

UNIVERSITY OF WASHINGTON
SEATTLE, WASHINGTON 98195

Board of Regents

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EXCERPT FROM MINUTES OF THE BOARD OF REGENTS

Jennefer Penfold, *Secretary*
V'ella Warren, *Treasurer*

"September 17, 1993 . . .

Management Contract Between Harborview Medical Center and University of Washington
(Agenda no. B-2)


MOTION: Upon the recommendation of the Buildings and Grounds Committee and the motion made by Regent Farris, seconded by Regent Clack, the Board voted to delegate authority to the President's designee, the Vice President for Medical Affairs and Dean of the School of Medicine, to request and sign an amendment to the Management Contract between Harborview Medical Center and the University of Washington that extends the agreement for two years."

* * *

CERTIFICATE

I, the undersigned, Jennefer Penfold, hereby certify that the above and foregoing is a true and correct record of action taken by the Board of Regents of the University of Washington at the meeting on September 17, 1993.

DATED this 5th day of October 1993.



Jennefer Penfold
Secretary, Board of Regents

DRAFT

AMENDMENT TO MANAGEMENT CONTRACT BETWEEN THE BOARD OF TRUSTEES OF HARBORVIEW MEDICAL CENTER AND THE BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON

This Amendment is entered into between the Board of Trustees hereinafter referred to as "Trustees," of Harborview Medical Center of Seattle, King County, Washington, hereinafter referred to as the "the Medical Center," and the Board of Regents of the University of Washington, hereinafter referred to as the "University," for the purpose of amending the Management Contract between Harborview Medical Center and the University of Washington executed on February 1, 1984 and as amended on October 7, 1992.

The Trustees of the Medical Center and University and King County agree that the Management Contract between Harborview Medical Center and the University of Washington, be and hereby is amended as follows:

(1) A new paragraph will be added to the article entitled "CONTRACT PERIOD" on page 2 and such paragraph shall read as follows:

"The contract period for the Management Agreement shall be and hereby is extended from June 30, 1993 through June 30, 1995."

(2) Except as modified above all provisions of the Management Contract as amended shall remain in full force and effect.

BOARD OF TRUSTEES OF
HARBORVIEW MEDICAL CENTER

BOARD OF REGENTS OF THE
UNIVERSITY OF WASHINGTON
through delegated authority

Marilyn Ward
President

Philip J. Fialkow
Vice President for Medical
Affairs and Dean, School of
Medicine

Date _____

Date _____

KING COUNTY

Gary Locke
King County Executive

Date _____

Approved as to Form:

Robert I, Stier
Senior Deputy Prosecuting
Attorney

Approved as to Form

Steve Milam
Senior Counsel
Assistant Attorney General

ph.steve.hmc.com

MANAGEMENT CONTRACT
between the
HARBORVIEW MEDICAL CENTER
and the
UNIVERSITY OF WASHINGTON

THIS AGREEMENT is entered into this 1st day of February
1984, between the BOARD OF TRUSTEES, hereinafter referred to as
"Trustees," OF THE HARBORVIEW MEDICAL CENTER of Seattle, King County,
Washington, hereinafter referred to as "the Medical Center," 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., RCW 36.62.290 authorized
the Trustees and the University to enter into a management service
contract "to provide hospital services, including management under the
direction of a hospital administrator for the hospital, to provide for
the rendering of medical services in connection with the hospital and to
provide for the conduct of teaching and research activities by the
University in connection with the hospital"; and

WHEREAS, Sec. 1, Chapter 282, Laws of 1969 Ex. Sess. appropriated to
the University the sum of \$4,700,000 for the operation of the Medical
Center as a teaching resource for the University on condition that the
Trustees and the University enter into a contract for the provision of
management and medical services at the Medical Center by the University;
and

WHEREAS, on January 1, 1970, by agreement between the parties hereto,
all employees of the Medical Center who were employees of King County
became employees of the University; and

WHEREAS, the State Legislature in 1971, 1973, 1975, 1977, 1979, 1981, and 1983 appropriated funds to the University for the continuing operation of the Medical Center; and

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

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

DEFINITIONS

The term "Medical Center" shall include all facilities under the control of the Trustees for the purposes enumerated in Chapter 36.62 RCW, including but not limited to the hospital complex at 325 - 9th Avenue, Seattle, Washington, and Harborview Hall and Harborview Community Mental Health Center at 326 - 9th Avenue, Seattle, Washington.

