

# SENATE BILL REPORT

## SB 5787

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As of November 9, 2017

**Title:** An act relating to state agency and state university medical school electronic health record systems, and the actions of the technology services board related to these systems.

**Brief Description:** Concerning state agency and state university medical school electronic health record systems, and the actions of the technology services board related to these systems.

**Sponsors:** Senator Miloscia.

**Brief History:**

**Committee Activity:** State Government:

**Brief Summary of Bill**

- Requires any state agency or public university medical school that upgrades or purchases a new electronic medical record system exceeding \$5 million to notify certain entities and consider input prior to procurement.
- Defines any purchase of a medical system which costs over \$40 million as a major information technology project subject to Technology Service Board (TSB) approval, and not exempt from the public bid process unless approved by the TSB.

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### SENATE COMMITTEE ON STATE GOVERNMENT

**Staff:** Melissa Van Gorkom (786-7491)

**Background:** Department of Enterprise Services (DES). DES is responsible for the development and oversight of policy for the procurement of goods and services by all state agencies, including procurement processes for information technology goods and services; and implementation of an enterprise system for electronic procurement.

All contracts for purchases of goods and services must be based on a competitive solicitation process. The competitive solicitation process also applies to contract amendments that

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substantially change the scope of work or the original contract, or that substantially increase the value of the original contract.

DES may grant exemptions from competitive solicitation, including emergency contracts, sole source contracts, and direct buy purchases. Exemptions are allowed, including:

- purchases from master contracts;
- contracts determined by the director as not appropriate or cost-effective for competitive solicitation;
- client services contracts;
- intergovernmental agreements awarded to any governmental entity;
- contracts for services necessary to the conduct of collaborative research, if it is a condition of granting funds; and
- contracts for expert witnesses for litigation purposes.

Agencies must submit sole source contracts to DES and make the contracts available for public inspection not less than ten days before the proposed starting date of the contract. DES must approve sole source contracts before the contract becomes binding and before services may be performed. Agencies may be given an exemption from these requirements by the director. Contracts by higher education institutions using nonstate funds are also exempt.

Major Information Technology (IT) Projects. The Office of the Chief Information Officer (OCIO) establishes standards and policies governing the planning, implementation, and evaluation of major IT projects. The OCIO standards and policies must include criteria to identify projects subject to OCIO oversight which include, but are not limited to, significant anticipated cost, complexity, or statewide significance of a project. OCIO requires agencies to submit every IT investment through an assessment tool to determine whether it requires oversight.

Prior to making a commitment to purchase, acquire, or develop a major IT project, state agencies must provide a proposal to the OCIO for approval.

The Technology Services Board (TSB) may review, approve and provide oversight of major IT projects to ensure that the technical and financial business case for the project is considered prior to approval or authorization of funding.

OCIO must provide an analysis of the success or failure, feasibility, progress, cost and timeliness of implementation of major IT projects to the governor and the legislature biennially.

For institutions of higher education, the powers of the OCIO apply to business and administrative applications but do not apply to (a) academic and research applications; and (b) medical, clinical, and health care applications, including the business and administrative applications for such operations. However, institutions of higher education must disclose to OCIO any proposed academic applications that are enterprise-wide in nature relative to the needs and interests of other institutions of higher education, and provide sufficient data and information on proposed expenditures.

**Summary of Bill:** Any state agency or public university medical school that upgrades or purchases a new electronic medical record system exceeding \$5 million must notify the following entities no less than 120 days prior to contract:

- Consolidated Technology Services (commonly referred to as WaTech);
- TSB;
- DES;
- Health Care Authority;
- The Health Information Exchange Office of Department of Health;
- Washington State Department of Veterans Affairs;
- United States Department of Defense Military Health System, Office of Electronic Health Records;
- Washington State Medical Association; and
- Washington State Hospital Association.

Notice must include the general objectives and invite the recipient to provide written comments. If comments are provided, the state agency or public university medical school shall review the responses and consider the input prior to moving forward with the release of a request for proposal, or signing of a sole source contract.

Any purchase of a medical system which costs over \$40 million is defined as a major IT project and subject to TSB approval. Medical systems classified as major IT projects are not eligible for exemption from the public bid process unless approved by TSB.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.