HIT Procurement and Implementation : A Strategic Approach

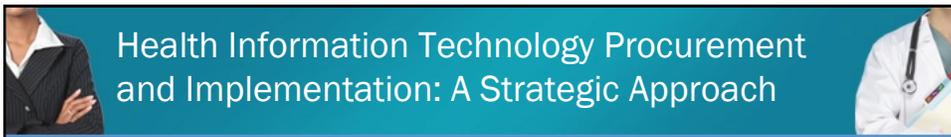Friday, October 28, 2011
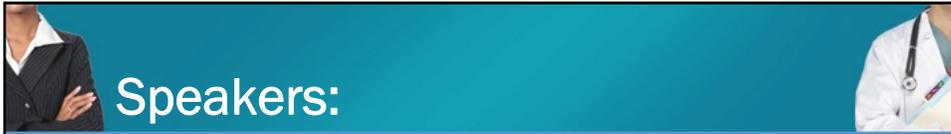
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Health Information Technology Procurement and Implementation: A Strategic Approach

- The strategy and business objectives
- HIT system and vendor selection approaches
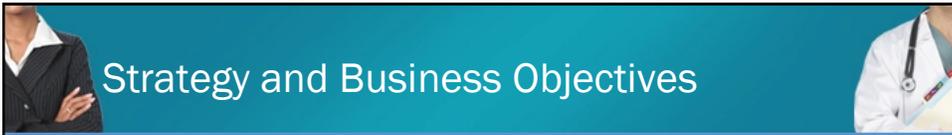- Key project issues and risks and how to minimize them

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Strategy and Business Objectives

- Transformation and other business objectives
    - Improve population/community health
    - Improve patient experience of care
    - Reduce cost of care
    - Attaining of Meaningful Use objectives

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Strategy and Business Objectives

- EHR Strategy v. Incentive Payments
    - Incentive payments will succeed to "accelerate adoption" of HIT
    - But - all efforts will not be successful
        - Significant increase of EPs and hospital EHR projects
        - All vying for same pool of vendor and other expert resources
        - Costs of a bad implementation must also be weighed
    - Maximize your success
        - Develop a complete EHR strategy and implementation plan
        - Based on the plan - seek to optimize incentive payments
        - Maximizing incentive payments alone is not a plan

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Strategy and Business Objectives

- Who will your business partners be?
- How will you use data and map how it will flow?
- Who will need access to your technology and how?
- How do you align your technology acquisitions with your strategies and business objectives?

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Strategy and Business Objectives

- Achieving Alignment
  - "Be in a hurry to finish, not to start..."
  - Articulate the vision/objectives
  - Get and nurture executive buy in/sponsorship
  - Form the team (cross-disciplinary)
  - Ensure communications with all stakeholders are relevant, frequent, and allow real opportunities for input
  - Ensure the business objectives address what the stakeholders care about (e.g., clinicians want to provide better care, you need to show them that the benefit to what they care about outweighs the inconvenience of change)

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Vendor Selection Strategies

- Competitive negotiation
  - Effective where either of two or more vendors would be acceptable to the customer
  - Creates real time validation of pricing and contract provisions
  - Expedites negotiations
- Directed procurement
  - ONC-ATCP Certification
  - Other certifications- CCHIT
- Competitive selection to lead vendor
  - Use selection process to identify "lead" vendor
  - Give lead vendor defined amount of time to reach agreement with you on key issues
  - If no agreement in allotted time, negotiate with back-up vendor
- Competitive selection to quasi-sole source
- Sole source
- True multi-vendor

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Directed Procurement

- To often "open" RFPs create a lot of work that does not enhance, and in many cases detracts from, the quality of vendor evaluations by the organization
  - Customer staff consumed by communications, process management, many vendor evaluations, and reconciliation of volumes of responses
  - Many of the responses on which significant time is spent are from vendors that are simply not suited to deliver what the customer needs
  - Customer staff time could deliver far greater value if it
    - Focused on selected vendors that are pre-qualified to have product, skills, and resources that meet customer needs
    - Drilled down more on qualitative distinctions between the best qualified suppliers that often dictate success v. failure
    - uncovered the total cost of ownership v. vendor capture price

