



Chairman: Frank J. Vala  
Members: Ed Bedore, Bill Black, Larry Ivory, Ricardo Morales

### **Minutes – April 17, 2018**

Present in Springfield: Frank Vala  
Bill Black  
Ed Bedore

Via Telephone: Rick Morales

Chairman Vala called the April meeting of the Procurement Policy Board to order.

Member Bedore made a motion to allow Rick Morales to participate by via telephone. Member Black seconded the motion and all Members votes “aye” and the motion carried. Chairman Vala made a motion to accept the February meeting minutes as presented. Member Black seconded the motion and with all Members voting “aye” the motion carried. Chairman Vala made a motion to accept the March meeting minutes as presented. Member Black seconded the motion and with all Members voting “aye” the motion carried.

Next on the Lease Reviews Lease 6218 at 607 E. Adams. This lease houses the Department of Health Care and Family Services, the Division of Medical Programs. They have been in this located since 2007 based rent for this new lease is reduced to \$13 with a 2% increase in year two. the lease is gross accept for cost of non- HVAC electricity. Member Bedore says I see the owners of this building and we’ve had other facilities that are now being managed by a separate group. Ms. Florence says by a receiver but this is not one of those properties. Member Bedore says this is Health and Family Services, and I would like everybody to look at the last picture, and I don’t know how you can present this to us, there is an entire office, that is nothing but storage. How many year, and months have we talked about getting storage, and we just lease the warehouse that has the 747 in it, and here you’re paying office rates for an entire office, but has nothing but file cabinets and cardboard boxes piles up almost to the ceiling. Why isn’t this something that were paying \$4 or \$5 dollars a sq. ft. compared to paying \$13. Ms. Florence says primarily those are files that the staff need to have access to on a daily basis. Member Bedore says there no way a state employee is going to get up to the ceiling with these cardboard boxes, and get files every day. These are permit files that are just stuffed away. I don’t see how we as a Board can approve a \$13 dollars rate for storage. Ms. Florence says its only one room, Member Bedore says your trying to minimize it by saying its only one room. Member Morales states those boxes, should be on the way to storage, so we can you the room for office space. We really hate to hold up a lease because of this but it makes no sense. Ms. Florence says she will be happy to talk to HFS about it. Member Bedore makes a motion to issue a letter of objection to the lease, Member Black seconded the motion. With all Members voting “aye” the motion carries.

Next on the Agenda is Lease 6058 DCFS houses their IT staff. They have been here since 2005 the rate remains static at \$12.50 its full gross and its flat for the term. The last rental increase was in 2009. Member Bedore says the rate is good this is a full lease they take care of everything. One questions is programs it says here the agency uses some space for IT storage. How much of storage space are we using? Ms. Florence says they have an area where there coming and switching out computers and PC's and its used for imaging and testing. Member Morales makes a motion to approve the lease, with Member Bedore seconding the motion to issue a Letter of no objection, all Member voting "aye" motion carried.

Next on the agenda is Lease 6575. Ms. Florence it's a carbon copy of the one you just approved. It houses DCFS IT this additional space was taken on in 2014 they have now consolidated all their IT Staff into this building between the two offices. Same terms same rates. Member Bedore says what was the rate for the IT Staff from the other location? Ms. Florence says she doesn't know off top of her head. Member Bedore makes a motion that we issue an letter of no objection to this lease, Member Black seconded the motion. With all Members voting "aye" motion carried.

Next on the agenda Lease 6021 houses DHS in Blue Island this is the South Suburban Family Resources Center then been here since 2007 base rate increases to \$12.80 which is the first increase in 5 years. We pay utilities, janitorial and garbage. We are getting ready to put this out for bid for relocation. Member Bedore says I guess that's the reason for the 2-year Lease. Ms. Florence says recently the Building was sold and initially the new Owner didn't want to keep the State as a tenant. They did finally agree on a 2-year term and that's time to make other agreements. The lease is firm until the expiration of the term. Member Bedore I know DHS has been here how many times talking about what they're doing with space I forget the gentlemen's name., and yet you look at some of these pictures I guess you really can't object to this lease due to the fact that they're going to be out of here. but I tell you this is a big move for storage. Ms. Florence says typically with DHS not only when we do re-locate locations, but they make an effort to purge files off-site. Member Bedore says I would like to see the re-effort this is a much longer room then the last one we were talking about. Member Bedore says if the person wants us out, are you saying it's going to take us 2 years to get a lease done. Ms. Florence says it very well could. We get very few bids when we RFI now due to budget impasse. We had offices in that area that we had to bid 4 or 5 times before we get any offers. Chairman enter a Letter of no objection Member Morales second the motion with all Members voting "aye" motion carried.