CONTRACT PERIOD

This contract is to become effective on February 1, 1984, and shall continue in force until June 30, 1993. This contract shall be reviewed by the parties in June 1988, which review may include consideration of further extension beyond June 30, 1993, if warranted by planned capital development. The parties agree to provide at least one year's written notice one party to the other of intent not to renew or extend the contract. In the event that such notice is given on July 1, 1992, or thereafter, the party giving notice agrees to extend this contract beyond June 30, 1993, until a date at least one year after receipt of the notice by the other party.

GENERAL CONDITIONS

1. Subject to the special provisions hereinafter set forth, King County will retain title to all real and personal properties acquired for King County with Medical Center capital or operating funds prior to and during the term of this contract. The Trustees will determine major institutional policies and will retain control of programs and fiscal matters. The County retains ultimate control over capital programs and capital budgets. The Trustees agree to secure the University's recommendations on any changes to the above. The Trustees will continue to be accountable to the public and King County for all financial aspects of the Medical Center'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 standards of patient care developed in cooperation with the University. The University will provide for the rendering of medical, dental and other professional services in the Medical Center, shall be responsible for providing professional and hospital services through a staff of University personnel and provide overall management services as hereinafter set forth:

2. The Trustees and University 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 and the 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 recognize the value and improvement in patient care resulting from the conduct of research and agree to permit the University to conduct research in the Medical Center and agree that the University professional schools will have priority over other institutions on introduction of new educational, demonstration, and research initiatives in the Medical Center. The University will obtain the concurrence of the Trustees before implementing any major new educational programs or research initiatives.

4. The Trustees shall maintain control over the use of all physical facilities and shall establish overall space use policies and guidelines to be utilized by the hospital administration in support of the Medical Center's programs.

5. The University recognizes the particular community services mission of the Medical Center and agrees to manage the Medical Center so as to retain its institutional identity in a manner which, to the extent of funds available to the Medical Center, will achieve the aims of the Trustees to meet their community obligations and provide services to address the community's needs as identified in the attached mission statement or as it is subsequently amended by the Board of Trustees, hereinafter referred to as the "Mission Statement." It is understood that the Mission Statement may be amended during the term of this agreement without reopening the contract. The Trustees agree to obtain the concurrence of the University and the County before adopting amendments to the Mission Statement during the term of this contract.

6. The Trustees and the University agree that communication between them is of the utmost importance and therefore agree that their representatives will meet annually to review relationships, ongoing activities and the management services provided under the contract.

7. To further enhance communication, the Trustees agree to maintain Board Bylaws which include a committee structure which satisfies the standards of the Joint Commission on Accreditation of Hospitals.

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 Medical Center and also will represent the University on all matters of medical care, teaching, and research. The Medical Director is accountable to the Dean of the Medical School of the university, hereinafter referred to as "the Dean," for all academic and research matters, to the Hospital Administrator for the institutional management functions, and to the Trustees and the Dean on all matters of providing medical care.

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

All Medical Center medical staff bylaws, rules and regulations, and all amendments thereto, shall be prepared by the medical staff for approval by the University and adoption or rejection by the Trustees.

All physicians privileged to practice at the Medical Center will provide care consistent with policies approved by the Trustees, the Mission Statement and the Medical Staff Bylaws.

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 individuals or group billing and accounting for the professional fees charged, provided such procedures are administered within all of the applicable policies of the University.

