

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY**

DEPT: HEALTH SERVICES AGENCY *JS*

BOARD AGENDA # *B-6

Urgent Routine X

AGENDA DATE March 20, 2001

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT: APPROVAL OF LETTER OF INTENT FOR HEALTH SERVICES AGENCY TO PURCHASE A NEW PHYSICIAN BILLING SYSTEM

STAFF
RECOMMEN-
DATIONS:

APPROVE THE LETTER OF INTENT, ALONG WITH A DEPOSIT OF \$5,000, BETWEEN HEALTH SERVICES AGENCY AND LAKE SUPERIOR SOFTWARE, INC., D.B.A. LSS DATA SYSTEMS, AND AUTHORIZE THE HEALTH SERVICES AGENCY MANAGING DIRECTOR OR HER DESIGNEE TO SIGN AND EXECUTE THE LETTER OF INTENT.

FISCAL
IMPACT:

This letter of intent, along with a deposit of \$5,000, is being recommended at this time to secure pricing of the LSS Data System. LSS Data Systems has agreed to honor their original 1998 estimate of \$192,655 if we sign a letter of intent and give them a \$5,000 deposit by March 23, 2001. Without the letter of intent and the \$5,000 deposit, the system price will become \$675,000. Commitment to purchase at this time will save the County a total of \$482,345. Implementation of the LSS System will begin in Fiscal Year 2001/2002. The cost of purchase will be included in next years' budget.

BOARD ACTION AS FOLLOWS:

No. 2001-201

On motion of Supervisor Caruso , Seconded by Supervisor Blom
and approved by the following vote,

Ayes: Supervisors: Mayfield, Blom, Caruso, and Chair Paul

Noes: Supervisors: None

Excused or Absent: Supervisors: Simon

Abstaining: Supervisor: None

1) X Approved as recommended

2) Denied

3) Approved as amended

Motion:

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk By: Deputy *Christine Ferraro Tallman*

File No.

APPROVAL OF LETTER OF INTENT FOR HEALTH SERVICES AGENCY TO PURCHASE A NEW PHYSICIAN BILLING SYSTEM

PAGE: 2

DISCUSSION: The Health Services Agency has utilized the Meditech system as its financial system since 1991. The closure of the hospital has necessitated the addition of an ambulatory and physician billing system. The Health Services Agency has been evaluating physician billing systems since 1998. The request to purchase the physician billing system has been delayed while we focused on the financial recovery. It was planned to request approval to purchase the LSS system in the 2001/2002 Fiscal Year budget. When we were notified by LSS that the price increase would occur in mid March, we changed the timeline in order to secure the original quote of \$192,655. The difference in price is \$482,345.

LSS has developed a physician billing system which integrates with the existing Meditech system. The purchase of the LSS system will eliminate the need to purchase additional hardware and includes the following features:

- LSS would allow us to issue one account number for the life of the patient. This mechanism facilitates the Ambulatory setting, where patients have multiple visits, enabling staff to see the total accounts receivable balance in one account.
- LSS has the ability to post payments and adjustments by line item. This will allow us to generate reports on reimbursement by procedure and provide us with important variance reports by expected reimbursement versus actual reimbursement.
- Medical Necessity – the ability to post a diagnosis per CPT code is streamlined with LSS. The LSS system also creates a flag if the diagnosis is not valid with that CPT code, thereby reducing denials.
- LSS allows separation of accounts receivable between entities, such as HSA and physician groups. This feature would allow expansion of billing for other physicians and would be a revenue generating service for the Agency.
- LSS allows for the posting of capitation payments to individual accounts. This provides a truer accounts receivable balance and would allow the Agency to evaluate the financial gain or loss on capitation arrangements.

POLICY ISSUES:

This action is consistent with the Boards' priority of efficient government operations.

STAFFING IMPACTS:

None.

LSS
LSS DATA SYSTEMS
A MEDITECH Company

March 26, 2001

Ms. Wendy Burns
Information Systems Manager
Stanislaus County Health Service Agency
1030 Scenic Drive
Modesto CA 95350

Dear Ms. Burns:

Enclosed please find an executed copy of your Letter of Intent. We at LSS Data Systems are very pleased and excited that you have made the decision to move forward with the procurement of the LSS Physician Billing and Practice Management System.

By executing the letter of intent Stanislaus County Health Service Agency has locked in recent past LSS pricing until December 31, 2001, by which date final contracts must be executed. During this time we will continue working toward executing the Software License Agreement and Software Maintenance Agreement.

It has been a pleasure working with you throughout your system selection process and we look forward to continuing to work with you and your staff for many years to come. We will be in contact soon to discuss moving toward execution of the agreements, and further toward implementing the LSS system for the benefit of Stanislaus County Health Service Agency and your community of physicians and health care providers.

Sincerely,



Christopher Harwood
Project Manager, Corporate Communications & Legal Affairs

CRH/plh

cc: Beverly Finley, Managing Director, Stanislaus County Health Service Agency
Stephanie Petersen, Executive Vice President/Chief Operating Officer, LSS Data Systems
Alex Alger, Consultant, Marketing & Internet Communications, LSS Data Systems

Enclosure



LSS DATA SYSTEMS
A MEDITECH Company

LETTER OF INTENT

STANISLAUS COUNTY HEALTH SERVICE AGENCY desires to acquire a non-exclusive right and license to use the LSS Physician Practice Management application module from LAKE SUPERIOR SOFTWARE, INC. d/b/a LSS DATA SYSTEMS. STANISLAUS COUNTY HEALTH SERVICE AGENCY and LSS DATA SYSTEMS are using their best efforts to successfully complete negotiations and final execution of the Software License Agreement and Software Maintenance Agreement by December 31, 2001. To secure the attached pricing, STANISLAUS COUNTY HEALTH SERVICE AGENCY will pay LSS DATA SYSTEMS the sum of \$5,000.00 by or before March 23, 2001. Upon receipt of the payment, LSS DATA SYSTEMS will protect the aforementioned pricing for the benefit of STANISLAUS COUNTY HEALTH SERVICE AGENCY. STANISLAUS COUNTY HEALTH SERVICE AGENCY also agrees that executed copies of the Software License Agreement and Software Maintenance Agreement will arrive at LSS DATA SYSTEMS' office no later than December 31, 2001, at which time the payment of \$5,000.00 will be applied to the down payment due under the Software License Agreement. Once the Software License Agreement and Software Maintenance Agreement are fully executed, the terms and conditions of the Agreements will be the sole agreement between the two parties. If execution of these Agreements is not completed by December 31, 2001, STANISLAUS COUNTY HEALTH SERVICE AGENCY agrees that LSS DATA SYSTEMS shall retain the down payment of \$5,000.00.

As agreed to this 23RD day of March, 2001.

LAKE SUPERIOR SOFTWARE, INC.
d/b/a LSS DATA SYSTEMS

Stephanie Petersen
Authorized Signature:

STEPHANIE V. PETERSEN
Name: (PLEASE PRINT)

EXECUTIVE VICE PRESIDENT / C.O.O.
Title:

MARCH 23RD, 2001
Date:

STANISLAUS COUNTY HEALTH SERVICE AGENCY

Beverly M. Finley
Authorized Signature:

Beverly M. Finley
Name: (PLEASE PRINT)

Managing Director
Title:

March 21, 2001
Date:

APPROVED AS TO FORM:

Dan Wright 3/15/2001
County Counsel's Office