

# Sole Source CONTRACT Filing Justification Template

Use the following justification template for preparing to file sole source contracts in the [Sole Source Contracts Database](#) (SSCD). Once completed, copy and paste the answers into the corresponding SSCD question and answer fields. You will also need to include a copy of this completed form in the documents you post to your agency website and in [WEBS](#).

## What is a sole source contract?

*"Sole source" means a contractor 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 39.26.010)*

*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 contract. Time constraints may be considered as a contributing factor in a sole source justification however will not be on its own a sufficient justification.*

## Why is a sole source justification required?

*The State of Washington, by policy and law, 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 contract 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 contract truly outweigh forgoing the benefits of a competitive contract.*

***Providing compelling answers to the following questions will facilitate the evaluation.***

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## Specific Problem or Need

1. What is the business need or problem that requires this contract?

The primary business need is to ensure the continuation of Clinical Data Repository (CDR) services and improve the utility and availability of its information.

In 2015, the Health Care Authority (HCA) contracted with OneHealthPort to expand the services offered as part of the legislatively mandated Health Information Exchange (HIE) to include the CDR. The CDR is an area to securely store, aggregate, and share client-centered health information from multiple health care organizations. As part of

Washington Link4Health, the CDR began collecting electronic health information from Apple Health (Medicaid) enrollees and anticipates expansion of the patient population to non-Medicaid enrollees. It was implemented to support clinical care coordination, improve population health, facilitate clinical policy research and analytics, support healthcare transformation, and develop health policy.

The CDR contract stems from the HIE which was competitively procured in October 2009 by the Department of Social and Health Services (DSHS). In 2011, this HIE contract was transferred to HCA and operated under the HIE Participation Agreement (K865). The CDR was introduced as an extension of this work in 2015 through a work order issued under the HIE agreement (the CDR Sponsor Services Election Form; K865-0-3). In 2020, the HIE CDR Sponsor Services Election Form was terminated and replaced by a restated work order (CDR Sponsor Services; K865-0-4) and its subsequent modifications. This sole source contract will replace the existing CDR Sponsor Services work order.

## Sole Source Criteria

2. Describe the unique features, qualifications, abilities or expertise of the contractor proposed for this sole source contract.

HCA is required per [RCW 41.05.039](#) to designate one or more lead organizations for the exchange of clinical information. RCW 41.05.039 defines the goals and requirements for the lead organization pertaining to setting specific standards for the exchange of information and interaction with government and healthcare stakeholders.

OneHealthPort has served as the lead organization for the HIE since this requirement was operationalized. As part of the implementation of its requirements as the lead organization, OneHealthPort created a secure hub for the HIE which ensured that smaller providers and those with less funds to invest in health information technology could benefit from similar types of data exchange available to larger providers. This first step allowed for synchronous exchange, where both the sender and receiver were connected to the HIE and available for transactions to process.

To support this HIE hub, OneHealthPort developed a reciprocal business associate policy as part of their data management responsibilities that enshrines their ability to collect and share information with a significant cross-section of healthcare providers across Washington. Over 600 providers have agreed to identical legal requirements for sharing and using data over the OneHealthPort HIE. Recreating this legal framework outside of the existing OneHealthPort HIE framework would be an extremely large undertaking.

To further expand information sharing capacity in Washington, the CDR was created to serve as a storage area that supports the collection and collation of clinical data for longitudinal client profiles and asynchronous exchange as a part of the HIE. This data management service allows information to be available when needed by a receiving provider, without requiring additional action from the sending provider. This process was supported by the reciprocal business associate policy that had been developed for the

HIE hub services, and over 100 providers have subsequently been approved for submitting or receiving information to the CDR using this existing framework. The indispensable value provided by OneHealthPort's CDR is its uninterrupted, continued, and secure data sharing functionalities.

There is no other comparable service to the CDR in Washington State that collects, stores, and makes available true clinical information, in standardized form, from electronic health record systems.

3. 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 contract, 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, perform the contract; or an explanation of why the agency has determined that no businesses other than the prospective contractor can perform the contract.

In 2014, prior to the original CDR contract, HCA reviewed other alternatives for implementing a product which collected and aggregated clinical information based on identified health information standards. At the time, alternative stand-alone services for the CDR were considered prohibitively expensive. As the lead organization for health information standards, OneHealthPort was tasked with identifying alternative software platforms which would perform the services desired and which would integrate with existing HIE technologies at a price point which the agency could implement. The agency recognizes the technology and cost improvements since the launch of the CDR, along with the introduction of additional competition in the market.

The agency has maintained the same cost structure with OneHealthPort since the CDR was initially negotiated in 2015 as OneHealthPort has not increased its prices and over time has absorbed some costs further benefiting the state and its partners.

OneHealthPort is in a unique position as the legislatively mandated lead organization of the HIE, and this results in efficiencies for the CDR. OneHealthPort has continued to absorb the cost of data normalization rather than bill for it, absorbed the cost of utilizing the single sign on to protect access to the CDR, absorbed some of the costs of keeping lives that have transitioned out of Apple Health in the CDR, and provides free access to the CDR for those organization that only utilize the CDR (including clinicians treating incarcerated patients).

4. What considerations were given to providing opportunities in this contract for small business, including but not limited to unbundling the goods and/or services acquired.

This contract decouples the CDR from the HIE, the agency seeks to provide transparency over the CDR requirements and further define the lead organization and

data vendor services. Small and diverse businesses are expected to have more clarity around the agency's needs.

This opportunity does provide an opportunity for small businesses. While OneHealthPort has under 25 employees, they have not pursued certification to meet the definition of small business per [RCW 39.26.010](#).

5. Provide a detailed and compelling description that includes quantification of the costs and risks mitigated by contracting with this contractor (i.e. learning curve, follow-up nature).

OneHealthPort is the designated lead organization for developing standards and requirements for the sharing of health information within Washington State per RCW 41.05.039. OneHealthPort has uniquely created an endpoint-agnostic service that allows for a common framework of sharing health information between participants. This is accomplished through a reciprocal Business Associate Policy that is accepted by all participants, and over 100 health care sites have agreed to utilize this policy as the overarching legal construct to allow sharing information to the CDR. Using a vendor other than OneHealthPort could jeopardize the utility of this framework for the CDR. A new vendor would not have the breadth of experience and expertise with the CDR, requiring a learning curve and increasing risks.

While the HIE hub service does cost money for all participants, it has been created without transaction fees. The "all-you-can-eat" model creates incentive for additional services to be connected to the same hub service, which has allowed for expansion of HIE-based services for additional state agencies such as the Department of Health and the Department of Labor and Industries. As both the vendor for the hub services and the CDR, OneHealthPort serves as a common, known entity with a myriad of health care providers for implementing, configuring, and trouble-shooting health care transactions. Using a separate contractor for the CDR could increase complexity and confusion for health care providers.

Lastly, as a service that has been collecting data for more than five years, this would require the data within the CDR to be migrated if a new vendor were procured. This will increase costs to establish a new vendor and accommodate their onboarding. The existing partnership with OneHealthPort has been evidenced by continued successful project implementations, reduced learning curve, and allowing the state to meet its objectives. There are no identified downsides to contracting with OneHealthPort for these services.

6. Is the agency proposing this sole source contract because of special circumstances such as confidential investigations, copyright restrictions, etc.? If so, please describe.

No. The primary reason the agency is proposing this sole source contract is to support business continuity of the CDR, while providing greater transparency and anticipating future growth. Historically, the CDR has been managed as a component of the HIE contract and under its authority. The agency recognizes the value in decoupling the HIE and CDR, and chosen to extend this work by isolating the CDR services.

7. Is the agency proposing this sole source contract 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 within which work must be accomplished.

Partially. Time is a material consideration, but it is not the major push for seeking this sole source. This sole source contract maintains the continuity of CDR operations and improves the utility of actionability of the data contained within the CDR service. A disruption or break in service to the CDR Program jeopardizes its value as a longitudinal data repository. Further, the OneHealthPort has provided additional value as described in question 3.

8. Is the agency proposing this sole source contract because of a geographic limitation? If the proposed contractor is the only source available in the geographical area, state the basis for this conclusion and the rationale for limiting the size of the geographical area selected.

No. The agency is not proposing this sole source contract due to a geographic limitation. However, OneHealthPort is a Washington State business and is familiar with Washington State-specific data security and privacy laws pertaining to the sharing and protection of health care data.

9. 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.

If this contract extension is not approved, HCA would be required to perform a full re-procurement process which could take more than a year to complete and would require significant levels of effort and cost to the agency. The advance planning document would need to be updated and re-approved by the Centers for Medicare and Medicaid, in addition to updating funding and their approvals. In the interim, the CDR would need to be shut down and could not continue collecting information. Not only does this create the problem of a gap in the data, more significantly it impacts longitudinal nature of information collected and aggregated across clients with the CDR. Due to the complexity of receiving clinical data from providers, this gap would never be “backfilled” by providers, as clinical information is generally submitted based on automated triggers instead of discrete data extracts. This degrades the value of the CDR as a longitudinal data repository.

## Sole Source Posting

10. Provide the date in which the sole source posting, the draft contract, and a copy of the Sole Source Contract Justification Template were published in WEBS.

- If exempt from posting in WEBS, please provide which exemption.
- If failed to post, please explain why.

11. Were responses received to the sole source posting in WEBS?

- If one or more responses are received, list name of entities responding and explain how the agency concluded the contract is appropriate for sole source award.

### Reasonableness of Cost

12. 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 contracts, use the results of a market survey, or employ some other appropriate means calculated to make such a determination.

Direct comparisons for this service are difficult to make, as there is no other comparable service in Washington State that collects, stores, and makes available true clinical information, in standardized form, from electronic health record systems. The closest comparison to a state-owned statewide database of health information would be the Washington All Payer Claims Database, which is currently funded at \$2.2 million per year by the Washington Legislature. Individual components of this service could be compared to other existing services. For example, transaction pipelines can cost around \$1 per transaction, which would quickly grow beyond our existing spend on this service if significant volume discounts were not negotiated. The combination of transaction validation and verification, data pipeline, data storage, user authentication and management, and user portal is unique for this volume and breadth of service.

HCA believes the cost for these services is fair for the level of expertise and experience provided, and for the value it will bring to the agency and its clients by laying the groundwork for future projects. With respect to the cost mitigations described in HCA's response to question 5 and the costs absorbed by OneHealthPort described in HCA's response to question 3, it is very likely that selecting a different vendor would require significant additional time and effort, resulting in dramatically higher costs than what has already been budgeted for the current biennium. OneHealthPort has not changed the existing price structure of the HIE since its creation in 2010, nor the CDR price per life structure since it began in 2015.