Statement of Work

For

The Lab Integration for Efficiencies (LIFE) Project

Between: *Sunt Community Physicians* (Sunt)

and: TBD

Prepared by:	Team 1
Effective Date:	January 18, 2015
Under Contract #:	TBD
Under Contract Name:	TBD

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Statement of Work

1.0 Introduction

1.1 Project Title

The Lab Interface for Efficiencies (LIFE) Project is being performed for Sunt Community Physicians to develop a world class laboratory processing center interfaced with all internal locations and potential external clients.

This Statement of Work (SOW) is made and entered by and between Sunt Community Physicians ("Sunt") and TBD. This SOW incorporates by reference the terms and conditions of Contract Number _____ in effect between Sunt and TBD. In case of any conflict between this SOW and the Contract, the Contract shall prevail. Sunt and TBD agree as follows:

1.2 Background

1.2.1 History

Sunt Community Physicians is a recently formed health care organization which merged three independent and well established private practice groups serving the local county and nearby communities. The resultant HCO consists of just over 100 clinicians improving patient lives across 28 separate offices. Staffing levels across the organization have not been impacted by the merger; however, all C-level executives for Sunt have been identified. The Information Technology organization has 16 FTEs with experience in EHRs, project management, hardware, infrastructure, and software development.

The use of Health Information Technology is inconsistent across the newly formed group. Five sites have limited use of an EHR system for scanning in charts for retention. Three large multi-specialty sites operate

a fully integrated EHR and their practitioners have all attested for at least Meaningful Use Stage I. Ten have attested for Stage II. The remaining 20 sites are smaller and they operate two EHR systems with one Practice Management System in various states of interfaces and with some Meaningful Use attestation.

Several various synergies have already been identified to reduce cost, increase revenue, increase market share, and provide better care for our patients. Specific to this SOW, the collective sites currently handle the end-to-end laboratory processes in three significantly different ways and each process has unique requirements and needs. The merged operation includes a single lab. Eight of the 28 sites have lab draw stations onsite. The other 20 sites send out their lab work. Only three of the 28 sites have a fully interfaced lab, CPOE, and EHR system.

1.2.2 Business Drivers

A significant portion of Sunt's lab orders are being sent to outside labs. For our patients, this means lengthier reporting times and for our business this presents us an opportunity to reduce costs, drive more revenue through our own lab and generate additional profit. The decentralized lab processes also create a greater potential for unnecessary and duplicate testing which is a further patient inconvenience, cost and possible risk along with greater costs to our practice. Additional internal lab volume also creates an opportunity to negotiate volume discounts with our insurance carriers. The decentralized lab process also increases the chance of inconsistencies in meeting quality and regulatory requirements.

Another opportunity that our centralized laboratory provides is increased revenue by accessing a greater market share within the county and surrounding area through branding and marketing the new Sunt Community Physicians lab. This provides greater access to quality lab work to a larger segment of the community.

Currently there is no interoperability among the various EHR systems being utilized by the practices with our central lab system. This necessitates a lab interfacing project with a web-based portal to create

capabilities allowing our disparate systems to communicate with the central laboratory. Interfacing software will allow instant access to lab requisitions and real time reporting of results. It will also give 24/7 access to practice physicians. Additionally, a web portal will ultimately provide access to both remote care providers and patients.

Other projects considered included:

1) Consolidating the various EHRs into one
2) Replacing the existing Lab Information System
3) Developing a full feature patient portal
4) Consolidating the practice management systems
5) Staff reductions to eliminate duplicate positions within the merged administrative organizations
6) Centralizing Purchasing and Logistics operations
7) Creating a Meaningful Use dashboard to track physicians' attestation status.

These projects all have merit and need future consideration; however, they were tabled as either overly ambitious, too capital intensive, or too disruptive to attempt so soon after the merger. The LIFE project clearly stood out as a way to create relatively quick and significant increases in revenues and reductions in cost. LIFE also establishes a marketable capability to begin building good will in the community. The project is also a major step toward Sunt's long-term vision of complete integration and it gets all our clinicians and specialties working together as a new organization.

1.2.3 Competing Priorities

Sunt Community Physicians will be implementing the central billing system project before the laboratory integration project is complete but we will not take on any other major efforts until the LIFE project is

near completion. This minimizes competing priorities so as to not overwhelm our practitioners, administrators, and especially our IT organization.