Next on the agenda was the UIC Health Systems RFP discussion. Mr. Ben Bagby, The Chief Procurement Officer for Higher Education. Mr. Bagby stated that on January 12, 2018 I denied the protest that Cerner submitted after the U of Illinois after the University of Chicago awarded RFP KRS116 to Epic. After that Cerner asked to me reconsider, but went to the Comptroller's office apparently asking them to intervene and then raised the issue to the Board. The Board had Cerner on the agenda for its February 20<sup>th</sup> meeting. I attended that meeting to listen to Cerner, and the Board's interaction with Cerner. The Board determined that they wanted to have additional information from me, or the University. I'm here in response to that. I'll try to address the concerns raised by the Board with more detail presented in the letter that I had sent denying the protest. I'm going to correct a couple of things that were mentioned at the last meeting. The Board's concern was discussing the RFP process, and including the propose of the RFP that

discussion seemed to end with some sort of conclusion of the RFP process required the State to identify the two best proposals, and then put those two against each other in contract negotiations to find the one whom entered into the contract. I know you all the know the Procurement Code of the Rules, and I believe you all understand that is not the process that we go through in a RFP. Chairman Vala asks are you here to defend the University of Illinois or to demean this Board? Mr. Bagby says he not demeaning the Board. Chairman Vala says then don't explain the rules to us just explain your defense. Mr. Bagby says Cerner has been referencing the low price in all the discussions that they have raised, actually another vendor was disqualified having a low price, price is important but the emphasis on price is not correct. Its misplaced for this procurement we use a method of source that will actually identify section 20-15 of the procurement code competitive price for request for proposals commonly referred as a RFP. We evaluate the proposals based on the criteria set forth in the RFP, as advertised. Conducting the evaluation, we consider price, and the non-price factors. In this case price was valued at 30% which is the most commonly used percentage for price in the RFP process is used. We're not buying a commodity such as a paper clip where price is and should be the deciding factor. Cerner repetitive statements to get a low price is just not accurate reflection of the process that we used. Mr. Baby says section 2 of the RFP identifies the evaluation of the criteria that we advertise and that were used in the evaluation section 2.1.1.4 states that any vendor that does not score any percent of the available points for non-price items would not be further considered. Cerner proposal didn't score high enough to meet the minimum score. The University established a 17-member evaluation committee. The committee was instructed that they would evaluate each proposal independently and then the individuals scores of each evaluator would be total. But he did look to see if any individuals were out of line, when compared by scores given by other members, but did not find such out of line scores. When the committee completed the scoring of the first vendor they were done in alphabetical order, before they went to the next vendors proposals. Results of the committee scoring showed that Cerner had 190 points as far less than the minimum score of 224 points we require at 80% score to go on to the additional stages of evaluation. Epic score exceeded the minimum and received 283 points. Cerner having failed to meet the minimum number of points was not eligible for further consideration whether for the presentation round, or the price round. The 17 Member evaluation committee took considerable time reviewing Cerner proposal against the State criteria. They were able to find that Cerner was not able to clearly state how propose solution addressed the project, and the criteria we had identified. I believe the evaluation Committee collectively was surprised when they saw Cerner's score was so low.

Chairman Vala asks how can we analyze what the scores were, when we don't know who the evaluators were. Just because you're giving us a number, that your 17 People came up with we don't know what evaluation was done, and how you established that, and to sit here and tell this Board you came up with a number of 176 of your 17 People who were these 17 People? What are their qualifications? Bagby says he will have the University come and give you the particulars of that, they can do that and they will tell you who these people were. I think we had 17 people that are professional people. It's a standard type process that we use across the State. We have use this process since the procurement code came to be in 1998. Based on the Procurement Code the rules that were required in the solicitation itself, there is no choice but to disqualify Cerner for failing to meet minimum evaluation score. Ever vendor was scored in the same way, another vendor was disqualified as well. But even though Cerner must be disqualified

