delta through the innovative use of health information technology.

#As part of the work of the Mississippi Health Information Infrastructure Task Force, members will conduct an environmental scan to understand the state's readiness for broad adoption of health information technology and health information exchange.

NOTE: Amounts for some of these recipients include funds for items such as building renovations and equipment not specifically related to the implementation of an electronic health records system. A breakdown of funds to be spent on electronic health records systems was not consistently included within the grant descriptions.

SOURCE: PEER analysis of Mississippi grant recipient information obtained from Recovery.Gov, http://www.recovery.gov/.

Chapter 4: Recommendations

1. The Legislature should amend MISS. CODE ANN. Section 41-119-7 (1972) (which codifies Section 4 of H. B. 941, Regular Session 2010) to require the MS-HIN Board to provide the Chairmen of the Senate and House Public Health and Welfare/Medicaid committees with a report by January 1 of 2012, 2013, and 2014 detailing the board's progress in initiating a statewide health information network for the prior twelve-month period. (H. B. 941 repeals effective July 1, 2014.) The report should also contain recommendations to the Legislature that would make the work of the board more effective in establishing a statewide network.

2. The Legislature should amend MISS. CODE ANN. Section 41-119-19 (1972) (which codifies Section 10 of H. B. 941, Regular Session 2010) to require the PEER Committee to conduct a performance evaluation of the MS-HIN Board and make a report to the Chairmen of the Senate and House Public Health and Welfare/Medicaid committees by December 31, 2013.

3. To ensure that agencies select the proposal most advantageous to the state--i. e., the lowest and best--the Legislature should amend MISS. CODE ANN. Section 25-53-25 (1972) to require the Department of Information Technology Services (ITS) to review the following for agencies' purchases that have received an exemption from the department's procurement oversight:

   - request for proposals;

   - documentation of the proposal evaluation process; and,

   - analytical basis for the agency's award decision.

   Also, the Legislature should amend MISS. CODE ANN. Section 25-53-25 (1972) to require the department to co-sign information technology and services contracts for agencies' purchases that have received an exemption from the department's procurement oversight.

Appendix A: Executive Order 979, Mississippi Health Information Infrastructure Task Force, March 7, 2007

WHEREAS, a presidential executive order "Promoting Quality and Efficient Health Care in Federal Government Administered or Sponsored Health Care Programs" was issued on August 22, 2006, and President George W. Bush directed federal agencies that administer or sponsor federal health insurance programs to:

- increase transparency in pricing;
- increase transparency in quality;
- encourage adoption of health information technology ("IT") standards; and
- provide options that promote quality and efficiency in health care;

WHEREAS, the aftermath of Hurricane Katrina demonstrated the need for timely, secure and accessible health information, particularly for Mississippi's most vulnerable-- elderly, disabled, and low income populations--and the potentially life-threatening effects of failure to have the information;

WHEREAS, Mississippi is coordinating a wide-range of efforts directed at recovering from Hurricane Katrina and enhancing its health care delivery system;

WHEREAS, a statewide health information technology infrastructure would improve the quality and reduce the cost of health care in Mississippi by:

1. ensuring health information is available at the point of care for all individuals;
2. reducing medical errors and avoiding duplicative medical procedures;
3. improving coordination of care between hospitals, physicians, and other health professionals;
4. providing consumers with their health information to encourage greater participation in their health care decisions;
5. enhancing the confidentiality and privacy of medical information;
6. improving public health services within the state; and,
7. furthering health care research;

WHEREAS, establishing a Mississippi Health Information Infrastructure Task Force will guide legislative and regulatory actions, encourage coordinated efforts in the private healthcare sector, further public and private task forces for the development of interstate health information infrastructure, and maximize federal financial participation to support the goal of early adoption of an interstate health information technology infrastructure;

NOW, THEREFORE, I, Haley Barbour, Governor of the State of Mississippi, by the authority vested in me by the Constitution and the Laws of this State, do hereby:

1. Create a Mississippi Health Information Infrastructure Task Force ("Task Force");

2. Direct the Task Force to review issues surrounding the creation of a statewide and inter-state health information technology infrastructure to improve the quality and safety of health care delivery in Mississippi;

3. The Task Force shall be composed of twenty members. Members shall be appointed by the Governor and shall serve at his pleasure;

4. The Task Force shall act by a vote of the majority of its members. A quorum of at least ten members shall be required for an act of the Task Force to have effect. No member may grant a proxy for his or her vote to any other member or member designee, except with the prior approval of the Chairs. The Governor will fill by appointment any vacancy on the Task Force;

5. Provide that the Co-Chairpersons of the Task Force shall be designated by the Governor from among the Task Force's membership;

6. Direct the Task Force to develop recommendations for:
   - an overall strategy for the adoption and use of health information technology and health information exchange to improve health and health care in Mississippi;
   - identifying the benefits and costs of a comprehensive statewide health information technology infrastructure;
   - addressing potential technical, scientific, economic, security, privacy and other issues related to the adoption of interoperable healthcare information technology;
   - identifying existing health information technology resources, including funding sources, to support the development of a statewide health information infrastructure;
   - identifying technology options to realize a comprehensive health care information infrastructure;
   - ensuring health information privacy and security in electronic health information exchange.

