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| Text  Description automatically generatedCENTRAL PURCHASING UNIT (CPU)**Sole Source Filing Justification** | PURCHASING COORDINATOR: |
| PR NUMBER | TODAY’S DATE**3/4/2025** |
| SELECT SERVICE/PRODUCT DESCRIPTION / SUB-OBJECT CODE |
| **Vendor Information** |
| VENDOR’S LEGAL NAME**HealthStream, Inc.** | TAX IDENTIFICATION (TIN) OR UNIFORM BUSINESS IDENTIFICATION (UBI) NUMBER**621443555** |
| ADDRESS**500 11th Ave North, Suite 1000 Nashville, TN 37203** |
| **Purpose of Purchase** |
| **Upgrade Eastern State Hospital’s (ESH) existing staff scheduling Software and expand to both Western State Hospital (WSH) and the Child Study and Treatment Center (CSTC) to comply with the Centers for Medicare & Medicaid Services (CMS) and The Joint Commission (TJC) requirement and provisions of SB 5236.** **The upgrade and expansion of the existing software is needed to comply with provisions of Senate Bill 5236, passed during the 2023 Regular Session. The 2025 supplemental operating budget includes a funding request to support this purchase (030-ML-SU-SB5236 Staffing Requirements). Governor’s budget included funding for this software purchase.** |
| **Funding Source(s)** |
| FEDERAL FUNDING**$0** | STATE FUNDING**$967,850.00** | CONTRACT TOTAL**$967,850.00** |
| **Proposed Purchase Dates \* Start Date must be more than 20 business days from date of request to CPU.** |
| \*START DATE**3/31/2025** | END DATE**12/31/2030** |
| AMENDMENT OPTIONS |
| **Sole Source Definition and Guidelines**What is a sole source filing?“Sole source” means a vendor providing goods or services of such a unique nature or sole availability at the location required that the contractor is clearly and justifiably the only practicable source to provide the goods or services. (RCW 39.26.0101)Unique qualifications or services are those which are highly specialized or one-of-a-kind.Other factors which may be considered include past performance, cost-effectiveness (learning curve), and/or follow-up nature of the required goods and/or services. Past performance alone does not provide adequate justification for a sole source filing. Time constraints may be considered as a contributing factor in a sole source justification however will not be on its own sufficient justification.Why is a sole source justification required?The State of Washington, by law and policy, believes competition is the best strategy to obtain the best value for the goods and services it purchases, and to ensure that all interested vendors have a fair and transparent opportunity to sell goods and services to the state. A sole source filing does not benefit from competition. Thus, the state, through RCW 39.26.010, has determined it is important to evaluate whether the conditions, costs and risks related to the proposal of a sole source filing truly outweigh the benefits of a competitive procurement.  |
| **Sole Source Justification** |
| To expedite CPU and DES review of this sole source filing, please provide **clear and compelling** answers to the following justification questions. |
| 1. What is the business need or problem that requires this procurement?

To comply with the CMS and TJC requirements and imposed provisions of SB 5236, Eastern State Hospital (ESH) must continue using its staff scheduling software. However, ESH’s current software, in use since 1998, has reached the end of its lifecycle and must be upgraded. Furthermore, the software currently utilized at the Child Study and Treatment Center (CSTC) and Western State Hospital (WSH) lacks the necessary capabilities to meet the requirements set by CMS, TJC, and SB 5236.Under Washington hospital staffing laws established by Senate Bill 5236, and in compliance with CMS and TJC requirements, ESH, WSH, and CSTC (the Hospitals) were required to submit an approved hospital staffing plan to the Department of Health by January 1, 2025. Additionally, starting July 1, 2025, the Hospitals will be required to monitor and document their compliance with the existing nurse-to-patient ratio requirements for each patient care ward, as specified in their adopted staffing plan.  It is imperative that BHA upgrade ESH's existing staff scheduling software and expand it to WSH and CSTC. This software is not just a technological improvement; it's a critical step toward ensuring the safety, compliance, and quality of care for our patients across all facilities. |
| * Describe the unique features, qualifications, abilities or expertise of the vendor proposed for this sole source filing.