I believe that based on the way Cerner explained the issues, and the discussion you guys had at the last meeting you still concerned about cost. You would ask is it true that Cerner's price of a \$60,513,928 is an all-in price. But Epic's price of \$62,330,679 still required up to a \$100 million dollars extra cost in order to make it work. When this issue came up I asked to see Cerner's response to the price pages of the RFP. I see that Cerner suggested there \$60 million-dollar price. It says that was in the total all price line, I also saw that Cerner also completed 3 of the 9 price elements we asked them to price in section 1.1 of the RFP instructions for submitting responses states all follow these instructions correctly provide a response to each item listed, if the information doesn't apply to vendors situation then enter in n/a failure to provide the request information may result in disqualification. So, I had to ask if each of the required price items was completed or n/a show to indicate that this section was not actable to Cerner's proposal. What I saw was 6 of 9 price filled blank, no price was shown no zero dollar was shown nor was any not actable shown. When I saw that I could not concluded that Cerner gave an all-in price, because such price information was unaccounted. I ask UIC then to search Cerner's proposal or anything that prove the missing price elements were a fact in the conclusion they did not find that proof. We just don't have anything that shows all the in prices from Cerner. I can't read this and say that Cerner has actually and clearly told UIC what they are providing, or what they or what didn't price priced, from this list of 152 solution items. I don't know how they can claim an all-in price when these are not accounted.

There is also a provision in Cerner's proposal that is their implantation approach items 4 and 5. They reference the UI Health implantation timing estimates in UI Health implantation work plan, and this is the additional material that is found in the section of their current response and documents 1/1.12 D and F in their electronic version. Cerner recommended that UIC would need 120 fulltime employees some for 2 years, some for the rest of the 5-year implantation term to implement the solution. The University estimated that these would cost about \$55 dollar an hour and over the term of approximately \$44 million dollars. We don't think this was included in Cerner's price, this is additional this is not part of Cerner's all-in price. Now whether its Cerner or Epic, or any other Vendor this additional FTE's would be needed to implement this. The University knows, they knew this going in, and they shot a RFI and that was to get information in the vendor community so they can determine whether they can use one vendor to provide all these additional staff to help implement, whether they would be able to use assisting staff, and shuffle resources. So, they already knew they needed additional staffing. So did Cerner that wasn't part of the original price. Mr. Bagby states, they require an electronic, and written proposal so were able to search a little easier. We expect those two versions to be identical. Wherever the University found differences between the paper, and electronic copies. The differences noted initially were not substantial, but they cause some confusion one person was reading from the electronic version, and the other was reading from the paper version, because they did not match. I didn't ask the University to go, and find every discrepancy that was in there, maybe these were the only ones. But the fact remains this discrepancy raises substantial concerns, as to what Cerner intended to be there response to the RFP. In such discrepancies are independent cause for disqualification. these are troubling that these are discrepancies between and electronic, and a paper version. I believe that Cerner is a fine company they have good and honest people. But this time they simply didn't put the effort into the process. To get a clear, and comprehensive proposal that the University can look at and verify the pricing, and other information that Cerner provided. The University has had a long-term relationship with Cerner,

The University continues to have contracts with Cerner; including one just to prove, and looks forward to future Business relationship. I also believe that we had we had a fine University people there are just as honest, and good as anyone as Cerner. Based on the information that I have seen Cerner didn't meet the minimum points they consider for further evaluation this concludes the demonstration.

Chairman Vala says in your letter you said that U of I intended all costs to be clearly defined. Now how do you let a RFP change your intent? This is your words "intended for all costs" how's that happen? Mr. Bagby says the cost that would be needed to implement this were asked for, and received. I have the list of the 17 evaluators. I'll just read off the titles Associated Hospital Director, Imaging and Diagnosis, Assistant Professor of Clinical Emergency Medicine, Assistant the Head Orthopedics' Department, Assistant Customer Clinic Medicine, Senior Revenue Cycle Director, Director of Surgeons Services, Associate Dean of Clinical Affairs, Clinical Assistant Professor, Director of IS Applications, not sure what WWTG Operating Officer is, Director of Residency Training, Senior Director Care Continual, Associate Chief Nursing Officer, Chief Information Officer, Director of Nursing, Associate Professor of Clinical Medicine, Head of Department of Ophthalmology, Director Nursing, Associated Director of Mal Medicine, Head of Department Ophthalmology.

