VII.   STANDING COMMITTEES

B.   Finance, Audit and Facilities Committee

Admissions-Discharge-Transfer (ADT) / Hospital Billing System Project

RECOMMENDED ACTION:

It is the recommendation of the administration and the Finance, Audit and Facilities Committee that the President or the President's authorized representative be delegated authority to enter into appropriate contracts and related expenditures and to establish a total project budget not to exceed $54,000,000 for acquisition and implementation of a new admissions-discharge-transfer and facility billing system for UW Medical Center, Harborview Medical Center, and Seattle Cancer Care Alliance.

BACKGROUND:

UW Medicine's hospital billing systems collect patient insurance and demographic information for over 35,000 admissions, 500,000 outpatient visits, and process billings in excess of $2 billion per year. The existing systems are over thirty years old, regularly experience operational problems, and are at-risk for more serious and extended outages. They also do not provide the functionality required by UW Medical Center, Harborview Medical Center and Seattle Cancer Care Alliance. The admissions-discharge-transfer (ADT) / hospital billing system project is part of UW Medicine's five year strategic information technology plan.

Epic Systems Corporation (Epic) software is currently used for scheduling, professional billing, registration, reporting, and electronic medical records by several units within UW Medicine and UW Physicians Network primary care clinics. UW Medicine has been operating these Epic systems for ten years. In 2006, UW released a Request for Information to scan the marketplace and collect information regarding competitive ADT / hospital billing software products. Following a detailed comparison, Epic was selected as the preferred solution provider.

UW Medicine and the Vice President for UW Technology have reviewed plans to replace the ADT / billing system with the Board of Regents, most recently at meetings in November 2007 and January 2008. Formal actions which have been taken in support of the ADT / hospital billing project are:

- June 7, 2007 – UW Board of Regents approved expenditures up to $5 million to complete a detailed project planning process

VII.   STANDING COMMITTEES

B.   Finance, Audit and Facilities Committee

Admissions-Discharge-Transfer (ADT) / Hospital Billing System Project
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- July 12, 2007 - Washington State Information Services Board (ISB) authorized UW to spend up to $1.14 million (of the Regents' $5 million authorization) to initiate a detailed feasibility planning study
- November 7, 2007 - ISB approved going ahead with the balance of expenditures up to $5 million to complete project planning activities
- November 28, 2007 – Vice President for UW Technology authorized UW Purchasing to execute a Preliminary Amendment to License in an amount not to exceed $1 million (plus tax)

The detailed project planning process has developed a comprehensive plan for acquiring and implementing new functionality from Epic. Refinements have been made in workload assessments and resources in key project factors including interface requirements and staging of implementation rollout. Out of the not to exceed total of $5 million authorized for the planning work, it is projected that about $2,630,000 will be spent through the end of March, 2008. Those expenses are not counted as part of the project budget request outlined below.

Total project budget investment costs include major expenditures for:

Software licenses	$	6,933,000
Hardware		1,974,000
Project Staffing: IT Services		11,271,000
Project Mgt		1,978,000
Business/Support		7,988,000
Contract Staffing		21,006,000
Training		1,906,000

The total investment costs include acquisition and professional services costs with Epic totaling $10,500,000 including sales tax. The budget for investment costs also includes contingencies for each of the major cost categories, averaging about 11% overall, for a total contingency in the investment budget plan of $5,655,894. Authority is requested to establish the project budget total investment cost at not to exceed $54,000,000.

In addition to project investment costs, five year operating costs for software licensing and maintenance and operations staff will total approximately $16,273,000.

VII.   STANDING COMMITTEES

B.   Finance, Audit and Facilities Committee

Admissions-Discharge-Transfer (ADT) / Hospital Billing System Project
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Project schedule is planned for twenty four months plus an allowance of four additional months for any contingencies. Project initiation is contingent on approval of the project investment plan by the Washington State Department of Information Services and Information Services Board, which has oversight for information technology acquisitions by state agencies and institutions.

Funding for these costs is available from patient revenues and has been approved by the Harborview Medical Center Board and the UW Medicine Board. A determination that there are no significant impacts on institutional systems, resources or business practices was reviewed with the University's Information Management Advisory Committee.

The Washington State Department of Information Services and Information Services Board will consider this proposed investment plan once it is approved by the Regents. This request has been approved by the Chief Executive Officer for UW Medicine, the Vice President for UW Technology, and the Senior Vice President for Finance and Facilities.

Attachment: ADT Five-Year Budget

Planning Project Jul07-Mar08	HOSPITAL BILLING PROJECT	FY2008 (3mos)	FY2009	FY2010	FY2011	FY2012	contingency	Total
	INVESTMENT COSTS							
54,500	Software licenses	2,378,413	278,880	2,053,888	1,591,869		630,305	6,933,355
600,000	Hardware	520,000	770,000	355,000			329,000	1,974,000
	Project staffing:							
581,375	ITS Services	1,711,949	4,296,822	3,383,747			1,878,504	11,271,022
271,008	Project Mgt, office costs	171,000	723,440	753,612			329,610	1,977,662
189,000	Business, support team	683,613	3,240,183	3,337,615			726,141	7,987,552
	Contract staffing:							
878,795	External IT contractors	1,182,742	6,386,067	6,117,533			1,368,634	15,054,976
25,000	Quality Assurance	45,000	180,000	180,000			81,000	486,000
	Documentation/Change Mgt		3,057,600	2,407,860				5,465,460
30,000	Training	108,000	314,472	1,121,024	20,000		312,699	1,906,195
2,629,678	Subtotal – Investment costs	6,800,717	19,247,464	19,710,279	1,611,869		5,655,894	53,056,223
	OPERATING COSTS							
	Software maintenance	184,966	374,028	514,600	890,661	899,129	286,338	3,149,724
	ITS staffing			1,127,916	4,601,896	4,831,991	2,112,361	12,674,163
	Addl Epic licenses/patient incr				448,862			448,862
	Subtotal – Operating costs	184,966	374,028	1,642,516	5,941,419	5,731,120	2,398,700	16,272,748
2,629,678	Five Year Lifecycle Cost Total	6,985,683	19,621,492	21,352,795	7,553,288	5,731,120	8,054,593	**69,328,971**