7. Direct all Executive branch departments, agencies, boards, and commissions and any other divisions of the Executive branch of state government to fully cooperate with the Task Force and provide staff support and any other assistance as requested;

8. Direct the Task Force to submit an Action Plan for Health Information Infrastructure to my office no later than 180 days after constituting the Task Force. This plan should detail recommended actions, staffing requirements, funding options, and key milestone dates to achieve within the next two years as stated in this Executive Order;

9. Provide that the Task Force annually report to the Governor on its plans, activities, accomplishments, and recommendations;

10. The Task Force shall continue in existence until all of its objectives are achieved, but no later than March 6, 2009, unless extended by a future Executive Order;

11. Authorize the Task Force to seek grants from government or private sources to achieve the goals and objectives set forth.

IN TESTIMONY WHEREOF, given under my hand and under the Great Seal of the State of Mississippi. DONE in the City of Jackson, on the 7th day of March in the year of our Lord, two thousand and seven, and of the Independence of the United States of America, the two hundred and thirty-first.

HALEY BARBOUR
GOVERNOR

Appendix B: Mississippi Health Information Infrastructure Task Force Members, March 2007

- Chris Anderson: Chief Executive Officer, Singing River Health System

- Mary Helen Bowen: Director of Pharmacy, St. Dominic Hospital

- Phillip Clendenin: Chief Executive Officer, River Region Health System

- Dr. Ken Davis: Medical Director, North Mississippi Medical Center

- Sam Dawkins: Director, Office of Health Policy and Planning, Department of Health

- Dr. John Fitzpatrick: Medical Director, Forrest General Hospital

- Ricki Garrett: Executive Director, Mississippi Nurses Association

- Patsy Horton: Director, Clinical Resource Management, Mississippi Baptist Health Systems

- Warren Jones: Professor of Health Policy, University of Mississippi Medical Center

- David Litchliter: Executive Director, Department of Information Technology Services

- Dr. Jim McIlwain: eHealth Initiative/Southern Governors' Association Task Force

- Ann Peden: Healthcare Information and Management Systems Society of Mississippi

- Teresa Planch: Director, Office of Insurance, Department of Finance and Administration

- Bill Rudman: Professor, Health Information Management, University of Mississippi Medical Center

- Scott Stringer: Vice President of Information Technology, Blue Cross & Blue Shield of Mississippi

- Timothy Thomas: Chief Executive Officer, Newton Regional Hospital

- Senator Terry Burton

- Senator Alan Nunnelee

- Representative Sid Bondurant

- Representative Steve Holland

SOURCE: Governor Haley Barbour press release, March 7, 2007

Appendix C: Components of a Request for Proposals Document Required by the Mississippi Personal Service Contract Review Board and Recommended by the American Bar Association

Because state agencies and institutions are bound by responsibility to expend resources efficiently, effectively, and fairly, they should adhere to effective contracting processes or a "best practices" model. Two such models, specifically for the design of a request for proposals, are the Mississippi Personal Service Contract Review Board regulations and the American Bar Association's *Model Procurement Code for State and Local Governments*.

Personal Service Contract Review Board (PSCRB) Requirements for a Request for Proposals

State law created the Personal Service Contract Review Board to oversee the solicitation and selection of personal and professional services contractual personnel.

MISS. CODE ANN. § 25-9-120 (1972) creates a five-member Personal Service Contract Review Board (PSCRB) and empowers the board to promulgate rules and regulations governing the solicitation and selection of personal and professional services contractual personnel. The section also requires the board to approve all personal and professional services contracts involving expenditures of funds in excess of $100,000. Subsection (3) (a) of Section 25-9-120 specifically excludes personal service contracts entered into for computer or information technology-related services governed by ITS.

PSCRB regulations state that, unless otherwise authorized by law, all Mississippi contracts for professional and personal services shall be procured by competitive sealed bidding, competitive sealed proposals, small purchases, sole-source procurement, or emergency procurement.

PSCRB regulations specify certain requirements for requests for proposals for procuring personal or professional service contracts.