Chairman Vala asks where are the technical computer people? You're making an analyst on technical, and RFP and software, and these are Doctors, these are Medical People. Mr. Bagby says the Director of IS Application is Information Services, Chief Information Officer, Information Services. Chairman Vala says 2 out of 17 might have computer experience. Information Office could be for a Legislative. Mr. Bagby says there's more than IT that goes into these systems. Audrius Polikaitis, Chief Information Office and the University Health Science System said the evaluating committee consisted of 6 practicing positions 3 Nurses, a Pharmacist the individual who runs all of our Surgical Suites, Surgical services, a person who runs one of our Clinic's the Orthopedic Clinics, 2 People from our Revenue Cycle Center, key part of what this was they were looking for a solution that would integrate both are Clinical Systems, and our Revenue Cycle System, the patient billing parts, and as you noted 2 People from Information Services; there was a healthy debate in the construction of this committee of giving how much impact there is across the organization in Academic Health System as UI Health there was a big discussion about what should be the composition of the committee. In my role as the IT person I would love to see a lot more people from the IT group in that committee. But the reality of the system is about how work, and how life has changed for those people who are in the patient rooms, in the clinic rooms prescribing medications, filling medications, and performing surgeries that is where the impact of this System is felt. the IT people are important and this context to provide the support to make sure the Systems run, and function and operate with the greatest change in the organization is when you contemplate an issue such as this, is about the change and workflow and behavior and usage of the system for those people that run those operations in the Health System and therefore that what was reflected in the construction of the 17 Person evaluation committee.

Member Bedore asks is this a true statement that has been in your Letters "proposal must clearly define all costs expected to be incurred by a UI Health during the implementation and throughout the term of the contract as elements as the price proposal" is that a true statement? Mr. Polikaitis

says he agrees yes. Member Bedore says I have to go back to what the Chairman had said, and back to your letter Ben of January 11<sup>th</sup>. It says the Epic's proposal will cost UI Health an additional \$70 to \$100 million dollars. UI Health states that the estimated cost range pushed forward by Impact Advisors was at a high level. So, they based it on anticipated cost, and these are your words. The projected total cost was on the high side, so let's take the low estimate \$70 million dollars more. I don't understand "clearly define all cost" this is your letter Ben not from anyone else, and then you go on to say that U of I intended that all costs necessary for the use of vendor's software; but there is going to be required costs that the UI Health is going to pick up on their own, and that going to be the \$70 to \$100 million dollars. Member Black says the proposal says all cost and you just said that was a correct statement that I read. I read that it was part of the RFP, part of your Letter and then you bring in this outside group Impact Advisors they work very close with you. Were they part of this whole process? Member Bedore says to me your letter and the RFP is inconsistent I don't understand how the U of I and we have seen it before can look the other way at saving \$70 or \$100 million more. Mr. Bagby says that high level is a term meaning a look into the future at what could possibility be. There is no guarantee on any of those prices it's just to give you an ideal of what might occur. I indicated in the presentation I gave here, there are additional costs even Cerner recognized that and that \$44 million dollars that the University of Illinois is going to have to absorb or pay to bring in whether it's a Cerner Proposal or it's an Epics Proposal, or any other Vendor Proposal it does not matter. Cerner's price of \$60 million, and Epic's price at \$62 million are both plus \$44 million or stat, that's an estimate it maybe a lot less that could be higher. That is the kind of information, that Impact Advisors reference several years ago. When the University started talking about this, as a type of cost the University is going to have to have to own regardless of Vendor. Member Bedore ask is that addition to the \$70 million? Mr. Bagby says no that's a part of it. Member Bedore says so maybe then were talking \$30, \$40 or maybe more. Mr. Bagby says or maybe nothing more, but there is additional cost no matter who you deal with.

Mr. Polikaitis says let's start with the dressing the Impact Advisors question. The work done by Impact Advisors was done well before the University contemplated before even doing a RFP. Impact Advisors was awarded a contract in about the 2012-2013-time frame, through another competitive RFP process. In that process 5 Vendors received contracts from the University for services, Cerner Corporation was one of the Vendors that received contract in that time frame, at the same time Impact Advisors did under the same RFP that's how the relationship with Impact Advisors started. Mr. Polikaitis says other Firms who also received the contract because of them winning the award through the RFP process. Addressing the \$100 million dollars there is a lot of gray around this if we would have completed the project we would have known of course what the answer is. Here is some insight we have 5,500 devices work stations throughout the organization in the Clinics, Hospitals, and varies places of the HealthCare delivery Systems. Those 5,500 devices many of which are more than 5 years old. They are obsolete, and they won't work with any of the Software systems that were proposing for this RFP. So, in my role I need to replace 5,500 devices at a cost of \$1,150 dollars is what I use as the estimate and this thing includes the device the hardware, and then of course you can imagine what does one do with 5,500 devices that we just pulled out of the Environment, they need to be scrubbed per University, and State policy they need to be disposed that in itself is a \$ 6.3 million-dollar line item just for replacing 5,500 devices. We also have a very old main frame base Patient Accounting System, which we do our Hospital billing on right now. Once it was the main stay of

