



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

☐ Award ☒ Contract ☐ Grant

Requested Board Meeting Date: May 21, 2019

* = Mandatory, information must be provided

or Procurement Director Award ☐

***Contractor/Vendor Name/Grantor (DBA):**

The Arizona Board of Regents and Banner Health DBA The University of Arizona

***Project Title/Description:**

Sixth Amendment Intergovernmental Agreement among Pima County, The Arizona Board of Regents and Banner Health, relating to the operation of South Campus.

***Purpose:**

To provide continued supplemental funding support for the operation of the hospital at Banner University South Campus and its University of Arizona College of Medicine Graduate Medical Education Program.

***Procurement Method:**

Intergovernmental Agreement (IGA) is a non-Procurement contract and not subject to Procurement rules.

***Program Goals/Predicted Outcomes:**

Since the opening of the Kino Community Hospital in 1977, Pima County has provided comprehensive healthcare at the South Campus for the residents of Pima County. In 2004, Pima County entered into partnerships with University Physicians, Inc. and subsequently University of Arizona Health Network, and eventually Banner Health. This agreement provides a mechanism to ensure the professional operation of a well-functioning hospital to serve a high-need population.

***Public Benefit:**

Pima County's participation in the unique public-private partnership has yielded a high-quality, well-functioning, and comprehensive health care institution, meeting the unique needs of a largely under served population.

***Metrics Available to Measure Performance:**

County staff regularly review the performance metrics detailed in the agreement. These include monitoring of financial statements, hospital and clinic census reports, insurance payor mix, contracts, operating and capital budgets, audits, clinical statistics related to patient volume and services at the South Campus, behavioral health services, training programs and organizational trends and operations.

***Retroactive:**

No

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Contract / Award 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) required:**Funding from General Fund? ☐ Yes ☐ No If Yes \$ _____ % _____Contract is fully or partially funded with Federal Funds? ☐ Yes ☐ No

If Yes, is the Contract to a vendor or subrecipient? _____

Were insurance or indemnity clauses modified? ☐ Yes ☐ No

If Yes, attach Risk's approval.

Vendor is using a Social Security Number? ☐ Yes ☐ No

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

Amendment / Revised Award InformationDocument Type: CT Department Code: OMS Contract Number (i.e., 15-123): 14-434Amendment No.: Six AMS Version No.: 17 15Effective Date: July 1, 2019 New Termination Date: June 30, 2024 29 1/1

Prior Contract No. (Synergen/CMS): _____

☒ Expense or ☐ Revenue ☒ Increase ☐ Decrease Amount This Amendment: \$ \$81,000,000.00Is there revenue included? ☐ Yes ☒ No If Yes \$ \$ _____***Funding Source(s) required:** General FundFunding from General Fund? ☒ Yes ☐ No If Yes \$ 81,000,000.00 % 100**Grant/Amendment Information** (for grants acceptance and awards) ☐ Award ☐ Amendment

Document Type: _____ Department Code: _____ Grant Number (i.e., 15-123): _____

Effective Date: _____ Termination Date: _____ Amendment Number: _____

☐ Match Amount: \$ _____ ☐ Revenue Amount: \$ _____***All Funding Source(s) required:*****Match funding from General Fund?** ☐ Yes ☐ No If Yes \$ _____ % _____***Match funding from other sources?** ☐ Yes ☐ No If Yes \$ _____ % _____***Funding Source:** _____***If Federal funds are received, is funding coming directly from the Federal government or passed through other organization(s)?** _____Contact: Francisco GarcíaDepartment: Behavioral HealthTelephone: 520-724-7733Department Director Signature/Date: [Signature] 5.3.19Deputy County Administrator Signature/Date: [Signature] 5/3/19County Administrator Signature/Date: [Signature] 5/6/19

(Required for Board Agenda/Addendum Items)

Sixth 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 sixth 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 ("Agreement").
- 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 2024.
- F. The Parties acknowledge that the Hospital needs certain capital renewal improvements in order to maintain its accreditation from the Joint Commission.