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Directed Procurement

- A focused process used to validate vendor service offerings, pricing, and credentials when there is a limited number of vendors with the overall capabilities sought by the Customer
- The process maintains competition between prospective vendors until the Customer obtains the commitments it requires on its key issues so that it can meaningfully enter into an exclusive negotiating period with a preferred vendor

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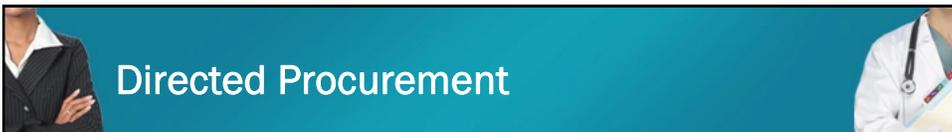
Directed Procurement

- Transform the vendor capability inquiry process from a vendor marketing driven exercise to an effective vendor differentiating tool
- Require focused, relationship defining, questions to be answered by proposed potential project leads and management
- Obtain written commitments from vendors on key terms and relationship approaches such as tying payment to performance and meaningful use metrics, accountability, and delivering "knowledge, vision, and best practices"

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Focus on Your Business Objectives

- Focus the process on achievement of your business objectives
- In addition to traditional SLAs, tie a component of payment to the vendor's achievement of those objectives
- For example, a business objective for a new billing system might be to materially reduce days in A/R and for an automated pharmacy system the objective may include an identified percentage reduction in labor costs and an increase in the "fill" rate
- A more relevant business objective in the EHR context is "attaining Stage 1 measures for meaningful use…"

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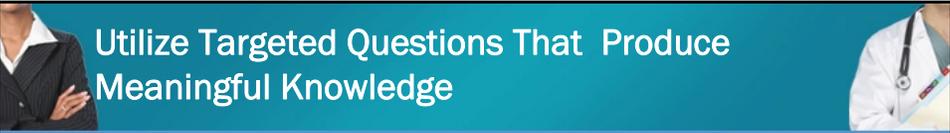
Utilize Targeted Questions That Produce Meaningful Knowledge

- Important questions to the vendor should be open ended and require individual consideration to answer, rather than "yes/no," or other canned responses
- Example
  - "Based on your experience interfacing applications in an application and IT environment comparable to [Customer], identify the five (5) most significant **technical** problems you are likely to encounter"
  - "As to each of the problems, what steps have you used to avoid, mitigate, or resolve the problem?"
  - "As to each of the problems, what new process improvements/changes, not discussed above, would you recommend to avoid, mitigate, or resolve the problem?"
  - Example 2: Repeat above questions as they relate to **Project** and other issues

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6.3.4 EHR Solution Method and Approach

This section of the Offeror Solution Document shall include specifically numbered responses to each of the questions, including all subparts, set forth below.

A. EHR Solution Definition

(a) Based on your previous experience with similar engagements, describe as to the Software elements in the scope of this RFP, how you have leveraged the best business practices built into the Software for other similarly situated clients.
    (i) What are the typical challenges to implementing these business practices?
    (ii) What are mitigation strategies or steps to address the typical challenges identified above that you have used effectively?
    (iii) Can the process you have used in the past to address the typical challenges identified above be improved, and if so, how would you improve the process?

(b) Based on your previous experiences with similar engagements, discuss, as to the Software elements in scope of this RFP, any additional best business practices not built into the Software that you have successfully implemented at other engagements.
    (i) What are the typical challenges to implementing these new business practices?
    (ii) What are mitigation strategies or steps to address the typical challenges identified above that you have used effectively?
    (iii) Can the process you have used in the past to address the typical challenges identified above be improved, and if so, how would you improve the process?