Hospital Billing operations, right now there are about 20 clients worldwide that use it the University happens to be one of them. It's imperative for us to get off this system which again is one of the genius of this RFP to being with. That System costs about \$3 million dollars a year to run, and operate, why because it runs on mainframe Computer, and those who are familiar with technology mainframe is from the 70's and 80's we don't even run the mainframe on our Campus anymore, we outsource it. Because the costs are ineffective to run that mainframe. So., we have to keep running that Hospital Billing System while were implementing the project, and while we can continue the collections of it of the money that is owed to us Patient Care to delivery that adds up to about \$10 million dollars over the course of this contract. Then let's talk about the accounts receivable that's that in that mainframe base Hospital Billing System. At some point you're going to want to point your current Collection Staff to the new work that is being done. So, this Accounts receivable which somehow is still owed to the University its owed to the State we want to collect on it. You're probably going to sell that off, there are many fine organizations under competitive process we would sell off accounts receivable for them to collect that account receivable but of course comes at a cost. Finally lets to about the 77 ½ FTE's that Cerner directly proposes a proposal is needed for University of Illinois to propose to outsource 77 ½ internal FTE's to work on this project in conjunction with the People Cerner will provide. I don't have 77 ½ People to put on this project right now. I can probably mustard up about 30 from my team. The question is whether Cerner or any of the Vendors that propose how do I make up that difference. I'm hoping that I can hired many of those people, and bring them on as team members given some of the challenges in our hiring process I won't be able to hire up 42 People with these skills to be able to do the work. So, the way most organizations tackle this is a blended model, you will go out and make arrangements with Consulting Firms so they can back fill to get you up to the 77 ½ people then over time you're to keep going to hire to find the right people so you can replace the consultant will a fully paid staff member. Having a paid staff member is much more cost-effective model then using a consultant. The genius of the RFI that was mentioned was a simple question to the vendor community if I know need to fill some 40 some odd FET's in order to make up the 77 ½ that Cerner says I need on my Team. There is a lot of questions that were raised when the RFI is a perfect process to reach out to the vendor community and ask vendor community how you propose we do this. The essence of the RFI question was vendor community would you suggest we go with a single source to assist us ½ or vendor community do you think it's better to go with multiple sources. The large consulting firms their answer was all you need is us, and of course the smaller firms would refer with you saying that look you want multiple partners you're going to slit your wrist. There is also the element of training we mentioned the composition of the evaluation committee, and how impactful a chance of software system is to the community that deliver the cares for our patients of the State of Illinois. They need to be trained effectively to be able to do their job whether it's in a clinical role or in the IT role. There is a cost to that training. I have start thinking where am I going to find a facility within 2 months of a go live I would have to train a couple thousand people because you don't train people on a new software system in 9 months ahead of time you're clearly going to forgot by time it gets to that moment of go live. So, I need to think about where were going to lease a training facility, where am I going to get the instructors that I need to train a multi person workforce within a few months. Secondly the People that were training many which are in civil service many are unionized. Take are Nurses for example every time I pull a Nurse out to train them on something, I need to back fill their role in the patient care organization, prior to the role they were caring for a patient. This is what you see across the

board in our organization with our staff. That's another cost that is added all these things, and they all add up to this \$100 million-dollar estimate, and in my role as I look forward to this and evaluate the 3 proposals we will be largely facing these same costs regardless of software vendor that we chose.

Chairman Vala says you said that you sell your receivables at a cost I didn't know Illinois law allowed that I thought you sold them at your gross. Mr. Polikaitis replies I'm not the person that can speak to the details and specific of that. When we think about it's some cost accrued to asking somebody else to manage your receivable. Chairman Vala says not when they're getting 1% a month there lined up. Mr. Polikaitis says will we defer other for that I don't have answers for that.

Member Black ask did the RFP specify that the bidders were to tell you what your costs would be, or your cost on what you were going through a while ago, were those what you assumed regardless of who the successful bidder would be that you're going to accrue these costs regardless. I'm trying to visualize a RFP that would tell you exactly what internal cost you have to absorb? Mr. Polikaitis says by the nature that many of them are internal costs I wouldn't even know how to structure that in a competitive process. For instance, with the devices we buy those through a contract that has been established through the State of Illinois we take advantage of all the contracts and all the pricing that's established that the State can take advantage of but I would have never contemplated that a EMR a Clinical and a Revenue Cycle System Vendor would provide 5,500 Devices.