HealthStream's staff scheduling software is uniquely designed to comply with CMS and TJC standards and will assist the three Hospitals in meeting the provisions of Washington hospital staffing laws established by Senate Bill 5236. Developed by clinicians with a focus on the healthcare environment, HealthStream's staff scheduling software provides a scalable, single-platform solution that simplifies the staffing processes for healthcare organizations and is inclusive of the features required for the hospitals to remain compliant with CMS which include: * Dynamic Shift Management that accommodates irregular shift types and supports flexible scheduling such as 1:1s, optional shifts, float shifts, and emergency staffing needs while considering staff orientation, training, and planned and unplanned leave requests;
* Comprehensive auditing of shift adjustments with tracking, reporting, and analysis functionality;
* Advanced Compliance Reporting functionality to generate detailed nurse-to-patient compliance reports that help ensure adherence to regulatory requirements under SB 5236;
* Built-in acuity assessment that uses data from electronic medical records to determine a patient's level of acuity and unit-specific staffing needs, enabling consolidation between existing IT platforms is use (including WellSky EMR, SILAS, and ANSOS)
* Built-in functionality to support tracking of staff orientation, training, licenses, and certifications in the hospitals. Ensuring that all personnel meet necessary qualifications and adhere to regulatory standards.
* Enterprise Resource Management that provides an actionable and comprehensive view across multiple departments, helping management to better allocate resources and optimize staffing levels using a dashboard-like feature;
* Real-time cost tracking, explicitly focusing on the ability to monitor costs related to hospital staff, overtime, and travel nurses that enhances effective budget management and financial planning;
* Software adheres to compliance requirements set forth by the Centers for Medicare & Medicaid Services (CMS) and The Joint Commission (TJC).
* Software adheres to HIPAA compliance requirements.

**In addition to the above, HealthStream:*** The software accommodates DSHS data security and business associate requirements.
* Observes and software meets IT Security requirements.
* Provides near real-time responses to bugs and errors, along with quick adjustments to modification requests
* Capability to go live within six months of contract issuance, covering design, configuration, testing, linkages, and training
* Can migrate and translate existing data from legacy system. Historical data from ESH's existing staff scheduling software will be migrated and integrated into the new software. Since HealthStream is ESH's current software provider, data migration will not require translation. Additionally, the data from the previous seven years will be securely stored, accessible, and queryable at no cost to ESH while migrating to the new HealthStream technology.
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| 1. What kind of market research did the agency conduct to conclude that alternative sources were inappropriate or unavailable? Provide a narrative description of the agency’s due diligence in determining the basis for the sole source filing, including methods used by the agency to conduct a review of available sources such as researching trade publications, industry newsletters and the internet; contacting similar service providers; and reviewing statewide pricing trends and/or agreements. Include a list of businesses contacted (if you state that no other businesses were contacted, explain why not), date of contact, method of contact (telephone, mail, e-mail, other), and documentation demonstrating an explanation of why those businesses could not or would not, under any circumstances, fulfill the procurement; or an explanation of why the agency has determined that no businesses other than the prospective vendor can provide or perform the goods and/or services needed.

BHA considered the SILAS system, currently used by DSHS and CSTC as a solution to the need for a highly capable staff scheduling software. SILAS is a timekeeping system and was not initially configured to meet the requirements outlined under SB 5236 and would require extensive customization and expansion of its functionality to ensure compliance with CMS, JTC, and SB 5236 standards. BHA met with SILAS numerous times to discuss system requirements, timelines, and estimated costs; however, the vendor did not provide a cost analysis. However, preliminary discussions indicated that the price would exceed the initial fees associated with the SILAS system. Based on our extensive history with the SILAS team, the required system capabilities, associated system modifications, and training required, BHA estimated the cost for SILAS to develop customized modules to be $1,000,000.00. Additionally, SILAS estimated that it would take 10-14 months to implement a customized system at ESH, WSH, and CSTC, which would not meet the July 1, 2025, reporting deadline mandated by Senate Bill 5236. Due to these factors, BHA determined that SILAS could not meet the regulatory compliance requirements.In addition to researching the existing vendors and the vendors available via statewide contracts, BHA utilized Google to identify the following options which included:* NurseGrid Manager
* Workforce.com
* QGenda
* Shiftboard
* Inovalon
* Skedulo