ADMINISTRATION

The University will appoint a Hospital Administrator, subject to the approval of the Trustees. The following procedure will be used to select and appoint the Hospital Administrator: a search committee, consisting of equal representation of the Trustees and the University, shall develop a job description and qualifications statement, establish criteria for measurement of applications, screen all applicants and conduct investigations and interviews of candidates. This committee shall identify acceptable candidates from among which the University, with the concurrence of the Trustees, shall select and appoint the Administrator.

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

The Administrator will represent the Trustees and the University in matters of daily Medical Center management and is accountable to the Trustees and, within the University organizational structure, to the University's Executive Director of Hospitals or successor in function. The Administrator will be responsible for implementing the governance

decisions of the Trustees and accountable to the Trustees and the Executive Director of Hospitals for effectively administering the Medical Center in accordance with the approved Mission Statement, long-range plan, operating and capital budgets, and applicable policies of the Trustees and the University. The Administrator will provide staff support to the Trustees as requested, make arrangements for Board and committee meetings, and provide the necessary secretarial support to assure that minutes of the meetings are taken and properly recorded and distributed. The Administrator shall report to the Trustees on all issues and changes occurring within the Medical Center as they relate to operations, fiscal and budget matters, buildings, equipment and all other matters within his or her purview.

The performance of the Administrator shall be reviewed at least annually by the Board of Trustees and the Executive Director of Hospitals. The University agrees to remove the Administrator at any time if, in the Board's opinion based on this review, the performance of the Administrator is deemed to be unsatisfactory.

DELEGATION OF AUTHORITY

The Trustees hereby delegate to the University overall management of the Medical Center in accordance with the policies of the Trustees and, where applicable, the policies of the University. Management responsibilities include developing and maintaining the following:

1. General operating policies, procedures and quality assurance mechanisms needed for optimal patient care;
2. An organizational structure for all administrative, management, professional and general Medical Center employees;

3. Applicable personnel policies of the University and the Higher Education Personnel Board, including employee-appeal procedures, salary schedules and employee benefits, and employment, direction, training, transfer, promotion, suspension, and termination of all Medical Center employees.

4. Controls over patient admissions as needed to comply with the Trustee-approved budget and Trustee-approved policies as reflected in the Mission Statement;

5. Procedures for patient charges and billing, and reduction of patient charges;

6. All necessary actions to collect for services rendered including the authority to commence and prosecute all legal action necessary to accomplish such collections;

7. The necessary systems and procedures for budgetary controls over expenditures to adhere to Trustee-approved budgets. The University will prepare and submit annual operating and capital budgets to the Trustees for adoption, modification or rejection, will provide monthly budget status reports, and make recommendations for changes in either policy or program when necessary to avert operating deficits;

8. Specifications for all supplies, equipment, special services and other commodities, and procurement of all such items in accordance with policies established by the Trustees, as authorized by the laws of the State of Washington;

9. Space assignments and reassignments throughout the Medical Center consistent with the policies and guidelines established by the Trustees as referred to in Section 4 of General Conditions;

10. Supervision over the maintenance of all property, including security;

11. Collective bargaining agreements in accordance with the applicable state law and University policy with duly certified exclusive bargaining representatives of University employee groups based at the Medical Center;

12. Contracts between the Medical Center and various governmental and other agencies;

13. The Medical Center as an institutional member of national, regional, state and local associations in the fields of health care administration and management.

STATUS OF EMPLOYEES

All personnel at the Medical Center who are covered by this contract 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 the 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, and retirement benefits. If this agreement or any subsequent renewal or amendment thereof shall operate to terminate such employees of the 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 560 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.

PLANNING AND PROPERTY

The University will assist the Trustees in the development of a long-range capital improvement plan and annual capital plans which will include both physical plant and program impacts of the plan. The plans will be developed under the direction of the Board of Trustees for King County review and approval.

The Board of Trustees will review and approve all construction, alterations and remodeling projects. Construction, alterations and remodeling projects costing in excess of \$50,000 each must be approved by the County before the project is undertaken. Action on such project requests shall not be unreasonably delayed by the County.