1.3 Objectives

The specific objectives of this SOW are to integrate lab functions across the entire enterprise and to drive increased lab-related revenue (and profit) into the new organization. Specific objectives include:

1) Identify and document each type and volume of lab test performed monthly and annually across all sites.
2) Determine feasibility of adding capability for tests currently performed by external vendors
3) Determine lab capacity for current and anticipated volumes
4) Recommend methods to add or reduce capacity as identified
5) Analyze market conditions and available capacity to identify opportunities where we can sell lab services to external clients
6) Begin routing all sites' lab work (for tests we can do) to our in-house lab
7) Reassess and re-negotiate volume discounts with insurers based on our increased volume.
8) Identify lab-to-EHR system interfaces to be developed, and implement them
9) Implement a web portal for lab ordering and results for all practices using EHRs that will not be interfaced to the lab.
10) Assess in-house capabilities and availability for interface development
11) Create an ability to spot duplicate or unnecessary lab work.
12) Develop lab metrics for capacity, efficiency, timeliness, and profitability
13) Conduct a quality audit and propose improvements to the lab order-to-billing process

1.4 Reference to other applicable documents

- Request for Proposal. Owner: Sunt Project Manager
- Proposal. Owner: Contractor
- Contact: Owner: Sunt and Contractor
- Requirements Document and High Level Design. Owner: Contractor with Sunt input
- Detailed Project Plan. Owner: Contractor
- Implementation Plan. Owner: Contractor

2.0 Staffing Roles and Responsibilities

2.1 Staffing

Project Manager – Contractor

The Contractor's Project Manager is:

Name:	TBD
Address:	
City:	
Organization & Zip	
Phone:	
Cell:	
Fax:	
Email:	

Project Manager – Organization

The Organization's Project Manager is:

Name:	William Marella
Address:	877 Main
City:	Anytown, NM
Organization & Zip	12345 – Sunt Community Physicians
Phone:	(279) 555-3846
Cell:	(279) 555-8392
Fax:	
Email:	

2.2 Roles and Responsibilities Matrix

Contractor Staff, Roles and Responsibilities

The chosen contractor should be prepared to provide Project Oversight, Project Management, Principal Consultants and Associates with relevant subject matter expertise.

The Project Oversight individual will primarily communicate with Sunt's steering committee dealing with any high-level issues of status, delays, overruns, personnel issues and other sensitive issues that may occur. The contractor's Project Manager will be central to the project to insure schedule and budget adherence along with the responsibility for providing all deliverables.

The Project Manager and the Principal consultants are considered key personnel. Contractor candidates for these roles must be reviewed and approved by Sunt. Additionally, these individuals cannot be replaced without Sunt approval.

Project oversight is expected to be 5% of the overall time as they will spend 1-2 hours per week in meetings and/or on the phone with the client executive team. The project manager time is 25% of the overall hours. He is fully involved during the early stages and then spends 4-8 hours per week moving the project forward. The remaining 70% of the hours are shared equally by the principal consultants and the associates.

Organization Staff, Roles and Responsibilities

The project team consists of the following individuals:

- Bill Marella, Project Manager – Will be the primary point of contact for the Contractor throughout the project contracting and implementation. He will be primarily responsible for facilitating contract negotiations, establishing the project schedule, ensuring internal resources are applied to the project, and overseeing the contractor's performance.
- Kazi Russell, IT Director – Will be responsible for ensuring that the contracted solutions are compatible with Sunt Community Physicians IT Infrastructure and network, and that best

practices are followed in the development and implementation of new interfaces between the LIS and all other applicable systems.

- Gary Brown, Chief Financial Officer – Will have primary responsibility for analyzing the financial soundness of the scope of work and resulting contract and will ensure the profitability of the newly expanded laboratory operations.
- Cathy Denny, RN, Nursing – Will advocate for the needs of patients and the clinical staff and ensure the clinical staff participation in training as necessary on the newly aligned lab system.
- Dan Runt, MD, Chief Medical Information Officer – Responsible for aligning the business, operations, and IT needs of the practice with the needs and workflow of the physicians. Will work to ensure physician adoption of the new systems in affected practices.
- Rebecca Algren, Practice Manager – Will assess the work plan's impact on practice operations, medical records, and regulatory compliance. Will develop and implement a training curriculum for all relevant staff members.
- Heather Ball, MD, Physician Owner - Will advocate for the needs of the physician staff and ensure physician and physician extender participation in training as necessary.
- John Smith, Laboratory Manager – Will lead the assessment of the laboratory's readiness to absorb a significant increase in test volume. Will participate in training staff in the new practice on laboratory ordering, results review, and follow-up. Will participate in designing and testing the new interface.