Member Black says so this particular bid in question had nothing to do with hardware if I understand it correctly. Mr. Polikaitis says one of the things we ask for in this proposal was a hosting arrangement of our electronic records Health Records System from our Clinical and Revenue Cycle System. We have 2 Data Centers, we have a backup Center in Urbana, we been hosting the Cerner Electronic Health Records System for 20 years. What we have contemplated is that as the world moves to the cloud into hosting solutions it does become overhaul more cost effective to have somebody else to that hosting, people who are professionals in that area. We could do it ourselves we recognized we will be doing it less efficient, and likely less effectively then those who do this on a daily basis. So, what we built into the proposal was we asked the vendors, because all 3 of the organizations that responded have hosting arms of their organization. Cerner had been talking to moving into their remote able platform years ago. We entertained, and talked about various options proposals so, in this case we said let's put this into a RFP will were buying the Software System lets also look into the hosting so in that respect you can say there is hardware included not the 5,500 work stations, because that's sitting on your physical property. So, that was built into the this specify RFP proposal and one of the things when you think about hosting, you want to think about even as we do as we deploy are current production systems. You also want to have more than posted site you want to have to Data Centers we have that right now, at our organization, and one can argue about the effectiveness through Data Centers but put that aside. We look at favor to those organizations that were able to provide the proposal to a two Data Center solution, a hot site, and a primary site in the event the primary site would go down. Not any one of the vendors would argue our Data Center is built to with stand certain tornados and generators, and diesel fuel and were on the list to get diesel fuel first, all those are correct, and any vendor who knows these business would make that argument



but still as a consumer you want to make sure yes, I acknowledge everything you say about your primary data center but I do also want to have a secondary for my prospective. Because in our organization if that Electronic Health Record System goes down our people are flying blind. Because there is not paper in the organization anymore, everything is electronic every note, lab result, every image is digital these days, and if those systems are down and they accessible we have to go to disaster like planning disaster mode which is costlier and less effective and likely less safe.

Member Black asks Cerner alleges while its bid price included implantation service, they service that Epic did not, and there might be a conflict of interest with Impact Advisors who may stand to gain financial. Now if I read between the lines, Impact Advisors had a conflict of interest which tainted the entire procurement process. I don't whether they had a conflict of interest I assume you will be able to answer that at the appropriate time. The University addressed this concern stating that Impact Advisors, was not a part of the evaluation committee what part did they play no part? Mr. Polikaitis says Impact Advisors assisted us in putting content that thrive the services that we are looking for in the RFP. Member Black asks during this RFP currently does UI have a business relationship with Impact Advisors? Mr. Polikaitis as I noted Impact Advisors won the RFP along with 4 or 5 organizations and I don't remember the year I want to say 2012 or 2013. Member Black says what does that mean that they developed some of the criteria for a RFP? Mr. Polikaitis says the original contract with Impact Advisors was for assisting us navigating system related issues related to Federal initiatives. The two key ones were the transaction of the Health care industry to the data loading System and also something that the Federal Government had put out there called Meaningful Use which was pushing health care Organizations to fully adopt and implement other integrated systems that was the RFP that both Cerner, and Impact Advisors won in 2013, So, that was the nature of the Business relationship you were describing. So, Impact Advisors didn't participate in the 17-elevation committee. Member Black says so they were paid for their advice correct, you had a business relationship with them? Mr. Polikaitis yes for work that we were invoiced for hours that were done by Impact Advisors, and also by the other 4 firms, that won a RFP yes, we would be being paying them for their work. I think it's important that Impact Advisors has a wide breath of clients some of which are Cerner, and some that are Epic, and some that are other clients, as a matter of fact as recent as January of 2018 Impact Advisors have like 20 People working at Advocate HealthCare in Chicago who is a Cerner client. Member Black says he hopes this gets resolved fairly for the benefits of the tax payers and with the affordable care act. You have to do things that you didn't have to do 10 years ago. Member Morals says he has a question about process. I would like to know is the process what it should be effective, and fair. I don't think that it needs to be reduced I would like to know those protesting why were there blank responses? Then there saying they provided a completed answer but now there saying they did not is this a case of he said, she said which one is correct should they have been allowed to present is what I want to know. doesn't sound like were getting an answer. With the 17 people being involved is the majority of them being ushers of the product and a couple being on the delivery side, the technical side. Not asking enough questions from the other end, but can understand that but, again I'm hearing all these conflicts. For example, is there any conflicts between Impact advisors for advising on the RFP. They were employed at the time by UI Healthcare, and they provided information that should be in the RFP is that correct?