None of the software platforms offered all the features and functionality required to meet regulatory compliance including agile shift to shift staffing changes and integration of acuity and census data. BHA reviewed EPIC Cadence but found that it would require EHR implementation, which we don’t have in place at this time. HealthStream provides the existing staff scheduling software at ESH making them uniquely familiar with WA State psychiatric hospitals. The upgraded software includes the capabilities and functionalities listed below ensuring that it includes the features required for the hospitals to remain compliant with CMS and TJC. In addition to the inclusive features, the software can be fully implemented within the time frame require to meet deadlines under Senate Bill 5236. Additionally, HealthStream is familiar with and amendable to WA State contracting requirements including; DES procurement policies, DSHS Data Security Requirements, DSHS Business Associate requirement, DSHS IT Security requirements. Without the functionality listed below, the hospitals could face annual fines of around $5 million, as well as investigations by the Department of Health and the Department of Labor and Industries. Such investigations could lead to the loss of CMS/TJC certification for ESH and CSTC, and prevent WSH from obtaining certification altogether. Given these considerations, BHA has determined that updating the existing HealthStream staff scheduling software is the most cost-effective and suitable solution for ESH, WSH, and CSTC.* Dynamic shift management system
* Compliance with healthcare regulatory standards, including CMS, TJC, and HIPAA
* Ability to aggregate complete ward census and acuity data, fulfilling the necessary functionalities to comply with SB 5236 requirements.
* Produce regulatory compliance reports, manage time-off requests remotely and in real-time
* Record and monitor unit-specific characteristics and enable schedulers to link appropriate staff with unit-specific requirements
* Built-in acuity assessment with EMR, SILAS, and ANSOS connectivity
* Comprehensive auditing and shift change tracking
* Enterprise level resource management featuring dashboard
* Real-time cost tracking for hospital staff including overtime and contract hospital staff
* Monitoring of staff orientation, training, licensure, and certification
* Adherence to Washington state's records retention and archiving guidelines
* Scalable with additional users and facilities
* Incorporation of single sign-on using Entra ID, with support for FTP and API connections
* Migrate and translate existing data from legacy system.
* Near real-time responses to bugs and errors, along with quick adjustments to modification requests
* Capability to go live within six months of contract issuance, covering design, configuration, testing, linkages, and training
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| 1. What considerations were given to unbundling the goods and/or services in this procurement, which would provide opportunities for Washington small, diverse, and/or veteran-owned businesses. Provide a summary of your agency’s unbundling analysis for this procurement.

It was determined that unbundling is not an option because this is a proprietary software which can’t be unbundled. |
| 1. *As part of the market research requirements, include a list of* ***statewide contracts*** *reviewed and/or businesses contacted, date of contact, method of contact (telephone, mail, e-mail, other), and documentation demonstrating an explanation of why those businesses could not or would not, under any circumstances, fulfill the procurement; or an explanation of why the agency has determined that no businesses other than the prospective vendor can perform or provide the goods and/or services needed.*

BHA considered DES Statewide Contract 16322, IT Development. The time required to develop and implement a new customized system would not meet SB 5236 deadlines. BHA considered and researched off the shelf systems under DES Statewide Contract 14922 via software value added reseller. Vendors contacted via and considered options include* IBM Decision Optimization
* IBM OpenPages Regulatory Compliance Module
* IBM Planning Analytics,
* Flexera

The off the shelf software available from these vendors did not include the required features and functionality to meet regulatory compliance which include agile shift to shift staffing changes and integration of acuity and census data.  |
| * Per the Supplier Diversity Policy, DES-090-06 and A.P. 13.27: Was this procurement included in the agency’s forecasted needs report?

No, as we just learned that the current software in use is at “end of life” and that an upgrade is required.  |
| * Describe what targeted industry outreach was completed to locate small and/or veteran-owned business to meet the agency’s need?

BHA reviewed small businesses available under DES Statewide Contracts 16322 and 14922 and was unable to locate a diverse vendor that could meet SB 5236 deadlines and system requirements. Small and veteran-owned businesses considered include:* IBM Decision Optimization
* IBM OpenPages Regulatory Compliance Module
* IBM Planning Analytics,
* Flexera

The off the shelf software available from these small and/or veteran owned vendors did not include the required features and functionality to meet regulatory compliance which include agile shift to shift staffing changes and integration of acuity and census data.  |
| * Provide a detailed and compelling description that includes qualification of the costs and risks mitigated by purchasing with this vendor (i.e., learning curve, follow-up natures).

