

Introduced by:  
JOHN T. O'BRIEN

NO. 73-526

MOTION NO. 1266

A MOTION authorizing the County Executive to execute a contract on behalf of the Board of Trustees of Harborview Medical Center for operating services by the University of Washington for a four-year period ending June 30, 1977.

WHEREAS, Chapter 36, Laws of 1967, Ex. Sess. (R.C.W. 36.62.290) authorizes the Trustees and the University to enter into a management service contract to provide for the rendering of medical services and the conduct of teaching and research activities by the University in connection with the Harborview Medical Center, and

WHEREAS, Sec. 1, Chapter 282, Laws of 1969, Ex. Sess. appropriated to the University of Washington the sum of \$4,700,000.00 for operation of the Harborview Medical Center on condition that the Trustees and the University enter into a contract for the provision of management and medical services at the Harborview Medical Center by the University, and

WHEREAS, the state legislature in 1971 and in 1973 appropriated funds to the University of Washington for the continuing operations of Harborview Medical Center as a resource for teaching and research, and

WHEREAS, the Trustees desire to maintain the Harborview Medical Center as a means of meeting the King County government's continuing obligation to provide the community with a resource for health services, and the University desires that the Harborview Medical Center be maintained as a continuing resource for education, training and research.

NOW, THEREFORE, BE IT MOVED by the Council of King County:

That the County Executive is authorized to execute a contract on behalf of the Board of Trustees of Harborview Medical Center for the provision of operating services by the University of Washington for a four-year period ending June 30, 1977.

PASSED this 4th day of September, 1973.

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

ATTEST:

Dorothy M. Owens  
ACTING Clerk

Thomas M. Foy  
VICE Chairman

King County Council

CONTRACT

THIS AGREEMENT, entered into this 30th day of June, 1973 between the BOARD OF TRUSTEES OF THE HARBORVIEW MEDICAL CENTER (formerly King County Hospital) of Seattle, King County, Washington, hereinafter referred to as "Trustees," and the BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON, hereinafter referred to as "The University,"

## WITNESSETH:

WHEREAS, Chapter 36, Laws of 1967, Ex. Sess. (R.C.W. 36.62.290) authorizes the Trustees and the University to enter into a management service contract to provide for the rendering of medical services and the conduct of teaching and research activities by the University in connection with the Harborview Medical Center; and

WHEREAS, Sec. 1, Chapter 282, Laws of 1969, Ex. Sess. appropriated to the University of Washington the sum of \$4,700,000.00 for operation of the Harborview Medical Center on condition that the Trustees and the University enter into a contract for the provision of management and medical services at the Harborview Medical Center by the University; and

WHEREAS, the state legislature in 1971 and in 1973 appropriated funds to the University of Washington for the continuing operations of Harborview Medical Center as a resource for teaching and research; and

WHEREAS, the Trustees desire to maintain the Harborview Medical Center as a means of meeting the King County government's continuing obligation to provide the community with a resource for health services, and the University desires that the Harborview Medical Center be maintained as a continuing resource for education, training and research; and

WHEREAS, on January 1, 1970 by agreement between the parties hereto, all employees at Harborview Medical Center who were employees of King County became employees of the University of Washington.

NOW, THEREFORE, pursuant to the aforesaid laws, and in consideration of the mutual promises herein contained, it is mutually agreed as follows:

CONTRACT PERIOD

This contract is to become effective July 1, 1973, and to continue in force, until June 30, 1977, at which time it may be extended by mutual agreement of the parties hereto. This contract is expressly conditioned upon continued support by the state legislature and payment for services by Federal and state agencies at levels which will assure that the hospital can be maintained as an effective teaching resource for the University. If such condition is not met, the University may terminate this contract by giving the Trustees one year written notice of intent to so do.

GENERAL CONDITIONS

1. Subject to the special provisions hereinafter set forth, the Trustees will retain title to all real and personal properties, including those acquired for King County with Hospital capital or operating funds during the term of this contract; will determine major institutional policies; and will retain ultimate control of fiscal matters and programs. The Trustees agree to secure the University's recommendations on any changes in major institutional policies. The University will provide for the rendering of all medical services in the Hospital, shall be responsible for providing all hospital services through a staff of University personnel and provide overall management services as hereinafter set forth.

2. The University and the Trustees agree to establish and maintain operational standards for all teaching and patient care that will meet the requirements of such approval agencies as the Joint Commission on Accreditation of Hospitals or its acknowledged equivalent, the Council on Medical Education of the American Medical Association, and other recognized educational accreditation agencies.

