

## **RIVER'S EDGE HOSPITAL & CLINIC SPECIAL COMMISSION MEETING**

River's Edge Hospital & Clinic Conference Room

Tuesday, May 14, 2013

**Present:** Gil Carlson, Chairperson; Michelle Chalin, Vice-Chairperson; Kay Moline, Secretary-Treasurer; Trustees: Sandy Gundlach, H. Stuart Johnson, Margie Nelsen and Jerry Pfeifer; Colleen Spike, CEO; Kristin Schultz, Director of Quality, Infection Control and Clinic Services; Patty Roessler, Director of Ancillary Services; Sheri Schmidt, Director of Business Services; Jackie Kimmet, Director of Human Resources; Paula Meskan, Director of Nursing; Ann Lauer, Director of Finance; Todd Prafke, City Administrator; Kevin Schaefer, IT Manager; Liz Schroeder, RN; and Paulette Redman, Recorder.

**Absent:** None.

The special meeting of the Hospital Commission was called to order at 12:16 p.m. by Chairperson Gil Carlson.

Mr. Carlson introduced Kevin Schaefer, Manager of the Information Technology Department, and Liz Schroeder, RN, who also works in IT and will be the clinical lead for implementation of the new computer system.

### **PURPOSE OF MEETING**

Mr. Carlson stated the purpose of the meeting is to review information regarding purchase and implementation of new computer systems for an electronic medical record and replacement of financial and human resources systems. At the end of the meeting he will call for a motion. If approved, the recommendations of the Hospital Commission in regard to computer system purchases will be brought to the St. Peter City Council on Monday, May 20, 2013.

### **ELECTRONIC MEDICAL RECORD OVERVIEW AND TIMELINES**

According to legislative mandate, all hospitals and health care providers must have a qualified, interoperable electronic medical record (EHR) system in place by January 1, 2015. Per Minnesota Statute 62J.495, a qualified electronic medical record is defined as "an electronic record of health-related information on an individual that includes patient demographic and clinical health information and has the capacity to provide clinical decision support, support physician order entry, capture and query information relevant to health care quality, exchange electronic health information with, and integrate such information from other sources." The system will also need to be able to securely exchange health information with other electronic medical record systems.

### **EMR VENDORS IN MINNESOTA**

Leading EMR vendors in Minnesota include EPIC, Cerner, Meditech, Allscripts, 3M, GE Healthcare, Healthland and McKesson. According to the 2012 rankings of EMR providers by the research firm KLAS, the EPIC system ranks number one, followed by GM in third place, GE 13<sup>th</sup>, Cerner 14<sup>th</sup>, Meditech 18<sup>th</sup>, McKesson 20<sup>th</sup> and Allscripts 21<sup>st</sup> place.

River's Edge Hospital and Clinic is recommending installation of an EPIC EHR system.

### **WHY EPIC/EXCELLIAN?**

EPIC deals primarily with large healthcare systems, thus smaller facilities wishing to use EPIC need to piggyback with a larger system. The Allina system utilizes EPIC and Allina is willing to have River's Edge piggyback with them, using their version of EPIC, which they call Excellian.

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A comparison was done looking at EPIC/Excellian versus Cerner, another major EHR system in use in this region. KLAS rankings state that EPIC is a "very consistent HIT performer. Known for being careful about their promises and almost always delivering." The KLAS comments regarding Cerner state Cerner is "offering a strong integrated package with excellent hosting: some areas of slow delivery continue to disappointment some customers." Cost comparison shows EPIC/Excellian at \$1,358,758 and Cerner at \$2,629,920.

Health systems in Minnesota currently using EPIC include: Allina Hospitals & Clinic, CentraCare Health System, Essentia Health, Fairview Health Services, HealthPartners and Regions Hospital, Hennepin County Medical Center, North Memorial, Sanford Health, Altru Health System, Park Nicollet, Health East, a total of 187 hospital and clinics in Minnesota.

### **FINANCIAL MANAGEMENT SOFTWARE / LAWSON**

The EPIC system does not include a financial system or a human resources component, both of which are a part of REHC's current HMS system. Replacing HMS will thus require additional software acquisitions to handle financial management and HR and payroll management.

The financial system recommended is Lawson/Infor Financial Management. This system is already integrated with EPIC, and Infor owns the "bridge" with EPIC. The Lawson/Infor system includes general ledger, asset management, accounts payable, accounts receivable, supply chain management, cash management and Crystal reports.