The Project Manager will report to a Steering Committee consisting of the CEO, COO and 2 executive committee members to be identified. The Steering Committee will be responsible for approving the selected contractor and the terms of the contract. Contract negotiations will be led by Sunt Community Physicians CEO John Ryan.

3.0 Key Assumptions

This organization is currently running multiple EHR systems. Future work will be defined to consolidate all operations under a single full-featured EHR system that supports all ancillary departments and functions or at least interfaces to them. This is a massive undertaking that Sunt is not positioned to undertake at this time. As such, the work defined within this SOW will have quick and critical ROI that will enable us to take on the larger initiative of a single EHR. But we are taking on this work before deciding what EHR system will be used. We must avoid work on this project that pre-supposes any direction for an EHR system or locks us in to any specific technologies that can't be adapted.

The existing lab and associated processes were developed specific to just three of our sites. The team needs to carefully consider the unique needs of all our sites. Any perceived favoritism needs to be identified and corrected. We are looking for the best overall solution, not a default position based on "how we do it now".

Sunt is in the process of defining our mission and values. What we can say for certain at this time is that we insist on creating a culture and environment that focuses on patient need. We are not looking for solutions that favor doctors, nurses, administrators, or executives over the needs of our patients and their extended care-giving team.

Sunt takes its regulatory obligations seriously. While the goal of consolidating lab functions in-house is aligned with our objectives of increasing revenue and profits, we must avoid the conflicts of interest associated with excessive, unnecessary testing simply to boost revenue. Billing functions across the practice sites are currently being consolidated into a single business unit to avoid non-compliance with Stark's anti-kickback provisions. Billing will be centralized by the time the lab integration project begins.

Laboratory test volume is forecast to expand approximately 2.7 times (see Appendix A). Until the assessment of the laboratory's readiness to absorb this increase is complete, our estimates for when other practices can begin directing their lab tests there are unreliable.

Work that may be required to prepare the laboratory to process this increased volume may result in significant schedule delays.

4.0 Risks

- Internal Resources have existing daily responsibilities; however, arrangements have been made to insure that they are available for this project. Still, unanticipated emergencies are unavoidable. This condition must be closely managed so that project slips are quickly identified
- Control by any one group or person is not to be allowed. It is not unusual to have highly skilled clinicians focus solely on their needs. This is to be a "big picture" solution
- All projects have a tendency to grow in scope. Project Management must be diligent. Future phases can be considered, but we need the deliverables from this phase to enable many other future plans
- Overall, projects tend to slide with regards to schedule and budget. Either of these can cause a tremendously negative ripple effect throughout the organization. Executives need to be made aware of slippage immediately
- Much hinges on the assessment of the lab's readiness to expand its test volume by about 2.7 times. The assessment will cover: instrumentation age, throughput, and capacity; physical space, layout; network capacity to handle new traffic load; data storage capacity; LIS application robustness to increased use; LIS application licensing modifications (more users); staffing. This assessment may uncover currently unknown costs and tasks that may negatively impact the project plan.
- The centralized billing project needs to be substantially complete before interfaces can be completely developed. Delays in that project will cause delays in this project.
- Contractor should identify any additional risks and mitigation strategies experienced in similar implementations.