Upgrading HealthStream's staff scheduling software that is currently in use at ESH and expanding HealthStream's staff scheduling software to CSTC and WSH is a strategic investment that will reduce financial risks from regulatory non-compliance and improve operational efficiencies across all three facilities. Without the updates and implementation of the staff scheduling software within six months of contract issuance, the hospitals face annual fines of around $5 million, as well as investigations by the Department of Health and the Department of Labor and Industries. Such investigations could lead to the loss of CMS/TJC certification for ESH and CSTC, and prevent WSH from obtaining certification altogether.Currently, CSTC and WSH do not have a staff scheduling system that complies with CMS/TJC regulations. Additionally, the ESH staff scheduling system is at end-of-life and requires updates to ensure regulatory compliance and continued software support. Without a proper staff scheduling system, the hospitals face risks such as inefficient staffing assignments, poor communication regarding staffing needs, and unsafe staffing levels. These issues pose significant risks, including poor quality of care, decreased satisfaction among employees and patients, potential adverse medical events, and the risk of losing CMS/TJC certification; which would result in the loss of federal funding.  |
| * Is the agency proposing this sole source filing because of special circumstances such as confidential investigations, copyright restrictions, etc.? If so, please describe.

[x]  **Not applicable.**      |
| * Is the agency proposing this sole source filing because of unavoidable, critical time delays or issues that prevented the agency from completing this acquisition using a competitive process? If so, please describe. For example, if time constraints are applicable, identify when the agency was on notice of the need for the goods and/or service, the entity that imposed the constraints, explain the authority of that entity to impose them, and provide the timelines which work must be accomplished.

[x]  **Not applicable.** |
| * What are the consequences of**not**having this sole source filing approved? Describe in detail the impact to the agency and to services it provides if this sole source filing is **not** approved.

Senate Bill 5236 mandated that hospital staffing plans be submitted to the Department of Health by January 1, 2025. The implementation of these approved plans, along with fines for non-compliance, will begin on July 1, 2025. If this sole source request is not approved, we will be unable to initiate implementation of this scheduling software that is uniquely designed for to comply with CMS and TJC standards, which means that BHA will fail to meet reporting requirements required under Senate Bill 5236 resulting in potential fines of up to $5 million annually and investigations by the Department of Health and/or Labor and Industries.Furthermore, BHA would miss an opportunity to streamline processes and enhance staff productivity across its three facilities. Inefficient staffing can lead to decreased organizational loyalty and job satisfaction. Research indicates that hospital staffing shortages are linked to high staff turnover rates, increased medication errors, more frequent staff absences, and a general decline in the quality of patient care (de Vires et al., 2023). |
| * Since competition was not used as the means for procurement, how did the agency conclude that the costs, fees, or rates negotiated are fair and reasonable? Please make a comparison with comparable procurements, use the results or a market survey, or employ other appropriate means calculated to make such a determination.

BHA explored upgrading SILAS, an existing timekeeping system and requested a quote for its customization. However, the vendor did not provide a cost analysis. Verbal discussions indicated that developing customized modules would cost $1,000.000.00, which would exceed the initial fees associated with the SILAS system. The **one-time** cost to upgrade the existing staff scheduling system at ESH and expand to CSTC and WSH is **$107,600.00.**  The cost for **ongoing services** of staff scheduling system at ESH, CSTC, and WSH is **$172,050 annually** and is subject to the Purchase Order process. The **total cost** to upgrade the existing staff scheduling system and for ongoing services as reference above at all three hospitals over a **5-year term is $967,850**, which is substantially less than the estimated cost to upgrade SILAS.HealthStream understands the hospital's integration needs and can expedite the process, while other vendors would need to gather requirements first. Given our experience with HealthStream, it’s more cost-effective to update the existing staff scheduling software at ESH and expand it to CSTC and WSH than to upgrade SILAS or develop a new system. |
| [ ]  If filing is considered late, obtain your Division Director and Fiscal Approvals.  **If the filing is “late” (where the purchase start date is less than 20 business days from date sent to CPU for review, approval, and submission to DES), you must also complete and attach the Late Filing Justification form.** |

[ ]  This purchase is exempt from Sole Source filing.

 The following exemption applies: \_\_\_\_\_\_\_\_\_\_\_\_\_

 This purchase does not need to be filed as a sole source.

 Completed by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_