PSCRB regulations state that an RFP for personal or professional service contracts should contain at least the following information:

- type of services required;
- description of the work involved;

- estimate of when and for how long the services will be required;

- type of contract to be used;

- date by which proposals for the performance of the services shall be submitted;

- statement that the proposals shall be in writing;

- statement that offerors may designate those portions of the proposals that contain trade secrets or other proprietary data that may remain confidential in accordance with Sections 25-61-9 and 79-23-1 of the MISSISSIPPI CODE;

- statement of the minimum information that the proposal shall contain, to include:

  -- the name of the offeror, the location of the offeror's principal place of business and, if different, the place of performance of the proposed contract;

  -- the age of the offeror's business and average number of employees over a previous period of time, as specified in the request for proposals;

  -- the abilities, qualifications, and experience of all persons who would be assigned to provide the required services;

  -- a list of other contracts under which services similar in scope, size, or discipline to the required services were performed or undertaken within a previous period of time, as specified in the request for proposals; and,

  -- a plan giving as much detail as is practical explaining how the services will be performed; and,

- factors to be used in the evaluation and selection process and their relative importance.

Model Procurement Code Recommendations for a Request for Proposals

The American Bar Association developed its Model Procurement Code for State and Local Governments to assist public entities in making procurement decisions in an equitable and transparent manner.

On February 13, 1979, the House of Delegates of the American Bar Association (ABA) adopted the *Model Procurement Code for State and Local Governments*. The primary purpose of the *Code* was to help create transparent, competitive, and reliable processes by which

public funds could be expended through contracts with private sector businesses. Since 1979, many states and local jurisdictions have followed, in full or in part, provisions of the *Code* to govern procurement decisions.

With regard to competitive sealed proposals, the ABA *Model Procurement Code* recommends the following components in the procurement process and that they be followed in this general order:

- developing a request for proposals;

- providing public notice;

- receiving proposals;

- developing evaluation factors;

- holding discussions with responsible offerors and allowing revisions to proposals;

- selecting a vendor for award; and,

- holding debriefings.

For competitive public sector procurements, the Model Procurement Code recommends the use of a request for proposals that includes technical specifications and factors to be used to evaluate proposals received.

The *Model Procurement Code* recommends that a request for proposals (RFP) serve as the foundation of all public sector competitive procurements. While the *Code* does not provide an exhaustive description of the exact contents of an RFP, the *Code* states that specifications included in the RFP should "seek to promote overall economy for the purposes intended and encourage competition" and not be unduly restrictive. The *Code* also states that "criteria to be used in the evaluation process must be fully disclosed in the solicitation"—i. e., request for proposals document.

The *Code* further states that the RFP must set forth the "relative importance of the factors and any subfactors, in addition to price, that will be considered in awarding the contract." Although not required, the *Code* recommends that a statement be included in the RFP with regard to the specific weightings to be used by the purchasing entity for each factor or subfactor so that all offerors will have sufficient guidance to prepare their proposals. According to the Code, inclusion of the evaluation factors in the RFP has the following two purposes.

> *First, a fair competition necessitates an understanding on the part of all competitors of the basis upon which award will be made. Second, a statement of the basis for award is also essential to assure that the proposals will be as responsive as*

possible so that the jurisdiction can obtain the optimum benefits of the competitive solicitation.

SOURCE: PEER analysis of Personal Services Contract Review Board regulations and the American Bar Association's *Model Procurement Code for State and Local Governments.*

Appendix D: University of Mississippi Medical Center's Health Information System Vision Statement

UMMC will provide a robust, integrated information system that supports efficient clinical care, research, teaching, and day-to-day operations of the healthcare organization. The system incorporates continuity of all patient information across the continuum of care, encompassing demographic, clinical and patient accounting information. This system:

Supports safe, efficient patient care. The information systems promote safe, efficient patient care by utilizing state-of-the-art technology that supports adherence to evidence-based care. The system enhances quality and allows for integration of best practices into overall clinical operations.

Provides state-of-the-art ability to manage the financial affairs of the healthcare system. The system tightly couples clinical and financial processes in a way that streamlines the revenue cycle to optimize revenue. It will also provide means of optimizing resource utilization and management.

Is easily accessible. The information system is intuitive and offers easily accessible information tailored to both internal and external stakeholders. Needed, role-appropriate information may be viewed or entered from any device at any location and at any time, with appropriate security and with full audit capability. Access to all applications is available through a single sign-on. Patients are able to access needed information including results via the web and can register, pay bills, schedule appointments, and confer with providers in a secure, on-line manner.

Supports reporting, research and academic needs. Data is available in aggregate form for research and operational analysis. Analytic tools allow end users to derive value from the electronic data captured in a variety of ways ranging from identification of cohorts and ad hoc reporting to operational management and process improvement. The system will allow UMMC to extract data easily to demonstrate regulatory compliance, meeting both current and future reporting requirements. The system will accommodate academic needs in support of the education mission.

Is based on a strong technical foundation. The system offers fast response time and is highly available, scalable, secure, and adaptable to meet the evolving needs of UMMC and the industry. The system offers the ability to add functionality incrementally as data and functions are migrated from existing systems and as needs emerge. While based upon a foundation of industry-standard content that is updated automatically, the system will allow UMMC to incorporate the unique functionality and content that will differentiate UMMC as a leading healthcare, education and research institution.