5.0 Scope of Work

To accomplish the objectives set forth in Section 1.3 of this SOW, several high-level tasks will be accomplished:

- Define a data model, and schema to enable the analysis of lab work performed across all sites over the last 12 months. Gather the data electronically where feasible and define methods to accumulate and enter data manually where it is not available electronically.
- Document current lab capacities, forecast future demand, identify constraints and make recommendations for adding needed capacity or eliminating excesses.
- Prepare market analysis and identify opportunities to bring in external work where we have excess capacity or where it can be easily added.
- Perform As-Is process analysis for the laboratory order-to-billing process inclusive of all sites.
- Perform To-Be process analysis for the laboratory order-to-billing process for Sunt
- Develop system to accommodate internal and external lab system interfaces. This includes an assessment of internal IT capabilities to complete this work or the need for outsourcing.
- Analyze resultant external lab vendor needs to consolidate vendors and simplify management.
- Re-negotiate contracts with our insurance partners to obtain better discounts based on increased volume and commitment to our continued relationship.
- Implement all improvements identified above and develop a measurement system/dashboard to clearly show return on investment.

5.1 Inclusions

- The internal project team must consist of representatives from all impacted areas.
- IT will provide hardware & software as needed. This includes workstations for visiting consultants, a server and relational database for capturing data to be analyzed, process mapping tools and printers.
- All Lead team members will participate fully in this project and pull in subject matter experts for the process mapping discussions.
- Facilities will establish a work area to house visiting consultants and conference work areas to accommodate extended project team.
- HIPAA requirements must be strictly followed - data is encrypted, data is only seen by those that need to see it, PHI is excluded from every non-essential file, report, transmission, etc.

5.2 Exclusions

- This is not an EHR consolidation or selection and implementation project
- The existing Lab system is not being considered for replacement
- Lab automation may offer significant opportunities for improved efficiencies; however, Sunt has minimal capital dollars available for this project
- Billing across the 28 sites will be centralized to generate efficiencies and avoid potential Stark Law violations. This is a separate project that will be complete before this project is finished.
- Many other initiatives are underway at Sunt that can’t become a distraction

5.3 Deliverables

1) Detailed Project Plan: describes all project tasks with start and end dates, contingencies, duration, and dependencies
2) Lab Capacity Report: Shows current and anticipated needs along with plans and recommendations for adding/eliminating capacity as needed
3) Market Analysis: Description of opportunities to enhance revenue from external sources of lab needs
4) "As-Is" Process Map: High-level and fully decomposed process map that documents Sunt's current order-to-billing lab process
5) "To-Be" Process Map: High-level and fully decomposed process map that documents Sunt's future order-to-billing lab process
6) Project Charter, Project Plan, and High-Level Design for lab system interfacing project.
7) IT Assessment: A document describing the strengths and weaknesses of Sunt's collective IT infrastructure and development capabilities
8) Vendor consolidation and re-negotiation plan: describes plans to reduce the number of external lab vendors and achieve discounts
9) Implementation Plan: document describing how all the tasks will be completed and how progress will be shown both during and after project completion. The primary work addressed in these tasks involves: a) configuration, testing, and production release of the new lab-EHR interfaces, and b) establishing access to lab orders/results through a web portal (including user training) for those practices without EHR interfaces.
10) Production release of new lab interfaces
11) Production release of lab web portal

5.4 Milestones

- Weekly status reports from Project Management to entire team
- Monthly Status Update meetings attended by key team members
- Lab Capacity Report Review: Sponsor and team meet to review and approve/reject recommendations
- Market Analysis Review: Sponsor and team meet to review and approve/reject recommendations
- Process Review: Session to review current and future processes
- Project Review: Sponsor and team meet to review IT Assessment and the Lab Interface Project
- External Vendor Reconciliation Review: Meet to approve/reject recommendations
- Production release of new lab-to-EHR interfaces for entering orders and reviewing test results
- Completion of go live for sites to access lab orders/results through a web portal

Each meeting is an opportunity to identify any new risks or concerns allowing the project to stay on track. It is also an opportunity to assess results and potentially "kill" the project.

6.0 Work Approach

Sunt Community Physicians believe that the optimal approach to implementing the stated project is to tailor the Project Management Book of Knowledge (PMBOK) to meet the needs of the organization. Sunt will tailor the fit of the methodology to enhance the project needs in sharing documents, storing those aspects that work well, while documenting and tracking risks and issues. Every project is guided in part by parts of a methodology that work well. It is believed that the best approach will not force one methodology that fits only one type of project but combine the aspects of multiple methodologies with proven success in project management.

One such project management methodology utilizes aspects of the Waterfall technique. While the Waterfall technique has advantages in the gathering of requirements on the front end of a project, it is often difficult to obtain true consensus from the stakeholders in the design of a conceptual model and only later is it determined that additional requirements are required. Another aspect of the Waterfall method is that only appreciated in hindsight is that requirements may change during the project and this is difficult to adjust to using this methodology.

