VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Medicine Harborview Contract

INFORMATION ITEM WITH POSSIBLE ACTION

This item is being presented for information and possible action.

POSSIBLE ACTION

Delegate authority to the President and Chief Executive Officer of UW Medicine, Executive Vice-President for Medical Affairs and Dean, School of Medicine, University of Washington to execute the proposed Hospital Management Agreement for Harborview Medical Center with King County under the following conditions:

1. Consultation and final confirmation by the Chair of the Finance and Asset Management Committee, and the Board of Regents representatives to the UW Medicine Board, that all outstanding issues have been sufficiently addressed and appropriate procedures to update UW Medicine Board bylaws are in place;
2. Final adoption of the Hospital Management Agreement by the King County Council on or before December 31, 2015.

If the conditions are not met, UW Medicine must bring the Hospital Management Agreement back to the full Board for review in 2016 prior to any action.

BACKGROUND

All current management and clinical activities for the hospital and clinics under the license of HMC are provided by UW Medicine personnel and University employees, and governance is provided by the HMC Board, which by statute is appointed by the King County Council. HMC is operated as an entity of UW Medicine.

The Hospital Services Agreement is a successor contract to the existing Management and Operations Contract between the HMC Board of Trustees and the University (1995 Operations Contract). Contracts for the University to operate and manage Harborview Medical Center have been in place since 1970. The proposed Agreement would have an effective date of January 1, 2016 for a period of 10 years and an option to extend for two additional 10 year terms.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Medicine Harborview Contract (continued p. 2)

CURRENT NEGOTIATING ACTIVITIES

King County and UW Medicine have been engaged in active negotiations on the new Agreement since March, 2015. The parties have agreed to most terms in a proposed Agreement, however, key issues remain. The principals have been meeting periodically since March to discuss key terms, and approximately once per week since August. Concurrently, the staff and counsel to the County and the University have continued to work to complete less substantive terms.

The UW Medicine negotiating team consists of Johnese Spisso, Chief Health System Officer, UW Medicine and Vice President for Medical Affairs, UW; Lori Mitchell, Chief Financial Officer, UW Medicine and Vice President for Medical Affairs, UW; Ruth Mahan, Chief Business Officer, UW Medicine and Vice President of Medical Affairs, UW; Paul Hayes, Executive Director, HMC; Elise Chayet, Associate Administrator, Clinical Support Services and Planning, HMC; Margaret Peyton, Associate Director for Business and Legal Affairs, UW Medicine; and Kate Battuello and Jane Yung, Assistant Attorneys General, UW Division.

For the County the negotiating team consists of Sung Yang, Chief of Staff to Dow Constantine, King County; Patrick Hamacher, Senior Principal Legislative Analyst, King County; Rachelle Celebrezze, Senior Legislative Analyst, King County; Clayton Lewis, Chair, HMC Board of Trustees; John Gerberding, Senior Deputy Prosecuting Attorney, King County; Kendall Moore, Senior Deputy Legal Counsel, King County; and

SUMMARY OF PROPOSED TERMS

The proposed Hospital Services Agreement includes descriptions of ongoing University activities necessary to the operation of an academic medical center hospital that were not specifically delineated under the 1995 Management and Operations Contract and provides more detail to the terms that exist under the 1995 Management Contract:

- The University, through UW Medicine, continues to staff, manage and operate HMC, and to develop clinical programs and Centers of Excellence that meet Joint Commission and healthcare regulatory requirements, subject to the approval of the HMC Board of Trustees.
- The University retains authority over all personnel and employment matters involving University employees who work at HMC.
VII. STANDING COMMITTEES

B. Finance and Asset Management Committee

UW Medicine Harborview Contract (continued p. 3)

• The University continues to be responsible for management of the facilities, and to develop the six-year Capital Improvement Plan (CIP) for review and approval by the HMC Board and King County.
• The University will continue its teaching and research activities at HMC.
• The University remains responsible for professional liability, general and employment liability coverage for operations at HMC.
• The HMC Mission Statement continues to reflect the commitment of all parties to the King County Mission Population and Centers of Excellence based at HMC that will help maintain the financial viability of HMC.

Certain terms represent a more material clarification of roles or responsibilities from the 1995 Management Contract:

• King County, the HMC Board of Trustees and UW Medicine have agreed to formalize the long-standing collaboration between King County and HMC to serve Mission Population patients.
• A joint UW, King County and HMC Board committee will provide advice to the Board on development of the Capital Improvement Plan relating to all HMC facilities rather than only those subject to voter-approved bond financing.
• In order to continue to plan efficient and cost-effective health care services for Mission Population patients served in King County clinics, HMC and King County will work together to develop short and long term plans for meeting these needs.
• The parties agree to assess where current law permits financial or accounting system efficiencies, and to align HMC accounting and financial operations to UW Medicine systems whenever appropriate.
• Formalize the participation of the president and vice-president of the HMC Board of Trustees as full voting members of the UW Medicine Board.

There are two material issues outstanding that are currently under legal review.