3. The University recognizes that the Trustees had made arrangements or entered into agreements for certain educational, demonstration, and research programs that are outside the University's jurisdiction, and agrees to their

continuity. The Trustees agree that all new educational, demonstration, and research programs will be under the general supervision of the University.

4. The Trustees agree to permit the University to continue the conduct of research in the Hospital, and to expand such research activities within the limits of physical facilities and funds available.

5. The University recognizes the particular community services mission of the Hospital and agrees to manage the Hospital so as to retain its institutional identity in a manner which, to the extent of funds provided, will achieve the aims of the Trustees to meet their community obligations. The University, in joining the Trustees in this contractual association, further accepts a collaborating responsibility to stimulate the development of new community service programs to be undertaken by the Hospital. The adoption of any and all new service programs will be subject to approval by the University and the Trustees.

#### MEDICAL STAFF

The University will appoint a Medical Director, subject to the approval of the Trustees, who will serve as the chief medical officer of the Hospital and also will represent the University in all matters of medical care, teaching, and research. The Medical Director is accountable to the Dean of the Medical School of the University.

All appointments to the medical staff and the formation of committees of the medical staff shall be by the University, subject to approval of the Trustees.

All Harborview Medical Center by-laws, rules and regulations for the medical staff, and all amendments thereto, shall be prepared by the medical staff for approval by the University and adoption by the Trustees.

The Trustees and the University agree to permit members of the active medical staff to charge professional fees for their services to patients and to establish procedures for either individual or group billing and accounting

for the professional fees charged, provided such procedures are administered within all of the applicable policies of the University.

It is agreed that the University, with the concurrence of the Trustees, will establish limits on the level of income from such sources for salaried physicians employed by the University who serve at the Hospital.

ADMINISTRATION

The University will appoint a Hospital Administrator, subject to the approval of the Trustees, who will serve as the chief administrative officer of the Hospital, and will also employ associates and assistants to the Administrator and the needed administrative personnel to head the various operating units of the Hospital. It is agreed that personnel appointed to certain of these positions may jointly serve Harborview Medical Center and the University Hospital with appropriate sharing of costs, as provided herein.

The Administrator will represent the University in matters of daily hospital administration, and within the University's organizational structure will be accountable to the University's Executive Director of Hospitals, who in turn is accountable to the Vice President for Health Affairs of the University.

The Trustees hereby delegate to the University overall management of the Hospital and broad powers of administration, including, but not limited to, the following:

1. Establish and maintain the general operating policies and procedures needed for optimal patient care and teaching, including supervision over the use, security, and maintenance of all property.
2. Establish and maintain an organizational structure for all administrative, management, professional and general hospital employees.
3. Maintain all applicable personnel policies of the University and the Higher Education Personnel Board, including employee-appeal procedures, salary schedules and employee benefits, and employ, direct, train, transfer, promote,

suspend, and terminate all Hospital employees.

4. Maintain the controls over patient admissions needed to comply with Trustee approved admission policies and budget, establish and maintain policies and procedures for patient charges, billing, and reduce patient charges for reasons of special teaching interest and/or limited personal income.

5. To take all necessary actions to collect for services rendered including the authority to commence and prosecute all legal action necessary to accomplish such collections.

6. Maintain adherence to the Trustees' operating budget, and establish and maintain the necessary systems and procedures for budgetary controls over operational expenditures. The University will prepare and submit an annual operating budget to the Trustees for adoption, will provide monthly budget status reports, and make recommendations for changes in either policy or program when necessary to avert operating deficits.

7. Establish the specifications for all supplies, equipment, special services and other commodities, and procure all such items in accordance with standard University purchasing procedures and policies.

8. Make all necessary space assignments and reassignments throughout the Hospital.

The Trustees will continue to be accountable to the public for all financial aspects of the Hospital's operation, and agree to maintain a fiscal policy which keeps the operating program and expenditures essential thereto within the limits of operating income. In maintaining a balanced-budget fiscal policy, the Trustees agree to adopt the standards of patient services established by the University, and to apply limitations on patient admissions and/or program scope the community needs if such action becomes necessary to maintain proper standards of patient care. Such action would be taken in full cognizance of the particular community service mission of the hospital.

The Trustees designate the University as their agent to:

1. Negotiate and, subject to concurrence by the Trustees, approve collective bargaining agreements in accordance with applicable state law and University policy with duly certified exclusive bargaining representatives of University employee groups based at Harborview Medical Center.