Contracts for the architectural consultation and contractual services needed for any building alterations, remodeling, additions or new construction may only be executed by the County Executive.

All requests for capital construction funds from granting agencies or other sources prepared by the University will be submitted to the granting agency only upon approval of the Trustees and King County.

INSURANCE

The Trustees shall provide for all types of property insurance coverages in an amount sufficient to be written on a replacement cost basis. The University shall purchase such property insurance coverages with Medical Center revenues in amounts and forms acceptable to the Trustees. Such insurance shall include King County and the University

as co-insureds as their respective interests appear.

The University will defend, indemnify and save harmless the Board of Trustees and King County, its elected and appointed officials, employees and agents from and against any damage, cost, claim or liability arising from willful or negligent acts or omissions of the University, its employees or agents, arising out of the activities or operations of the Medical Center by the University, or arising out of the premises except where such damage, cost, claim or liability results from the willful or negligent acts or omissions of the Board of Trustees, King County or their officials, agents or employees.

The University will secure fidelity bonding to protect the cash and other assets of the Medical Center.

King County shall require the architect to obtain professional liability and general public liability insurance and the contractor to obtain general public liability insurance including products-completed operations liability insurance for the duration of all capital projects undertaken at the Medical Center by King County and shall provide continuing evidence of products-completed operations insurance for the warranty period.

ACCOUNTING FUNDS

Through the contract period all financial transactions concerning the operation of the Medical Center will be handled from funds maintained by the King County Office of Finance. All Medical Center funds shall be under the control of the Trustees. All vouchers for warrants to be drawn on any Medical Center Fund will be approved and signed by the Administrator or his/her designated representative(s). A Medical Center General Operating Fund will be maintained for the purpose of recording all

unrestricted revenues and expenditures of the Medical Center except those which are designated for specific purposes. Specifically designated revenues shall be deposited into separate funds as provided for in this contract or as designated by the Trustees. Into the Medical Center General Operating Fund will be deposited all undesignated patient and nonpatient unrestricted income from Medical Center services. From the Medical Center General Operating Fund will be drawn all payments for undesignated operating expenditures including salaries and fringe benefits of Medical Center employees, vendor payments, refunds to patients or their sponsors, and reimbursements to the University for all services and expenditures provided under this contract.

A designated fund, the Plant and Equipment Fund, will be maintained to account for the regular segregation of depreciation and capital funds, including interest earned within the fund in accordance with applicable state law. Such deposits of depreciation and capital funds shall be made at least annually to the Fund. From the Medical Center Plant and Equipment Fund will be drawn payments for the acquisition of equipment, building renovation and improvements upon Board of Trustees' approval. As part of the long range and annual capital planning process of the Medical Center, foreseeable replacements and improvements will be included in schedules submitted by the University to the Board of Trustees. It is recognized that historical cost depreciation may not be adequate for replacement of given items and, therefore, additional amounts as permitted by law may be assigned to this Fund by the Trustees.

The University will affix property tags to depreciable Medical Center equipment and maintain an itemized listing of such equipment. The University will annually provide the Trustees with a copy of such listing

and copies of listings of additions and disposals, as of the end of each fiscal year. The University will conduct, at least every three years on a schedule to be determined by the Trustees, a physical inventory of such equipment to ensure the accuracy of the listings to be submitted to the Trustees.

In addition to the General and designated unrestricted funds, there will be Medical Center Restricted Funds maintained by the Board of Trustees for the purpose of accounting for restricted donations and/or contributions, receipts and funding for related expenditures. Donations will be deposited into a restricted fund based on the intent of the donor.

A special account will be maintained within the University's fund to receive reimbursement payments from the Medical Center General Operating Fund and to make payment for the costs of all services and expenditures provided by the University. Payments will be reconciled to expenditures annually in the audit statement. An advance will be made into this fund account from the Medical Center General Operating Fund equal to the estimated average monthly cost of services and supplies advanced to the Medical Center with Trustees' approval. In addition, the Medical Center will reimburse the University for salaries and fringe benefits of Medical Center employees on official payroll dates.