### **HR AND PAYROLL MANAGEMENT / KRONOS**

The recommended HR and payroll management system is called Kronos. Kronos integrates with the Lawson financial system. It includes Workforce Ready Payroll, Workforce Ready Time and Attendance, and Workforce Ready HR.

### **COSTS**

A description and breakdown of hardware and software costs was reviewed.

Network Upgrade: Installation of a new system will require upgrades to the current network, including replacement and addition of PCs and monitors, printers, scanners and EMR carts. An RFP was developed and sent out, responses from two different companies met the requirements of the RFP. Total bids for the network upgrade came in at \$442,663.57 from Marco, and \$426,858.47 from ITsavvy. REHC is requesting acceptance of the bid from Marco for the following reasons:

- Marco bid is \$14,787 higher, but the trade-off in servers, switches and storage area network is significant.
- Marco's solution with integrated blade architecture will lower costs of future expansion by not requiring additional rack space, network connectivity or power for each new server.
- Marco's integrated 10 Gb/s architecture significantly raises network performance.
- Marco's technology is already built in for when switches need to be changed in the future, thus lowering costs when that project occurs.

The upgrades will include replacement of servers from 14 servers to 38 servers. Three will be physical servers, the rest will be virtual. The facility will also be upgraded to Microsoft Office 2010, licensing for which is included in the bid.

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Summary of total costs for project:

EMR – EPIC/Excellian	\$1,503,708.45
Hardware	\$ 455,592.41
Financial Management/Lawson/Infor	\$ 622,968.63
HR/Payroll / Kronos	\$ 13,500.00
Contingency	\$ 150,000.00

TOTAL COST \$2,745,770.00 (rounded up to nearest dollar)

**FINANCE MECHANISM / MEANINGFUL USE**

Proposed financing for the project is to utilize funded depreciation and savings. REHC currently has \$10,643,370.00 available in the bank. Use of funded depreciation is recommended versus utilizing loans in order to eliminate interest expense. Interest expense would not be allowed for reimbursement on the Medicare cost report if there is funded depreciation/savings available – Medicare may look at loans as unnecessary borrowing.

The question was raised whether financing could be obtained via an equipment certificate, possibly in the range of 1.8% interest.

**ACTION:** Colleen Spike will contact EideBailley for an opinion on use of loans, including the option of an equipment certificate.

The federal government currently has Medicare and Medicaid EMR incentive programs in place that provide financial incentives for the “meaningful use” of certified EMR technology to improve patient care. REHC could potentially receive incentive payments under this program, estimated at approximately \$862,000.

**TIMELINE FOR COSTS IN 2013 / 2014**

Not all costs are due at the start of the project. There will be a phased implementation over 2013 and 2014. Costs due in 2013 would come to \$1,960,690.00. Due in 2014 would be the remaining costs of \$785,079.00.

The financial and HR systems would be implemented in 2013, with full implementation of the EPIC system in 2014.

**CONTINGENCY COSTS**

Due to the size of the project, a contingency fund is recommended to cover unknown project costs. The proposed contingency set aside is \$150,000.00.

**ACTION**

H. Stuart Johnson made a motion as follows:

- Recommend purchase/installation of the EPIC/Excellian EHR systems, Lawson/Infor Financial Management systems, Kronos HR and Payroll Management systems and supporting hardware through the Marco company.
- Request approval of \$2,745,700.00 for purchase/installation of above systems and hardware.

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The motion was seconded by Michelle Chalin. Following discussion, a roll call vote was taken.  
Voting in favor of the motion: H. Stuart Johnson, Michelle Chalin, Kay Moline, Margie Nelsen, Sandy Gundlach, Jerry Pfeifer and Gil Carlson.  
Voting against the motion: None.

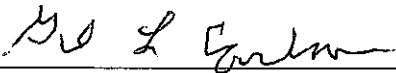
Motion carried. The recommendations will be brought before the St. Peter City Council at the workshop meeting on Monday, May 20, 2013.

**ADJOURNMENT**

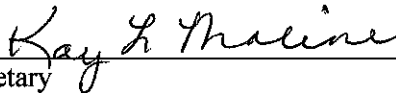
**ACTION:** A motion was made by Jerry Pfeifer to adjourn the meeting. The motion was seconded by Michelle Chalin and carried with all members voting in favor. The meeting was adjourned at 1:22 p.m.

**NEXT MEETING**

The next regular meeting of the Hospital Commission will be Wednesday, May 29, 2013, at 12 noon. This meeting will convene in the River's Edge Hospital Helen G. White Conference Room. The Finance Committee meeting will be held at 11:30 a.m.



Chairperson



Secretary