



BOARD OF SUPERVISORS AGENDA ITEM REPORT **CONTRACTS / AWARDS / GRANTS**

Requested Board Meeting Date: April 19, 2016

or Procurement Director Award ☐

Contractor/Vendor Name (DBA): Banner-University Medical Center South Campus

Project Title/Description:

Fourth Amendment to the Agreement among Pima County, the Arizona Board of Regents and Banner Health

Purpose:

To provide continued operations and funding of a hospital on Banner-University Medical Center South Campus and the University of Arizona College of Medicine Graduate Medical Education Program

Procurement Method:

Program Goals/Predicted Outcomes:

Since the opening of Kino Community Hospital in 1977, Pima County has provided comprehensive healthcare at this facility for residents of Pima County. In 2004 the County entered into a partnership with University Physicians, Inc., which has transitioned to the current agreement with Banner -University Medical Center. These partnerships are developed to provide a vehicle for ensuring the professional operation of the hospital as part of Pima County's commitment to providing quality healthcare and strengthening the development of the health industry workforce in our community.

Public Benefit:

Since the transition of operations occurred, the hospital has become a modern full-service facility and has seen a 135% increase in adjusted patient days, a 225% increase in provider clinic visits, 61% more emergency department visits and a 348% increase in surgical procedures performed. The Graduate Medical Education program has also expanded dramatically from 17 residents in FY 2009 to 110 residents. By partnering with what is now Banner-University Medical Center the County has significantly decreased the cost of operations of the hospital to local tax payers and has increased productivity.

Metrics Available to Measure Performance:

The County regularly reviews a variety of performance measures including, but not limited to, monthly financial statements, contracts, operating and capital budgets, audits, number and percent of admissions, status of activities related to behavioral health, training programs and leadership and organizational trends and operations.

Retroactive:

No.

To: COB. 3.30.16 (4)
Pgs. - 5

Procure Dept 03/29/16 PM04:23

Original Information

Document Type: _____ Department Code: _____ Contract Number (i.e.,15-123): _____
Effective Date: _____ Termination Date: _____ Prior Contract Number (Synergen/CMS): _____
☐ Expense Amount: \$ _____ ☐ Revenue Amount: \$ _____
Funding Source(s): _____

Cost to Pima County General Fund: _____

Contract is fully or partially funded with Federal Funds? ☐ Yes ☐ No ☐ Not Applicable to Grant Awards
Were insurance or indemnity clauses modified? ☐ Yes ☐ No ☐ Not Applicable to Grant Awards
Vendor is using a Social Security Number? ☐ Yes ☐ No ☐ Not Applicable to Grant Awards

If Yes, attach the required form per Administrative Procedure 22-73.

Amendment Information

Document Type: CT Department Code: OMS Contract Number (i.e.,15-123): 14-434
Amendment No.: Four AMS Version No.: 07
Effective Date: July 1, 2016 New Termination Date: June 30, 2017
☒ Expense ☐ Revenue ☒ Increase ☐ Decrease Amount This Amendment: \$ 15,000,000
Funding Source(s): General Fund - Behavioral Health Department

Cost to Pima County General Fund: \$15,000,000

Contact: Donald Gates

Department: Health

Telephone: 724-7843

Department Director Signature/Date: _____

Deputy County Administrator Signature/Date: _____

County Administrator Signature/Date: _____
(Required for Board Agenda/Addendum Items)

[Handwritten signatures and dates]
for D.W. 3/29/2016
3/29/2016
C. R. [Signature] 3/29/16

Fourth Amendment to the Agreement Among Pima County, The Arizona Board of Regents, and Banner Health Relating to the Operation and Funding of a Hospital on Banner-University Medical Center South Campus and The University of Arizona College of Medicine Graduate Medical Education Program

This fourth amendment ("Amendment"), is entered into by and among Pima County, a body politic and corporate of the State of Arizona ("County"); the Arizona Board of Regents ("ABOR"); and Banner Health on behalf of Banner University Medical Center Tucson Campus, LLC and Banner University Medical Center South Campus, LLC ("Banner") collectively referred to as the Parties.

Recitals

- A. The parties previously entered into an Agreement dated June 15, 2010 with respect to funding the University of Arizona College of Medicine ("UACOM") public health and education mission, including support of the UACOM's two-hospital education and clinical system.
- B. On July 1, 2012 the Parties amended the Agreement to reflect the reorganization and renaming of the integrated system and to extend the County's funding commitment through July 31, 2014.
- C. On August 1, 2014 the Parties again amended the Agreement to refine and restate the goals of the Agreement, provide additional funding to further the progress made toward the achievement of those goals, shorten the termination notice period, and address capital improvement funding and disposition.
- D. On February 28, 2015 Banner Health and the University of Arizona Health Network, Inc. merged resulting in Banner Health being the sole corporate member of Banner University Medical Center Tucson Campus, LLC and Banner University Medical Center South Campus, LLC.
- E. The Parties wish to extend the term of the Agreement and continue funding of the Agreement through fiscal year 2017.

Accordingly, in exchange for ABOR's and Banner's commitments and their compliance with all the terms and conditions of the Agreement, the Parties agree as follows:

- 1. Attachment A-2 Operational Objectives is replaced with Attachment A-3 Operational Objectives.
- 2. The second sentence of Attachment B-3 Funding and Reporting Paragraph 1 is modified to read as follows: For activities and reporting occurring July 1, 2016 through June 30, 2017, the County will within ten business days of submission of proof to and approval by County of each of the set of reports or deliverables, pay to ABOR a sum not to exceed Fifteen Million Dollars (\$15,000,000) in monthly installments of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000).