SOURCE: UMMC Health Care Information System Committee.

Agency Responses

STATE OF MISSISSIPPI

OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID
DR. ROBERT L. ROBINSON
EXECUTIVE DIRECTOR

RECEIVED
NOV 2 2010
PEER
COMMITTEE

November 17, 2010

DOM Control No. 11222010-5

Mr. James Barber
Deputy Director
Joint Legislative Committee on Performance Evaluation and Expenditure Review
P. O. Box 1204
Jackson, MS 39215-1204

Dear Mr. Barber:

The Division of Medicaid (DOM) is in receipt of your report dated November 12, 2010 evaluating the DOM's RFP and subsequent award for an Electronic Health Record (EHR) and e-Prescribing system, the proposed expenditures for improving Heath Information exchange and the use of ARRA funds for the implementation of an EHR.

DOM has reviewed the report in detail and has found it to be factual and fair. Thank you for the time you devoted to assimilating the mountains of disparate information and condensing it into an accurate representation of DOM's EHR/e-Prescribing project that is easily understood.   We commend PEER on your depth of understanding of this complex project evidenced in this report.

Sincerely,

Robert L. Robinson
Executive Director

You guys do good work.
I appreciate your continuancy
efforts to be fair.
Thanks
Bob Robinson

THE UNIVERSITY OF MISSISSIPPI
MEDICAL CENTER

Office of the Vice Dean
School of Medicine

2500 North State Street
Jackson, Mississippi 39216-4505
(601) 984-5006

November 29, 2010

James.Barber@peer.state.ms.us

James Barber, Deputy Director
Mississippi Joint Legislative PEER Committee
Post Office Box 1204
Jackson, MS 39215-1204

Dear Mr. Barber,

Thank you for your attention to this matter. The University of Mississippi Medical Center appreciates the PEER Committee's consideration and evaluation of what UMMC considers to be a vital issue in the healthcare arena. Our acquisition and implementation of electronic health information technology will allow us to better serve the citizens of Mississippi by improving health care quality while at the same time lowering costs.

Due to the fact that UMMC's current array of information systems does not allow for the creation of fully integrated electronic medical records, UMMC, in December 2008, formed the Health Care Information System (HCIS) Committee. This committee was charged with several initiatives, one of which was to evaluate available HCIS systems and determine how to properly procure a vendor for such in accordance with state law. The HCIS Committee educated themselves by bringing three companies (Siemens, GE and McKesson) in for detailed demonstrations over the course of the spring and into the summer of 2009. UMMC required the three companies to sign statements acknowledging that they understood that information offered during the educational presentations would not be considered should they choose to respond to UMMC's Request For Proposals (RFP) once it was finalized. The committee then began a selection process to find a suitable vendor for replacement of many disparate and non-integrated departmental systems and the core Hospital Information System (HIS) system. Kurt Salmon Associates was retained to assist in the selection process and provide expert advice. After receiving acquisition approval and permission to utilize the ITS Exemption Procedure from the Mississippi Department of Information Technology Services, an RFP was issued and as a result, a total of six (6) responses were received. The vendors bidding included Epic, Siemens, Cerner, McKesson, Eclipsys, and GE.

The HCIS Committee was instructed to score the proposals based on several key selection criteria, including client base, functional depth, integration, reputation and cost, among others. After a competitive and impartial evaluation process, the top two highest-scoring vendors (Epic and Siemens) were asked to participate in several on-site demonstrations. In addition, Kurt Salmon Associates

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provided a comprehensive and objective Vendor Proposal Analysis and a subsequent Vendor Due Diligence Update for assessment by the HCIS Committee. Based on the analysis the HCIS Committee performed feedback from the vendor demonstrations, reference checks, and cost analysis; the committee unanimously recommended moving forward to negotiate a contract with Epic.

Representatives from UMMC met with ITS in order to ensure that UMMC's selection process was impartial and in accordance with all applicable laws. After receiving assurance from ITS, UMMC received approval from the IHL Board to move forward with the contract negotiation process (official IHL Board minutes attached). In August 2010, Epic and UMMC signed a contract for an enterprise-wide perpetual license for software, implementation services and on-going maintenance services. To date, UMMC has engaged in staff recruitment and training, preliminary planning, and project governance initiation. The official "kick-off" and Epic discovery is scheduled for December 14-16, 2010, with intense design and validation sessions beginning in January 2011.

We sincerely appreciate your attention to such a significant issue. If further information is required, or if we can be of any assistance, please do not hesitate to contact me.

Sincerely,

James E. Keeton, M.D.
Vice Chancellor for Health Affairs
Dean of the School of Medicine

JEK/dcc

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