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-3 Operational Objectives of the Agreement is replaced with Attachment A-4 Operational Objectives, as set forth in Exhibit 1.
- 2. Pursuant to Paragraph 3.5 of the Agreement, the County agrees to provide ABOR additional funding for the sixty month period between July 1, 2019 and June 30, 2024 in the manner and under the terms and conditions set forth in Attachment B-4 Funding and Reporting, which replaces Attachment B-3 and is set forth in Exhibit 2.

3. In addition, and pursuant to Paragraph 3.5 of the Agreement, the County will beginning FY 20/21 allot One Million Five Hundred Thousand Dollars (\$1,500,000) each fiscal year to reimburse Banner for the actual cost of capital improvements to the Hospital, including but not limited to air handling units, exhaust and return fans, cooling towers, boilers, water pumps, and chillers.
 - i. Any unspent portion of these funds may be carried over and made available for such reimbursements in subsequent years of the Agreement.
 - ii. Banner shall be responsible for contracting the improvements in compliance with all applicable competitive procurement requirements of Pima County and the requirements of Title 34, A.R.S.
 - iii. County will reimburse Banner within thirty (30) days after Banner provides County with documentation substantiating Banner's final payment of the actual costs of the improvements and documentation of the system and equipment specifications.
 - iv. Not later than the time Banner submits a request for reimbursement, Banner will establish a preventative maintenance program for any new systems which are part of the improvements and will provide a copy of the program to the Pima County Facilities Management Director for review and approval.
4. All other provisions of the Agreement not specifically changed by this Amendment remain in effect and are binding upon the Parties.
5. This Amendment is effective July 1, 2019.
6. This Amendment may be executed in counterparts, each of which is an original, but all of which constitute one agreement once each party has signed such a counterpart.

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

PIMA COUNTY:

ARIZONA BOARD OF REGENTS:


Richard Elias
Chairman



ATTEST:

Clerk of the Board of Supervisors

BANNER HEALTH:



Peter Fine

Its: _____
President & CEO

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:



Deputy County Attorney

ARIZONA BOARD OF REGENTS:



Attorney for Arizona Board of Regents

Deputy General
Counsel, University
of
Arizona

EXHIBIT 1

ATTACHMENT A-4

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, 2019 through June 30, 2024 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, Banner Health 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.

EXHIBIT 2

ATTACHMENT B-4

Funding and Reporting

1. **Funding.** For activities and reporting occurring July 1, 2019 through June 30, 2024, 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) per year in monthly installments of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000).
2. **Required Reporting and Deliverables.** In consideration of and as a condition precedent to the funding set forth in this Sixth Amendment, BUMC-South Campus must submit the following reports and deliverables. The schedule outlining the anticipated dates of receipt for each set and type of report and deliverable is attached as Schedule B-4(a).
 - a. Weekly and Monthly
 - i. Weekly Census Report generated by BUMC-South Campus
 - ii. Evidence that a monthly Oversight Committee Meeting took place unless mutually cancelled or rescheduled
 - iii. Financial and Statistical reports including a comparison to budgeted amounts and prior year actual amounts together with explanatory narratives and highlights
 - b. Quarterly
 - i. Key program initiatives at the BUMC-South Campus funded in whole or in part with Pima County bonds or identified as community needs including, but not limited to: Diabetes Prevention and Treatment Program; Expanded GI Program; Primary Care Physician Expansion and Family and Community Medicine Programs and GME Program Update
 - ii. Quarterly updates on behavioral health operations, services and programs under BUMC – South Campus
 - iii. Analysis of hospital admissions through emergency department and by other type of direct admission
 - iv. Quarterly strategic updates / Pima County updates / Pima – BUMC-SC collaboration opportunities on the South Campus
 - v. BUMC – SC Quality Indicators provided by BUMC medical leadership and team
 - c. Annual
 - i. Status of match initiatives with the Arizona Health Care Cost Containment System
 - ii. BUMC Board approved operating and capital budgets for the South Campus individually including explanatory narrative and assumptions made that may impact budget year operations