2. Negotiate contracts between the Hospital and various governmental agencies and nonprofit associations engaged in financing health care services; and

3. When deemed appropriate by the University, to represent the Hospital as an institutional member of national, regional, state, and local associations in the fields of health care and education.

STATUS OF EMPLOYEES

All personnel at Harborview Medical Center will continue to have status as University employees. This includes all members of the general hospital staff, administrative personnel, interns and residents, and salaried members of the medical staff. All employees subject to the rules and regulations of the University classified staff will be entitled to all the rights and privileges of the classified staff.

All employees of King County at Harborview Medical Center who transferred to employment of the University on January 1, 1970 will retain all of their previously acquired rights and benefits including compensation, accrued and unused vacation and sick leave, Federal OASDI credits, and retirement benefits. If this agreement or any subsequent renewal or amendment thereof shall operate to terminate such employees of Harborview Medical Center as members of the classified staff of the University, said employees shall be covered into the career service of King County subject to the provisions of Section 550 of the King County charter and subject to all the rules of the personnel system of King County, including rules concerning compulsory retirement, but excluding rules concerning initial appointment.



All collective bargaining procedures will be subject to applicable state and University policy.

PROPERTY

The County Executive will directly execute contracts for the architectural consultation and contractual services needed for any building alterations, remodeling, additions or new construction.

All requests for capital funds from granting agencies or other sources will be prepared by the University but submitted only upon approval of the Trustees.

INSURANCE

The County will provide all types of property insurance protection within the coverage levels to be determined by the Trustees.

The University will secure insurance protecting the County Executive and Council, Board of Trustees, employees of the University at Harborview Medical Center, the Board of Regents of the University of Washington, and officers, employees and agents of the University of Washington against general and professional liability arising out of hospital operations and activities, with reasonable coverage levels to be determined by the University. The University will secure fidelity bonding to protect the cash and other assets of the Hospital.

ACCOUNTING FUNDS

Throughout the contract all financial transactions concerning the operation of the Hospital will be handled from two funds.

A "Hospital Operating Fund" will be maintained by the County Department of Finance for the purpose of recording all operating income and expenditures of the Hospital. The "Hospital Operating Fund" will be the property of King County under the ultimate control of the Trustees. Into the "Hospital Operating Fund" will be placed all income from hospital services, including depreciation payments. From the "Hospital Operating Fund" will be drawn all payments for operational expenditures, including salaries and fringe benefits of hospital employees, vendor

payments, refunds to patients or their sponsors, and reimbursement to the University for all services and expenditures provided under this contract. All vouchers for warrants to be drawn on the "Hospital Operating Fund" will be signed by the Administrator or his designated representatives.

A "Special Account" will be maintained within the University's accounts to receive reimbursement payments from the "Hospital Operating Fund" and to make payment for the costs of all services and expenditures provided by the University. An advance will be made to this fund from the "Hospital Operating Fund" equal to the estimated cost of services in the current month.

PAYMENT FOR SERVICES

It is agreed that the University is to incur no added financial obligation by reason of the execution or performance of this contract and the operation of Harborview Medical Center pursuant to this contract. The University shall be fully reimbursed by the Trustees for all services performed or provided by the University and any other obligations incurred or expenditures made by it under this contract, except for expenditures made by the University from direct legislative appropriations to the University for the Hospital.

For all services which the University Hospital provides for Harborview Medical Center or which Harborview Medical Center provides for the University Hospital, full cost payment shall be made monthly by the hospital served, pursuant to the cost-finding principles to be established under this contract.

Signed on the date first above written in Seattle, King County, Washington.

BOARD OF TRUSTEES OF HARBORVIEW MEDICAL CENTER

Signed by: \_\_\_\_\_  
Chairman

Signed by: \_\_\_\_\_  
Acting Secretary

Approved and accepted by:

KING COUNTY EXECUTIVE

Signed by: \_\_\_\_\_

KING COUNTY COUNCIL

Signed by: *William M. Forst*  
VICE Chairman

Attest:

Signed: *Barbara M. Quana*  
ACTING Clerk of Council

BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON

Signed by: *Shirley*  
President

Signed by: *Barbara J. Zimmerman*  
Secretary

APPROVED AS TO FORM AND LEGALITY \_\_\_\_\_  
Date

Signed: \_\_\_\_\_  
Deputy Prosecuting Attorney for  
King County, Washington

APPROVED AS TO FORM

Signed: *Richard A. Holquist*  
Assistant Attorney General  
State of Washington