PAYMENT FOR SERVICES

It is agreed that the University is to incur no added financial obligation nor financial benefit by reason of the execution or performance of this contract and the operation of the Medical Center pursuant to this contract. It is an express condition of this contract that the University shall be reimbursed by the Harborview Medical Center, to the extent current assets (as defined by the American Institute of

Certified Public Accountants) are available, 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 Medical Center. It shall be the obligation of the University to notify the Board of Trustees of an anticipated deficiency in reimbursement.

For all services or facilities which the University Hospital provides for the Medical Center or which the Medical Center provides the University (including University Hospital), reasonable reimbursement shall be made monthly by the appropriate institution pursuant to the cost-finding principles to be established under this contract, or by special agreement.

MODIFICATIONS

This contract may be modified at any time by the parties, provided such modification is reduced to writing, signed by the parties and approved by King County.

In the event that there is any material change in Chapter 36.62 Revised Code of Washington during the term of this contract, both parties reserve the right to renegotiate those portions of the contract affected by such changes, upon written notice to the other party. If agreement cannot be reached, either party may terminate the contract by giving no less than 12 months' written notice of termination to the other party.

TERMINATION

In the event the University determines that support by the State Legislature is not sufficient to maintain the Medical Center as an effective teaching resource for the University, or that payment for services by public and private agencies is not sufficient to maintain

the Medical Center as an effective health care resource for King County, the University may terminate this contract by giving the Trustees no less than 12 months' written notice.

In the event the Trustees determine that King County is not being adequately served by the Medical Center, the Trustees may terminate this contract by giving the University no less than 12 months' written notice.

A failure of either party to fulfill an express condition of this contract shall constitute a cause for termination by the other party, provided that the party desiring to terminate shall give the other party at least 90 days' written notice, specifying the particulars wherein it is claimed that an express condition has not been fulfilled. If at the end of such time, the party notified has not remedied the purported violation of the express condition, then the party desiring termination shall give no less than 12 months' written notice of termination.

ACCESS TO RECORDS

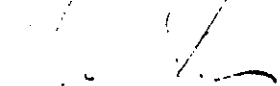
The University agrees to provide access to records pursuant to the provisions of Section 1861(v) (1) (I) of the Social Security Act (42 USCA 1395x) with all the provisions contained in the referenced statute and regulations.

The University as a contractor with the Medical Center agrees as follows: Until the expiration of four years after the furnishing of services pursuant to this Agreement, the University shall make available, upon written request to the Secretary of Health and Human Services, or upon request to the Comptroller General of the United States, or any of their duly authorized representatives, the contract, and books, documents and records of the University that are necessary to certify the nature and extent of costs incurred by the Medical Center under this Agreement.

If the University carries out any of the duties of this Agreement, with a value or cost of \$10,000 or more over a 12-month period, with a related organization, then the University agrees to incorporate in the subcontract a clause to the effect that until the expiration of four years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request to the Secretary of Health and Human Services, or upon request to the Comptroller of the United States, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to certify the nature and extent of costs incurred by the Medical Center under this Agreement.

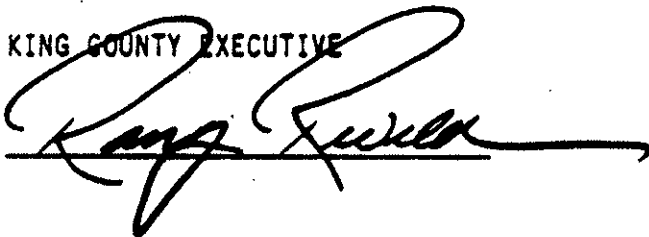
Signed on the date first above written in Seattle, King County, Washington.