This project will utilize the positive aspects of the Waterfall method but will also incorporate elements of the Delphi technique. With this methodology, management will be able to estimate what may be required in the future and plan for those variances and what possible impacts they may have on this project. The Delphi technique will be used as an iterative process allowing for the organization to gather the potential issues from a wide range of organizational members and condense the issues prior to settling on a solution. Also in use will be elements of PMBOK. This will allow for the opportunity to initiate the project, plan, and execute work, all while controlling the financial costs, variances, and other outcomes and then close the project. The goal is to end with a successfully integrated lab that meets the functional, financial, and medical needs of all of our member physicians, on time and on budget.

7.0 Completion Criteria and Final Acceptance Criteria

7.1 Completion Criteria

7.2 Final Acceptance

8.0 Schedule

Dates shown below are illustrative, and Contractors may propose alternatives in their proposals.

Milestone	Details	Responsible Party	Deliverable Date
Needs Assessment & Discovery - Phase I			3/22/2015
Preparation and Research	Includes findings from lab capacity review, current and future state market and process analysis, & technical resource assessment. To be used collaboratively by Sunt and Contractor to help inform decision-making around mapping structure and deployment methodology in later Phases.	Sunt Community Physicians Project Acquisition Team and Contractor technical team	2/1/2015
Review of current state of systems, data transfer and storage processes	Determine fields in which relevant laboratory data is currently being entered/stored within Sunt's two non-interfaced, non-scan-only EHR systems ["EHR systems"]. Determine laboratory reference ranges and ensure they correlate with acceptable ranges within the EHR systems. Determine how referrals are currently sent from the EHR systems externally for translation to interface concept mapping.	Contractor technical team	3/22/2015
Design Specification - Phase II			4/26/2015
Interface design and mapping	Develop data model and mapping schema to interface between Sunt's laboratory system and the EHR systems per Phase I discovery.	Contractor technical team	4/26/2015
System design specifications	Determination and acquisition of all software/hardware/technical components necessary for implementation of developed design architecture.	Contractor technical team	4/26/2015
Implementation - Phase III			7/12/2015

Interface deployment to test environment	Installation of all required technical components of lab interface per agreed upon specifications in Phase II to Sunt's EHR systems' test environments.	Contractor technical team	5/24/2015
User Acceptance Testing Phase	Stakeholders from the acquisition team will perform validation and testing of system and communicate findings/bugs/necessary fixes to rest of team for revision by contractor.	Sunt Community Physicians Project Acquisition Team	6/14/2015
Implement and upgrade interface technical components as needed	Per User Acceptance Testing.	Contractor technical team	6/28/2015
Interface deployment to live EHR environment	Installation of laboratory interface to the EHR systems' live environments across all 20 associated practice sites.	Contractor technical team	7/12/2015
Project Completion - Phase IV			8/9/2015
Final User Acceptance Testing	Stakeholders from the acquisition team will perform validation and testing of live system and communicate findings/bugs/necessary fixes to rest of team for revision by contractor	Contractor technical team	7/26/2015
Implement and upgrade interface technical components as needed	Per Final User Acceptance Testing	Contractor technical team	8/9/2015
Interface Maintenance	Per contract terms	Contractor technical team	Ongoing

9.0 Project Management (if applicable)

9.1 Enterprise PMO

Though the proposed lab interface is part of a larger scope, a Project Management Office for Sunt does not exist. Coordination will be made through the Steering Committee as discussed in Organization Staff, Roles and Responsibilities section above.

9.2 Project Status Reports

Proposed weekly project status reports are to be provided by the Contractor to Sunt's PM, William Marella. Proposed status reports will be finalized with and when the Contractor is selected. Reports to be included:

- Project financial status: the overall financial status, the actual expenses against the projected expenses
- Project schedule: reports on project deliverables and milestones; tasks that are completed week to week, what's in progress now, what's overdue to be completed and started and what's schedule to start next week.
- Issues and risks: status on issues and risks with assigned resources and how these may affect the overall success of the project.
- Change orders: a list of completed and ongoing change order work.
- Discussion and action items: action items that are tracked week to week until agreed they are satisfied by all parties.