Impact helped us get our thoughts about what we would be looking for in a modern contemporary integrated Clinic Revenue Cycle System. Ms. Debra Matlock states they did not participate in the evaluation Committee they were not a part of the process. Mr. Polikaitis responds correct, one of the things that keep coming up, which needs to be reminded of or maybe we should think about. The estimates that Impact Advisors put together which keeps getting quoted was well before the ideal of a RFP ever came out in the organization. We asked Impact Advisors to help us think through what can we do given the current situation we are with some of our aging Systems and I mentioned a Mainframe Base Hospital Billing System, and so on, and those are the presentations being brought forth. So, were connecting to moments in time, which really works separate. Once we got to the RFP process Impact Advisors was not involved in the evaluation.

Chairman Vala says we been through all this figuring and everything else, how much more profit will the University make a per year with this new System? Mr. Polikaitis says that he can't quote the number but that is definitely when we were going a high-level business plan. There was expectation given right now, we work very inefficiently because we have separate systems and all things that aren't connected and integrated the genius of why we did this RFP again is because we expect there will be a reduction of denials from Insurance carriers. Because we will have more cohesive information, from the very moment a patient comes in the organization to get registered till the time they are billed, and also, we will see higher margins, in a lower operating cost. I apologized I can't speak to the numbers and our CFO has these numbers and I can't rattle them off right now. Chairman Vala says but you have no idea. Mr. Polikaitis there is somebody in our organization but I don't have the number here with me today.

Mrs. Mara Georges I'm an Attorney at Daley, and Georges in Chicago and I'm representing the Cerner Incorporation. For the first time I heard CPO Bagby I think state that Cerner's proposal should be disqualified. He said it was a proposal that didn't meet our specs they should be disqualified. I'm here to tell you that I'm not arguing to you that Cerner should be awarded this RFP. My protest was based on two problems with the process, a flawed process that should lead this Board to object this entire process. The disqualification or non-disqualification of Cerner which we heard about for the first time from Mr. Bagby today is not what we're reviewing. What we're reviewing in this protest denial, and the action before this Board is a process, undertaken by UI Health in a RFP and it is a process that was flawed. Specially for 2 reasons one the Epic Corporation Company to whom the bid was awarded didn't not meet the specification of the RFP by providing an all-in price, and two because of the conflict of interest of Impact Advisors. I'm going to take those out of order because you were last speaking about Impact Advisors. In his denial CPO Bagby on the final page before his signature UIC reiterates that Impact Advisors neither participated in the evaluation process, nor served as a third-party consultant to assist UI Health in this procurement. After I received the denial of the process, I received a stack of documents through the FOIA process for the Freedom of Information Act Process, and in that stack, I came across dozens of presentations prepared by Impact Advisors, like one I hope you have in the packet dated February 17, 2017 in that presentation prepared by Impact Advisors. It talks about its role in the process on page 3. Impact Advisors states that is validates in ways that vendor decision criteria, provides input on selection, and committee members. The evidence in front of you these specific presentation, by Impact Advisors. They were very much involved throughout the creation of the RFP, and the scoring of RFP in fact of this proposal. The page that

would have been numbered number 19 if it had a number on it and you will have noticed that Impact Advisors came up with the criteria that were in the RFP and on that page Impact Advisors shows that not only were RFP responses to be judged in order to properly elevate the responses, but a demonstration was to be had for things like functionally, and work flow partnership, and characteristic, integration, technology all of those things that Mr. Polikaitis talked to you about. All of those criteria that Impact Advisors came up with. Impact Advisors said they need a written response in a RFP. But we also need a demonstration to adequately judge things like product usability, number of clicks, feed, and workflow ease of use for all, breathe of application, features, and functions, project maturity but that demonstration didn't happen. It was only Epic that was allowed to make a demonstration, and plus the rules of the RFP were not followed. You also have a page in front of you on Impact Advisors letterhead that shows the weighting of each of those criteria's. that functionally and Workflow would be assigned 26%, Partnership, and Characteristic went sent, Integration 17%, technology 14%. Costs 30%. Yet Mr. Bagby sat here and told you, and tells us in his Letter that Impact Advisors did not serve as a third-party Consultant to assist UI Health in this Procurement of course impact Advisors participated in this procurement process, the evidence is clear. For specific example we have obtained a series of emails. In an email dated December 20, 2016 Kevin Gately of Impact Advisors tells the UI Health Team including, Mr. Polikaitis quote "we will plan and review and plan to review the RFP content in a separate document and then transfer into the KRS 116 RFP document once the content has been reviewed and is final". Similarly, in January 9, 2017 email Kevin Gately of Impact Advisors lists as a discussion topic on his agenda to the UI Health Team including Mr. Polikaitis. quote "RFP devolvement" which includes another point on quote "on evaluation process". On February 6, 2017 one of Kevin Gately Sublet points under RFP development is RFP next steps selection Committee, Selection Criteria SPO review and approve. Kevin Gately May 15, 2017 email has a bullet point entitled Vendor proposal update with a sub-bullet of status on proposal review, on July 17, 2017 Kevin Gately of Impact Advisors email to the UI Health Team includes the following initial bullet point. Demonstration D Brief on July 31, 2017 his first Bullet point is best and final offer questions. Clearly Impact Advisors was involved throughout, and at every step of this RFP process, and then Impact Advisors came back on the back end of the process and shalt to obtain a different business through Implementing the system. We know that because I attached for you the cover page of Impact Advisors response to the RFI in which Impact Advisors states its fair offering strategies approaches that lead to successful, and Ethnic Enterprise System Implementation. Impact Advisors unduly tainted this process. They had a conflict of interest and that they participated in the front end of the process, and seek to benefit from the back end of the process, and why does Impact Advisors benefit because they implement the Epic system, So, they had a financial interest ensuring the Epic was the successful awardee under the RFP. Only Epic was allowed to make a RFP demonstration, only Epic was allowed to follow the rules, that Impact Advisors set up for this process. Epic did not include an all-in price, clearly the RFP stated that the price had to be all-in for design, build, and implementation. The fact that UI Health has to go back out to the market to seek additional implementation demonstrates that Epic's bid did not include implementation. Cerner's bid was an all- in price of \$60.5 million dollars for design for build, and for implementation as required by the RFP. Therefore, I request that under 30ILCs-500/5-5H this Board issue a recommendation to void the award to Epic System in RFP KRS116. Thank you..

