



August 1, 2005

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Mr. Marvin O'Quinn, President & CEO
Public Health Trust/Jackson Health System
West Wing Room 117
1611 NW 12th Avenue
Miami, FL 33136-1005

Re: PHT Request for Proposal (RFP) 04-5145

Dear Mr. O'Quinn:

On Thursday, July 21st, I brought to your attention information that raises serious concerns about the integrity of the procurement process surrounding the selection of Siemens Medical Solutions as the potential awardee for the Resource/Materials Integrated System Contract and contract negotiations currently underway between the Public Health Trust (PHT) and Siemens Medical Solutions USA, Inc. (Siemens).

These are some of my concerns:

- Your Chief Financial Officer (CFO), Frank Barrett, has a prior relationship with Siemens. Nevertheless, he was a member of the selection committee that selected Siemens, albeit he participated in the selection process as a non-voting member. Further, negotiations of contract terms are under his direct authority and he is participating in negotiations as one of the principal negotiators on behalf of the PHT.
- Mr. Barrett made travel arrangements to Tucson, Arizona, to attend the Siemens Medical Solutions' 21st Annual Healthcare Leadership Forum, which was held at the JW Marriott Starr Pass Resort and Spa from May 1-4, 2005. He made these arrangements before the selection committee selected Siemens and at a time the "cone of silence" was still in effect.
- Although Mr. Barrett did not arrive at the Siemens conference until after the selection of Siemens and the lifting of the cone, it was public knowledge that the contract award to Siemens was the subject of a bid protest. The bid protest was filed on April 25, 2005, and a hearing was scheduled for May 13, 2005. In short, Mr. Barrett attended the conference during the period of the bid protest.
- Registration for the conference was restricted to invited attendees. The base conference plan, which included participation in the forum itself and the various breakout sessions, planned lunches, dinners and evening events, was complimentary for invited attendees. Additional activities, such as the Siemens-hosted golf tournament, required attendees to pay an additional fee. Our inquiry disclosed that although Mr. Barrett paid for his own travel and hotel accommodations, Mr. Barrett used Siemens' officials to arrange for his room at the conference hotel and he received the conference rate. He also played in the golf tournament but did not pay the additional fee.

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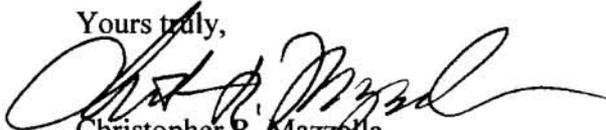
- During his attendance at the conference, Mr. Barrett, by his own admission, played golf with Siemens officials at the Siemens-hosted golf tournament and discussed important contract-related matters with one of Siemens' principal negotiators, Mr. Randy Wolters, Vice-President for the Florida region. Specifically, they discussed the contract format, the individuals who would be involved in the negotiations, the timeframe of the negotiations, the timeframe for having a signed contract in effect, and the overall procurement process. These discussions were not noticed in advance, thus precluding any transparency. Further, by pursuing discussions with Siemens officials, Mr. Barrett put himself in a position of being lobbied by unregistered agents of Siemens at a time the contract had not been awarded and during the period of the bid protest.

In conclusion, it is my belief that both Mr. Barrett and Siemens officials used extremely poor judgment--Mr. Barrett in attending the conference and Siemens in facilitating his attendance. The fact that Mr. Barrett did not pay for the golf outings and availed himself of the conference hotel rate, which was significantly reduced, is troublesome. Equally troubling is the fact that Mr. Barrett took annual leave to attend the conference, thus projecting an unofficial appearance while using his official position to discuss important contractual business with Siemens. This action raises adverse inferences as to his real purpose in attending the conference. Both parties should certainly not have been discussing important contractual issues during the pendency of a bid protest and/or without appropriate notification. As the PHT's CFO, Mr. Barrett is responsible for overseeing negotiations and implementation of the financial systems contract. As such, he is accountable for ensuring that this procurement is beyond reproach.

Finally, I must stress that this contract could potentially cost the taxpayers of Miami-Dade County up to \$60 million dollars. Yet, I am very much concerned that the adverse perceptions created by the actions of the parties are substantial. Given the circumstances, it would be difficult to cure the perception that the Siemens procurement process is not fair. Therefore, I strongly recommend that you re-bid it, even though it may cause disruption towards the implementation of the hospital's financial system.

As always, we continue to look forward to working closely with you on matters of mutual interest.

Yours truly,



Christopher R. Mazzella
Inspector General

cc: The Honorable Commissioner Rebeca Sosa, Chair of Community Outreach,
Safety & Healthcare Administration
Mr. Larry Handfield, Chair, Public Health Trust Board
Mr. George M. Burgess, County Manager, Miami-Dade County