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Require the Vendor to Engage Lead Project Personnel in The Process

- Because the process is designed to be expedited, the "preferred vendor" should be required to key project team candidates into the relationship design discussions - so that they are present when the relationship is being constructed

- While the vendor may appropriately need to shield the project team from some of the confrontations that occur during negotiations, there is no reason they should not be present during discussions
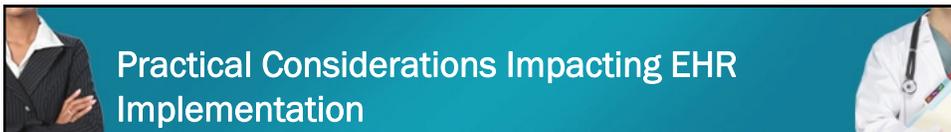
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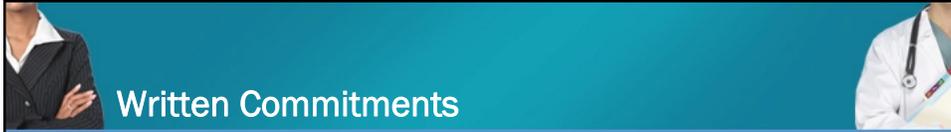
Written Commitments

- To avoid the typical vendor memory loss and commitment slippage
  - Capture key commitments obtained
    - In contract language
    - Signed off by a vendor officer
  - The more work that is truly done before a "preferred vendor" is selected- the faster the closing process

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Practical Considerations Impacting EHR Implementation

- Existing and New Agreements
  - Establish Specific Acceptance Criteria Tied to Achieving Meaningful Use
    - Ensure the functional requirements are met
    - Capability to deliver Stage 1 Objectives
    - Sufficient integration and ease of use to promote achievement of Stage 1 Measures
    - Ongoing vendor requirements to assist with attainment of Stage 2 and Stage 3 measures

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Practical Considerations Impacting EHR Implementation

- **Ensuring Vendor Staff Continuity**
  - Issue for both existing and new EHR projects
  - Assuming technology that works, the people assigned will make or break a project
  - Limited number of proven vendors
  - Even more limited number of true SMEs with application specific and battle tested experience
  - With more projects competing for the same resources, staff continuity protections, and appropriate enforcement of such protections is key

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Practical Considerations Impacting EHR Implementation

- **Ensuring Vendor Staff Continuity and Experience**
  - Provisions to consider (must be considered in the context of your entire transaction)
    - Engage in the selection of the core vendor team and "Key Personnel"
    - Core vendor project management team should be locked down throughout engagement
    - Designate certain vendor SMEs as "Key Personnel" that cannot be removed from your project until their work is completed
    - Require reasonable efforts to maintain overall project staff continuity (consider a staff continuity service level)
    - Financial penalties for any unapproved change of personnel

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Practical Considerations Impacting EHR Implementation

- **Ensuring Vendor Staff Continuity and Experience**
  - Provisions to consider (must be considered in the context of your entire transaction) – cont.
    - Require assignment of appropriate mix of experienced and "well trained" vendor resources assigned to the tasks for which they are equipped
    - Retain broad rights to require vendor staff replacement if you are dissatisfied with
      - Performance
      - Competence
      - Responsiveness
      - Capabilities
      - Cooperativeness
      - Fitness for a particular task

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Practical Considerations Impacting EHR Implementation

- **Ensuring Vendor Staff Continuity and Experience**
  - Provisions to consider (must be considered in the context of your entire transaction) – cont.
    - Require notice for any "approved" reassignment
    - Required transition/knowledge transfer and shadow ramp up period cost be borne by vendor
    - Require the cost of rework resulting from vendor actions to be absorbed by vendor

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Practical Considerations Impacting EHR Implementation

- **Project Milestone Development and Management**
  - Payment must – to the maximum extent – be tied to performance
  - Best case - % payment deferral until receipt of incentive payments
  - Effective performance based payment requires a detailed project plan (even if complete resource loading is not possible) – the key milestones and timing must be negotiated upfront
    - Putting off all significant plan development until after your agreement is signed can create down stream issues
    - Understanding upfront what is required to succeed will position you for success
  - Aggressively and proactively manage milestones