Member Bedore says we heard that the U of I they knew it was an all-inclusive your saying the bid was inclusive. Ms. Georges replies what I'm saying is the RFP required all-inclusive price for Design, Build, and Implantation and those 3 components were part of Cerner's bid. Member Bedore says was there any part of Cerner's bid that would include the equipment. Ms. Georges replies if you're talking stand-alone PC's no. Member Bedore says some there is some additional costs as U of I has stated? Ms. Georges says there is costs not contemplated by the RFP yes. Member Bedore says so when Impacted Advisors stated that the costs were \$70 to \$100 million dollars some of that cost was that for equipment? Mrs. Georges states she doesn't know I only know what you know and I've only seen a limited number of documents I haven't had the opportunity to sit with anybody from UI Health to understand those positions but I did hear them say that today yes. Member Bedore says even if you took there \$44 million both Companies would have to include your firm still \$56 million dollars cheaper then Epic. Ms. Georges states that Cerner has in-house Implementation Team and part of its proposal in fact over \$19 million dollars of its proposal was for implementation so there would be no need to put on the street another solicitation for implementation services. Cerner had been chosen, but I want to iterate to you that Cerner should be the awardee here that's not what this is about, this is about whether the process was fair, this is about whether Impact Advisors had a conflict of interest, and at those 2 points I feel very strongly that Impact Advisors had a conflict of interest that tainted the entire process. Member Bedore says what I've read and what you have presented it seems to be a problem. But we have had incidents in the past with U of I with conflict of interests so I'm very suspicious of this. Member Black says it's the process whether or not the process was followed in a clear, and precise open procedure and I think that's always the problem that Governments get into when they bid. Member Morales also agrees that it comes down to process, and there is a conflict of interest here. Chairman Vala says he's amazed that the CPO would write a letter telling you all costs should be included but we didn't intend for that to be. Mr. Jeff Jurgens says there are a couple different options under the code, and a couple different provisions one option is to do nothing, and the matter doesn't go any further and the parties would be free to continue outside of this process with whatever claims, they may believe they may have. Second if this Board believes there have been violations in the procurement code you can refer this to the Executive Inspector General with or without an explanation, or with a contract. Another option is if this Board believes it's a conflict of interest you can recommend in writing to allow or void the contract being the best interest of the State and provide this decision to the Ethic's Commission which then will hold a Public Hearing, and I believe there is another option that you can just avoid the Contract. Mr. Jurgens says what is going to be key here is we need to be specific as what provision of the procurement code that has been validated and what specific conflict of interest exists. Mr. Jurgens says just to verify that this Board believes there is evidence of a potential conflict of interest which then would then require this Contract then be voided, and submit this to the Executive Ethic's Commission for further review. Chairman Vala on the motion to recommend voiding this contract and send the conflict of interest for further review to the Ethics Commission. Seconded by Member Black and all parties voting "aye" excluding Member Bedore who is abstaining. Motion was then made to adjourn and with all parties voting "aye" meeting is adjourned.