BOARD OF TRUSTEES OF
HARBORVIEW MEDICAL CENTER



President

KING COUNTY EXECUTIVE



President

Approved as to Form:



Deputy Prosecuting Attorney

BOARD OF REGENTS OF THE
UNIVERSITY OF WASHINGTON



President

Approved as to Form:



Assistant Attorney General



Secretary

AMENDMENT TO MANAGEMENT CONTRACT
BETWEEN HARBORVIEW MEDICAL CENTER
AND UNIVERSITY OF WASHINGTON

This agreement is entered into on the dates indicated by the signatures affixed hereon between the BOARD OF TRUSTEES, hereinafter referred to as "Trustees," OF THE HARBORVIEW MEDICAL CENTER of Seattle, King County, Washington, hereinafter referred to as the "Medical Center," and the BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON, hereinafter referred to as the "University," for the purpose of amending the Management Contract between Harborview Medical Center and the University of Washington as executed on February 1, 1984.

The Trustees of the Medical Center and the University agree that the Management Agreement between Harborview Medical Center and the University of Washington be and hereby is amended to read as follows:

1. A new paragraph shall be added to the Delegation of Authority section on page 7 and such paragraph shall read as follows:

9. Management of capital projects in accordance with policies established by the Board of Trustees, and as authorized by this agreement;

2. The article entitled "Planning and Property" on Page 10 shall be modified to read as follows:

The University will assist the Trustees in the development of a long-range capital improvement plan, a six-year capital improvement plan and annual capital plans which will include both physical plant and program impacts of the plan. The plans will be developed under the direction of the Board of Trustees for King County review and approval.

The Board of Trustees will review and approve all Harborview Medical Center capital projects, which shall include all construction, alterations and remodeling projects. The University shall have responsibility for the management, design, planning, development and contract oversight of Harborview Medical Center capital projects funded by Harborview Medical Center revenues which are budgeted, over the life of the project, for an amount not exceeding One Million Dollars (\$1,000,000). All other capital projects must be approved by the County before the project is undertaken. Action on such project requests shall not be unreasonably delayed by the County.

Contracts for architectural consultation and contractual services needed for any capital projects may only be executed by the County Executive.

All requests for capital construction funds from granting agencies or other sources prepared by the University will be submitted to the granting agency only upon approval of the Trustees and King County.

3. The article entitled "Insurance" on pages 10 and 11 shall be modified to read as follows:

The University will defend, indemnify and save harmless, the Board of Trustees and King County, its elected and appointed officials, employees and agents from and against any damage, cost, claim or liability arising from

negligent acts or omissions of the University, its employees or agents, arising out of the activities or operations of the Medical Center by the University, including the University's management of capital projects for Harborview Medical Center, or arising out of the premises except for such damage, costs, claim or liability results from the negligent acts or omissions of the Board of Trustees, King County or their officials, agents, or employees.


**BOARD OF TRUSTEES OF
HARBORVIEW MEDICAL CENTER**



 Norris Bacho
 President

Date 9/14, 1992

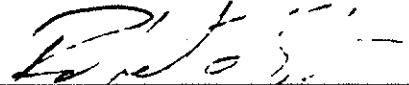
KING COUNTY



 Tim Hill
 King County Executive

Date 10/7/92, 1992

Approved as to Form



 Robert Stier
 Deputy Prosecuting Attorney

**BOARD OF REGENTS OF THE
UNIVERSITY OF WASHINGTON
through delegated authority**

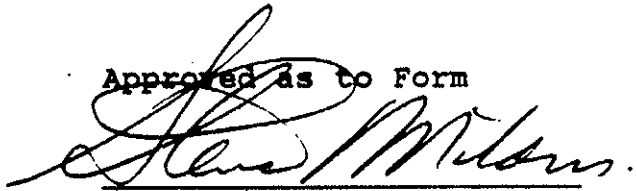


 Tallman Trask III
 Executive Vice President

Date 9 September, 1992

hmc/amd

Approved as to Form



 Steve Milam
 Assistant Attorney General