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Practical Considerations Impacting EHR Implementation

- **Consider the need for and cost of independent Project Management Capability**
  - Developing internally
  - Contract with a third party
  - Provides
    - Independent assessment of project progress and issues
    - Accountability directly to your organization
    - Heightened attention to "early warning signs"
    - Assists in mitigating project issues
    - A measure of control often lost in such implementations
  - Does not relieve Vendor of its responsibilities for project management

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Practical Considerations Impacting EHR Implementation

- **Aggressively Manage the Project and Risk**
  - Track issues and work them to close
  - Identify risks, impact, and mitigation steps
  - Don't let specific issues accumulate to a point that resolution must be packaged
  - Set and abide by schedules
 - Create a "cadence of compliance"

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Practical Considerations Impacting EHR Implementation

- **Rethinking Limitations of Liability**
  - The loss or delay of incentive payments can be material to an EP or hospital
  - Typically such damages are considered "consequential" and are often limited or precluded contractually
  - On new agreements, consider attaining more alignment with your vendor as to timing and performance required to attain incentives by adding a "carve out" from the limitation of liability as it relates to lost incentive payments
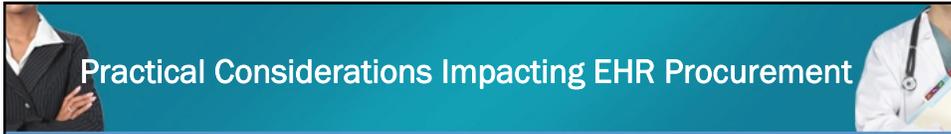
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- Rethinking Limitations of Liability
  - Language to consider (must be considered in the context of your entire transaction)

  THE LIMITATIONS OF LIABILITY OF VENDOR AND CLIENT SET FORTH IN THIS SECTION __ (LIMITATIONS OF LIABILITY) SHALL NOT APPLY TO:

  [Other carve outs are typically identified]

  1. Any (a) lost incentive payments and (b) the cost of deferred incentive payments under the ARRA arising from acts or the failure to act by Vendor

  2. Costs and fees paid by Client to third parties to avoid or minimize (a) lost incentive payments and (b) the cost of deferred incentive payments under the ARRA arising from acts or the failure to act by Vendor

  3. Fines or penalties imposed by a governmental entity arising from acts or the failure to act by Vendor

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- Rethinking Limitations of Liability
  - Alternatively – consider defining the above "carve outs" as "direct damages"
  - The above will be difficult provisions to obtain
    - Vendors will argue
      - They do not control the end result and timing
      - They are not insurers
    - You should counter that there is no liability at all if it is not determined by a court or arbitration that the damages sought were caused by the vendor's actions of inactions

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Practical Considerations Impacting EHR Procurement

- Additional Warranty Considerations
  - Extend warranty period through attaining Stage 3 MU
  - Warrant Software will provide capabilities required to comply with "ARRA and all rules implementing ARRA and affecting EHRs, including but not limited to, incentive payments, performance objectives and measures, and clinical quality measures"
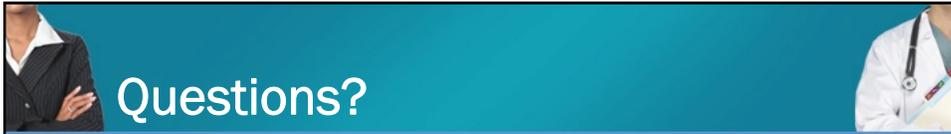 - Warrant ongoing assistance to maintain meaningful use

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Practical Considerations Impacting EHR Procurement

- Cost of Stage 2 and Stage 3 MU Requirements
  - Updates v. New Items
  - If not addressed, you may be charged more for "New" functions

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Questions?

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