The Parties have executed this Agreement as of the dates indicated below:

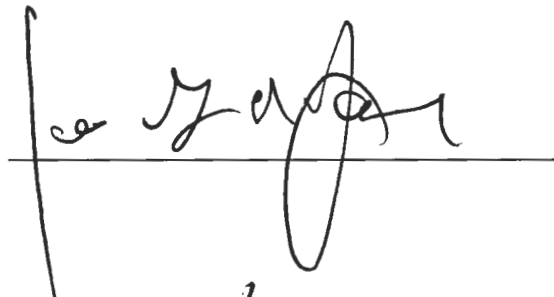
PIMA COUNTY:

ARIZONA BOARD OF REGENTS:

Sharon Bronson

Chair of the Board of Supervisors

Date: _____

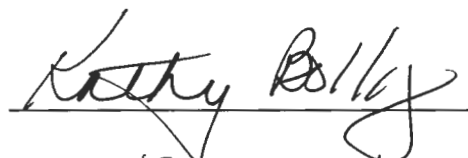


Date: 3/15/16

ATTEST:

Clerk of the Board of Supervisors

BANNER HEALTH:



Its: 3.21.16

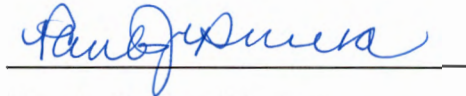
APPROVALS AS TO FORM:

The foregoing Agreement among Pima County, the Arizona Board of Regents and Banner Health has been reviewed and pursuant to A.R.S. §11-952 by the undersigned, each of

whom has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the party represented by such attorney.

PIMA COUNTY:

ARIZONA BOARD OF REGENTS:



Deputy County Attorney



Attorney for Arizona Board of Regents

ATTACHMENT A-3

Operational Objectives

The Parties jointly determined a set of four guiding principles for the successful development and operation of the Banner University Medical Center - South Campus (BUMC-SC) that further the Parties' mutual objectives. Those guiding principles together with the specific goals and objectives intended to service those principles during the time period beginning July 1, 2016 through June 30, 2017 are set forth below.

1. *Efficient and Effective Service Delivery and Training of the Healthcare and Allied Healthcare Workforce.*

- a. *Development of a trained, skilled workforce in health care and allied fields*
 - i. Ensure and maintain a robust training experience for all University of Arizona Colleges of Medicine, Nursing and Pharmacy training programs at BUMC-SC.
 - ii. Expand and enhance training programs that focus on a care delivery model that will improve outcomes by collaborating with healthcare professionals.
 - iii. Explore possibilities of training rotations, consistent with CMS resident funding, to locations throughout Pima County
 - iv. Explore opportunities to retain University of Arizona College of Medicine resident physicians in Pima County.
- b. *Cost-effective and quality service delivery*
 - i. Develop care and payment models that improve patient outcomes.
 - ii. Ensure continued availability of quality healthcare for southern Arizona through continuous evaluation and assessment of existing and future service needs.

2. *Public Health and Community Wellness.*

- a. *Integration of Medical and Community Behavioral Health Systems.*
 - i. Enhance and expand integration and cooperation with community behavioral health service providers by collaborating with the local Regional Behavioral Health Authority.
 - ii. Explore opportunities to enhance behavioral health service delivery through cost-effective and innovative treatment models.
 - iii. Develop BUMC-SC into a Behavioral Health Center of Excellence as recognized by the Arizona Board of Regents. This will be developed in partnership with Pima County, UAHN and The University of Arizona Department of Psychiatry.

- iv. Continue to assist Pima County in fulfilling its involuntary commitment obligations under Title 36 of the Arizona Revised Statutes by serving as the community practice hub for involuntary commitments and through the design and implementation of evaluation and treatment models that respect and individual's right to timely treatment in the least restrictive setting and provide that individual with the opportunity to participate in their evaluation and treatment on a voluntary basis.
- v. Uses its best efforts to make progress in diversion of individuals from involuntary treatment and in development of an outpatient involuntary evaluation program.

b. *Enhancement of Physician and Clinical Services*

Explore opportunities to develop and enhance key programs that positively impact the health and well-being of populations in Pima County through coordinated collaborative community needs assessment, planning and action.

c. *Integration and Cooperation with First Responders*

Continue active cooperation and integration with the community's first responders and emergency response capabilities through active participation in activities, events and exercises.

3. *Accountability and Transparency.*

Ensure regular and systematic reporting of financial and statistical data for BUMC-SC by convening at least monthly financial and operational oversight meetings in conjunction with Pima County and other stakeholders.

4. *Financial Viability and Sustainability.*

a. *Operational Performance*

Continue to improve operational performance through consistent and regular monitoring of key indicators including, but not limited to, average daily census, average length of stay, payor mix, and visits to specific services or specialties.

b. *Financial Reviews*

Ensure improved financial operations through consistent and regular review of financial indicators including, but not limited to, annual revenue and expense goals, gross patient charges, net service revenue, contract or other operating income, operating expense, payer mix and methodology and protocol for allocating federal and state matching dollars for local services.