10.0 Relevant Organizational Policies Standards, Supported Software and Computing Environment

11.0 Timeline and Period of Performance

The period of performance for this project will start on TBD and the work tasks are estimated to continue through TBD. The Organization has the right to extend or terminate this SOW at its sole discretion.

12.0 Compensation and Payment Schedule

Sunt anticipates awarding a Time and Materials (T&M) contract with a not-to-exceed cap of $[to be determined based on budget of winning proposal]. Sunt's expectation is that the Contractor is responsible for managing its costs and that the SOW outlined in the RFP will be completed, and all deliverables provided, within this budget. Hours and funds may be moved between tasks, but the entire SOW is to be accomplished within this amount.

If travel costs are anticipated by the Contractor, they should be included in the proposed budget, and invoices including travel costs should be supported with receipts and expense report documentation. Travel costs are not allowable if Contractor's office is within 50 miles of Anytown, NM. The amount reimbursed to Contractor is included in calculating the "not to exceed" amount specified above.

Any other anticipated non-labor costs should be included in the Contractor's proposal. Any non-labor costs not included in the Contractor's proposal may be charged to the contract only with prior written authorization of the Sunt Project Manager.

Compensation and payment will be tied to satisfactory completion of the top-level SOW tasks outlined in the Work Breakdown Structure. The Sunt Project Manager will be responsible for determining the acceptability of deliverables and whether the acceptance criteria are met.

Invoices should be submitted monthly to the Sunt Project Manager. Invoices submitted in proper form will be paid Net 45. Invoices should list all personnel hours, hourly rates, and costs by individual (name/title), and all hours and costs should be listed under the appropriate top-level task in the Work Breakdown Structure (WBS).

For any top-level WBS tasks not completed and approved at the time of monthly invoicing, a 20% holdback will be applied to ensure task completion. Once each top-level task is completed and approved, any holdback will be released with the next monthly invoice.

13.0 Appendices

Appendix A. Estimated Laboratory Test Volume

		Current State			Future State		
Test	% of Visits Where Ordered (CDC, 2010)	# of Physicians, ANPs, PAs	Visits, Annual (Nelson, 2013)	Annual Volume	# of Physicians, ANPs, PAs	Visits, Annual (Nelson, 2013)	Annual Volume
Blood							
Complete blood count (CBC)	12.0%	41	72,160	8,659	109	191,840	23,021
Lipids/cholesterol	7.8%	41	72,160	5,628	109	191,840	14,964
Glucose	6.0%	41	72,160	4,330	109	191,840	11,510
Glycohemoglobin (HbA1C)	4.3%	41	72,160	3,103	109	191,840	8,249
Prostate specific antigen (PSA)	2.0%	41	72,160	1,443	109	191,840	3,837
Other blood tests	12.1%	41	72,160	8,731	109	191,840	23,213
Urinalysis	8.2%	41	72,160	5,917	109	191,840	15,731
Pap test	2.9%	41	72,160	2,093	109	191,840	5,563
Chlamydia	0.7%	41	72,160	505	109	191,840	1,343
HIV test	0.5%	41	72,160	361	109	191,840	959
Pregnancy test	0.4%	41	72,160	289	109	191,840	767
HPV DNA test	0.4%	41	72,160	289	109	191,840	767
				41,348			109,924

Sources:

Centers for Disease Control and Prevention (CDC), 2010. National Ambulatory Medical Care Survey (NCAMS), NAMCS Summary Tables. http://www.cdc.gov/nchs/data/ahcd/namcs_summary/2010_namcs_web_tables.pdf. Table 17. Selected diagnostic, screening, and non-medication treatment services ordered or provided at office visits.

Nelson, R. 2013. Physician practice management essentials: keys for success.www.ahaphysicianforum.org/webinar/2013/management-essentials/management-essentials.pdf. Identifies typical annual physician office visits volume.

Execution/Signature Blocks

In Witness Whereof, the parties hereto, having read this SOW for the Lab Integration Project in its entirety, do agree thereto in each and every particular.

SO AGREED.	SO AGREED.
Sunt Community Physicians	TBD
Signature	Signature
Print or Type Name	Print or Type Name
Title:	Title:
Date:	Date: