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| Text  Description automatically generatedCENTRAL PURCHASING UNIT (CPU)**Sole Source Filing Justification** | PURCHASING COORDINATOR:**Carmen Mendez** |
| PR NUMBER**PR2503614** | TODAY’S DATE**2/10/2025** |
| SELECT SERVICE/PRODUCT DESCRIPTION / SUB-OBJECT CODE**EY**  |
| **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 ESH’s existing staff scheduling Software and expand to both WSH and CSTC. Solution is a web-based software as a service (SaaS) Solution .****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**3/10/2025** | 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?

Eastern State Hospital's (ESH) existing staff scheduling software, which has been in use since 1998, is at the end of its life, and an upgrade is required.  ESH must continue to maintain this staff scheduling software to comply with CSM and TJC requirements.  It was also determined that this software needs to be expanded to both the Child Study and Treatment Center (CSTC) and Western State Hospital (WSH) to comply with Centers for Medicare and Medicaid Services (CMS)and The Joint Commission (TJC) requirements. Our existing software cannot support these requirements, while HealthStream's solution is specifically designed to facilitate adherence to Washington hospital staffing laws established by Senate Bill 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.  The HealthStream staff scheduling software is not only CMS and TJC compliant but will also be used by the Hospitals to comply with the requirements under Senate Bill 5236. HealthStream's scheduling software provides a scalable, single-platform solution that significantly simplifies staffing processes. This enhancement in scheduling efficiency will also lower administrative overhead, allowing staff to concentrate more on patient care instead of dealing with complex scheduling challenges. Expanding HealthStream's software represents a cost-effective investment that will alleviate the financial burden associated with regulatory non-compliance while simultaneously enhancing our operational capabilities at ESH, CSTC, and WSH.It is imperative that BHA upgrade ESH's existing staff scheduling software and expand it to WSH and CSTC. This upgrade 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. |
| 1. Describe the unique features, qualifications, abilities or expertise of the vendor proposed for this sole source filing.

HealthStream’s staff scheduling software system enables the Hospitals to adequately staff wards and generate advanced nurse-to-patient compliance reports as required by SB 5236. This system also offers several other unique features that enhance staff scheduling and management, including:* Dynamic Shift Management that accommodates irregular shift types, allowing for greater flexibility in scheduling and ensuring that all staffing needs can be met effectively;
* Enterprise Resource Management that provides an actionable and comprehensive view across multiple departments, helping management to better allocate resources and optimize staffing levels;
* Real-Time Cost Tracking allows for monitoring of real-time costs associated with hospital staff, overtime, and travel nurses, which aids in budget management and financial planning;
* Advanced Compliance Reporting to generate detailed nurse-to-patient compliance reports that help ensure adherence to regulatory requirements under SB 5236; and
* License and Certification Tracking allows the Hospitals to keep track of staff licenses and certifications, ensuring that all personnel meet necessary qualifications and comply with regulatory standards.
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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 as an alternative. The SILAS system, currently used by DSHS and CSTC, is a timekeeping system and was not initially configured to meet the requirements outlined under SB 5236. Additionally, extensive customization would be necessary 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. 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. Due to these factors, BHA determined that SILAS could not meet the system requirements or the reporting deadline of July 1, 2025, as mandated by SB5236.HealthStream’s scheduling software is an enhanced staff scheduling software that is compliant with CMS and TJC standards and is currently in use at ESH.  The scheduling software not only meets CMS and TJC requirements but also provides automation features such as shift-to-shift adjustment capabilities and the ability to aggregate complete ward census and acuity data.  These necessary functionalities are in line with SB 5236 requirements. Additional functionalities include complete staffing data, ward census, patient acuity, total staffing requirements, target staffing data, and staff sick-call functionalities. HealthStream estimates that the implementation of an upgrade at ESH, WSH, and CSTC will take 4-6 months, ensuring compliance with the legislative reporting deadline of July 1, 2025.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. HealthStream is already familiar with our needs and can implement the update within the required timeframe to meet the deadlines under SB 5236 if this Sole Source is approved.  |
| 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 the July 1, 2025 deadline. BHA considered off the shelf systems under DES Statewide Contract 14922 via software value added resellers. DSHS was unable to locate an off the shelf product that has all the required features compliant with CMS and TJC. Considered options include IBM Decision Optimization, IBM OpenPages Regulatory Compliance Module and IBM Planning Analytics, as well as Flexera. While many of the features each software includes recognized value, none include required features and meet regulatory compliance which include agile shift to shift staffing changes and integration of acuity and census data. BHA utilized Google to identify the following options which included NurseGrid Manager, Workforce.com, QGenda, Shiftboard, Inovalon, and Skedulo. However, these platforms lacked the required features. We reviewed EPIC Cadence but found that it would require EHR implementation, which we don’t have in place at this time.  |
| 1. 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.  |
| 1. 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 the July 1, 2025, deadline and system requirements. Small and veteran-owned businesses considered include IBM Decision Optimization, IBM OpenPages Regulatory Compliance Module, IBM Planning Analytics, and Flexera. While many of the features of each software offered recognized value, none included the required features or could meet regulatory compliance, such as agile shift-to-shift staffing changes and integration of acuity and census data.  |
| 1. 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).

Currently, CSTC and WSH do not have a staff scheduling system that complies with CMS/TJC regulations. Additionally, the ESH staff scheduling system requires updates to ensure regulatory compliance. 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. Without these updates, 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. |
| 1. 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.**      |
| 1. 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.** |
| 1. 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.

SB 5236 mandates 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, which means that BHA will fail to meet the SB 5236 reporting requirements by the July 2025 deadline. This could result in potential fines of up to $5 million annually and may lead to 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). |
| 1. 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 total cost of the existing staff scheduling system for ESH, CSTC, and WSH **over a 5-year term** is $967,850, which is substantially less than the estimated cost to upgrade SILAS. The 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 the existing staff scheduling system at ESH, CSTC, and WSH is $172,050 **annually** and is subject to the Purchase Order process. Based on our extensive history with the SILAS team, required capabilities, and associated modifications and training, it is more cost-efficient to update the existing staff scheduling software and expand it to both CSTC and WSH than to upgrade SILAS or purchase or develop a new system in its entirety.  |
| [ ]  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: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_