

INTER DEPARTMENTAL MEMORANDUM

Health Services Department

To: Terri Daly
Chief Administrative Officer

From: Neda West
Director of Health Services

Date: March 17, 2011

Subject: Clarification of Avatar JPA Variable Payment

Purpose:

This memo provides clarification regarding the variable payment amounts associated with the JPA between the County of El Dorado and six other counties to install/maintain the Avatar system, which is currently used to process billings in the Health Services Department's Mental Health Division.

Background:

On an annual basis, the Department advises the Board of Supervisors of perpetual agreements for continuous services that involve an annual payment. On November 15, 2010, the Department advised the Board of seven such agreements, one of which was the aforementioned JPA agreement associated with Avatar. In the case of this JPA agreement, the Board was advised that the payment was "variable," consistent with the terms of the contract. The Board was also provided with the amount of the prior year actual payment (i.e., approximately \$114K in FY 09-10). This consistent reporting format was used for each contract addressed in that Board item which involved a "variable" payment. However, for the JPA contract, due to the more significant variation in payments from year to year, inclusion of additional historical and projected payment information may have been helpful. Accordingly, I am providing this additional information to you at this time.

The payments due in connection with this JPA vary depending upon a variety of factors. Primary factors include: total costs incurred by the JPA; the number of counties participating in the JPA; the number of individual users in each participating county; and whether or not the JPA utilizes any reserves to offset costs. Our County's payment has ranged from approximately \$114K to \$180K over the years that we have participated in this JPA.

From a historical perspective, the first year's payments began in FY 06-07, and El Dorado County's share was approximately \$125K. This first year's amount was lower than subsequent years because the Avatar implementation really began during calendar year 2007. Once Avatar was implemented and the Mental Health Division began using Avatar exclusively for Medi-Cal billing, the charges in FY 07-08 and FY 08-09 increased to approximately \$170K and \$180K, respectively.

For FY 09-10, El Dorado County was able to pay a lower amount (about \$114K). The reduced amount was largely based on a reduction in the number of El Dorado County users assumed in the payment calculation. There was also a smaller impact resulting from the JPA's use of a limited amount of reserves to offset operating costs. The lower number of users in FY 09-10 resulted from staff reductions in Mental Health and the delay in implementing the next phase of the Avatar system, which is an electronic medical record component called Clinical Work Station (CWS). The actual FY 09-10 payment was identified in the November 2010 Board item presenting the Department's perpetual contracts (consistent with like data provided for each contract involving "variable" compensation).

Current Status:

The JPA's budget for FY 10-11 initially established El Dorado County's payment at approximately \$168K. A primary factor resulting in this increased amount was an anticipated incremental increase in the number of users, reflecting our anticipated implementation of CWS. (The CWS project is underway and full implementation of CWS is anticipated to occur in FY 11-12.) The JPA's FY 10-11 calculations also assumed that Amador County would only remain in the JPA for part of the fiscal year; however, as Amador has decided to remain in the JPA for the full year, we now anticipate that El Dorado County's FY 10-11 payment will be reduced to approximately \$150K. The FY 11-12 payment will again depend upon JPA expenses, JPA member participation, system users, etc. Our estimate, at this time, is that El Dorado County's payment will be in the range of \$150-\$160K. We anticipate some moderate increase in users as we fully implement the CWS component. It is noted that the JPA's overall operating expenses, and the cost per user, have decreased each year and we anticipate the same for the upcoming fiscal year.

I hope this information will help clarify the variability of the JPA payments. In future Board items for perpetual contracts, we will strive to provide more historical and projected payment information. Please let me know if you have any further questions.

HEALTH SERVICES DEPARTMENT
 SERVICE AGREEMENTS WITH NO STATED TERMINATION DATE
 Fiscal Year 2010-11

Contract / Vendor Name	Agreement Number	Description / Service	Date Contract Began	Compensation for Services	Payment	Funding Source	Termination Language	County Counsel Approval
MENTAL HEALTH DIVISION - Outgoing Agreements								
CA Regional Mental Health System Coalition JPA	013-MHD0109	Regional coalition of Counties for the purchase, design, development, implementation and ongoing operation of an automated mental health data software system (Avatar)	09-27-2005	Based upon quarterly invoicing of services at specified rates detailed in the annual JPA Fiscal Budget document	Variable (FY 09/10 payment was \$113,868.)	Medi-Cal, Realignment & MHSA	Without cause: 1) 90 day notice must be submitted by April 1st; 2) 30 day written notice requires approval by majority of members. Cause: Upon notice from Coalition that a software vendor has been secured, members may withdraw with 30 days written notice	Yes
Computer Works, Inc.	090-MHD0109	Software licenses for InterTrac client tracking software	09-14-1999	Based upon annual invoicing of services at specified rates detailed in Article IV of the contract	Based on number of licenses (FY 09/10 was \$8,308)	Medi-Cal, Realignment & MHSA	30 days written notice by County	Yes

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PUBLIC HEALTH DIVISION - Outgoing Agreements								
El Dorado County Fire	892-PHD0909	Retirement & Medical Disability for Fire Personnel displaced by Agreement with CSA 7	01-01-1997	Based upon annual invoicing of retirement/medical disability benefits at specified rates detailed in Exhibit A of the contract	Variable (FY 09/10 payment was \$87,434)	Fee for Service & Various Tax Revenues	Until all obligations to recipients have been paid and recipients are deceased	Yes
Georgetown Fire	891-PHD0909	Retirement & Medical Disability for Fire Personnel displaced by Agreement with CSA 7	01-01-1997	Based upon annual invoicing of retirement/medical disability benefits at specified rates detailed in Exhibit A of the contract	Variable (FY 09/10 payment was \$55,963)	Fee for Service & Various Tax Revenues	Until all obligations to recipients have been paid and recipients are deceased	Yes
Medical Priority Consultants	120-PHD00006	ProQA & AQUA software maintenance	04-01-2000	Based upon annual invoicing in advance of services to be performed at specified rates detailed in Article III of the contract	\$3,874	Fee for Service & Various Tax Revenues	County may terminate with 7 days written notice	Yes
San Joaquin County	673-PHD1007	EMResource usage agreement - to enhance emergency preparedness and response to medical emergencies for mass casualty events and public health incidents.	01-15-2008	Based upon annual invoicing in advance of services to be performed at specified rates detailed in Attachment I, Schedule 2 of the contract	\$7,043	State Preparedness Grant	30 days prior written notice by either party	Yes
Tri-Analytics, Inc.	893-PHD0909	Database management and reporting information of EMS trauma patient information	12-04-1997	Based upon quarterly invoicing of services at specified rates detailed in Article III of the contract	\$12,000	Fee for Service & Various Tax Revenues	County may terminate with 30 days written notice	Yes

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