- iii. Uniform Accounting Report (UAR) filings for the BUMC-South Campus operations within 30 days post filing
 - iv. Status of operational and contractual relationship between BUMC-South Campus and Regional Behavioral Health Authority (RBHA) and / or AHCCCS for Crisis Response Services, and report out on annual CRC operations
 - v. Leadership and organizational chart for the BUMC-South Campus
 - vi. A comparison of costs and revenues for County, state and federal inmate services, upon request
 - vii. Financial and operational reports related to the emergency department, behavioral health and uncompensated care at BUMC – South Campus
 - viii. BUMC-South Campus Strategic Plan
 - ix. Contractual Status with Health Plan and Insurance Agencies
- d. Ad Hoc Reporting
- i. Any event that is likely to have a material impact on BUMC- South Campus
 - ii. Copies of any anticipated press releases relating to the BUMC- South Campus as soon as reasonably possible
 - iii. Notice of any media contacts or requests as soon as reasonably possible
 - iv. Advance SIXTY DAY written notice of any intent to terminate services, add provider-based clinics, or make changes in services or specialties available at the BUMC- South Campus

Schedule B-4 (a)
Anticipated Schedule of Filing

Please Note: The description of reporting elements in this Schedule is provided in summary form only.

Special Reporting Frequency	Special Reporting Identified to Date	Anticipated Timeline	Contract Item
Weekly and Monthly	Weekly Inpatient Census Report, (by unit) generated by BUMC-South Campus	Weekly	2.a.i
	Evidence that a monthly Oversight Committee Meeting took place unless mutually cancelled or rescheduled	Monthly	2.a.ii
Quarterly	Financial and Statistical reports including a comparison to budgeted amounts and prior year actual amounts together with explanatory narratives and highlights. Monthly financial summary will be sent via email.	January, April, July, October	2.a.iii
	Key program initiatives at the BUMC-South Campus funded in whole or in part with Pima County bonds or identified as community needs including, but not limited to: Diabetes Prevention and Treatment Program; Expanded GI Program; Primary Care Physician Expansion and Family and Community Medicine Programs; GME Update	GI Program: September, January, April FCM and Diabetes: August, December, March, June	2.b.i
	Quarterly updates on behavioral health operations, services and programs under BUMC – South Campus	August, December, March, June	2.b.ii
	Analysis of hospital admissions through emergency department and by other type of direct admission	September, January, April	2.b.iii
	Quarterly strategic updates / Pima County updates / Pima – BUMC-South Campus collaboration opportunities on the South Campus	September, January, April	2.b.iv
	BUMC – SC Quality Indicators provided by BUMC medical leadership and team (HCAHPS)	July	2.b.v
Annually	Status of match initiatives with the Arizona Health Care Cost Containment System	October	2.c.1
	BUMC Board approved operating and capital budgets for the South Campus individually including explanatory narrative and assumptions made that may impact budget year operations	January	2.c.ii
	Uniform Accounting Report (UAR) filings for the BUMC-South Campus operations within 30 days post filing	Medicare Cost Report, December; 990s, June	2.c.iii
	Status of operational and contractual relationship between BUMC-South Campus and Regional Behavioral Health Authority (RBHA) and / or AHCCCS for Crisis Response Services, and report out on annual CRC operations	June	2.c.iv
	Leadership and organizational chart for the BUMC-South Campus	May	2.c.v
	A comparison of costs and revenues for COUNTY, state and federal inmate services, upon request	At discretion of COUNTY and CONTRACTOR	2.c.vi
	Financial and operational reports related to the emergency department, behavioral health and uncompensated care at BUMC – South Campus	At discretion of COUNTY and CONTRACTOR	2.c.vii
	BUMC- South Campus Strategic Plan	June	2.c.ix
	Contractual Status with Health Plan and Insurance Agencies	January	2.c.viii
Ad hoc Reporting	Any event that is likely to have a material impact on BUMC- South Campus as soon as reasonably possible	At discretion of COUNTY and CONTRACTOR	2.d.i
	Copies of any anticipated press releases relating to the BUMC- South Campus as soon as reasonably possible	At discretion of COUNTY and CONTRACTOR	2.d.ii
	Notice of any media contacts or requests as soon as reasonably possible	At discretion of COUNTY and CONTRACTOR	2.d.iii
	Advance SIXTY DAY written notice of any intent to terminate services, add provider based clinics, or make changes in services or specialties available at the BUMC- South Campus	At discretion of COUNTY and CONTRACTOR	2.d.iv