

HARBORVIEW MEDICAL CENTER

KING COUNTY COUNCIL COMMITTEE OF THE WHOLE

Sommer Kleweno Walley, Chief Executive Officer

Steffanie Fain, Board of Trustees President

July 22, 2025

THANK YOU TO OUR PARTNERS

- Our Faculty & Staff
- Labor Partners SEIU 1199NW, WFSE, SEIU 925
- King County Council
- King County Executive
- King County Residents
- Harborview Board of Trustees

MISSION

Harborview Medical Center is owned by King County, governed by the Harborview Board of Trustees, and managed under contract by the University of Washington.

Harborview Medical Center is a comprehensive healthcare facility dedicated to the control of illness and the promotion and restoration of health. Its primary mission is to provide healthcare for the most vulnerable residents of King County; to provide and teach exemplary patient care; to provide care for a broad spectrum of patients from throughout the region; and to develop and maintain leading – edge centers of emphasis. As the only Level I Adult and Pediatric Trauma Center in Washington, Harborview Medical Center provides specialized comprehensive emergency services to patients throughout the region and serves as the disaster preparedness and disaster control hospital for Seattle and King County.

The following groups of patients and programs will be given priority for care:

- Persons who are non-English speaking poor
- Persons who are uninsured or underinsured
- Persons who experience domestic violence
- Persons who experience sexual assault
- Persons incarcerated in King County's Jails
- Persons with mental illness, particularly those treated involuntarily
- Persons with substance abuse
- Persons with sexually transmitted diseases
- Persons who require specialized emergency care
- Persons who require trauma care
- Persons who require burn care

Harborview's patient care mission is accomplished by assuming and maintaining a strong leadership position in the Pacific Northwest and the local community. This leadership role is nurtured through the delivery of health services of the highest quality to all of its patients and through effective use of its resources as determined by the Harborview Board of Trustees.

Harborview, in cooperation with UW Medicine, plans and coordinates with Public Health Seattle and King County, other County agencies, community providers, and area hospitals, to provide programs and services.

Harborview fulfills its educational mission through commitment to the support of undergraduate, graduate, post-graduate and continuing education programs of the health professions of the University of Washington and other educational institutions, as well as programs relating to patient education.

Harborview recognizes that the delivery of the highest quality of healthcare is enhanced by a strong commitment to teaching, community service and research.

AGENDA

FY25 Highlights

- Financial turnaround
- County Hospital Tax
- New inpatient units in Maleng
- Philanthropy

Campus Update

- Progress to date
- Next steps

Medicaid Impacts

- Benefits and eligibility
- Funding

Board of Trustees Update

FY25 FINANCIAL PERFORMANCE

- FY25 projected financial performance as of May: 8.3% operating margin
- Harborview's operational efficiencies, achieved through its Mission Forward initiative, contribute significantly to this budget performance. Harborview carried over \$100M of benefit into FY26, including both savings and revenue gains into FY25, and continues to build on these efficiencies.
- Federal Medicaid directed payments and non-recurring state appropriations also make a significant portion of Harborview's margin; without these it is reduced to -0.9%

FY25 FINANCIAL PERFORMANCE

- Despite strong budget performance in FY25, current days cash on hand as of May 31, 2025 remains relatively low at 106.2, far short of benchmarks which are around 150-200 days or more
- Growing costs, pending changes in Medicaid reimbursement, and ongoing capital needs, such as new inpatient floors and operating rooms, will continue to deplete cash on hand

COUNTY HOSPITAL TAX

King County Council passes 2025 budget, which includes funding for the Harborview Bond Program, other capital, and operating

November 2024

Per budget ordinance, Harborview provides input on capital priorities for 2025 tax

- Harborview recommends Bond Program funding support construction of a new tower
- Harborview recommends using other capital funds to purchase a new building for the Pioneer Square Clinic and to address deferred infrastructure needs on main campus

April 2025

UW engaging with county leadership regarding an amendment to Harborview's hospital services agreement; next steps on recommended plan for operating and capital expenditures are pending

March 2024

Governor Ferguson signs bill granting King County additional taxing authority under County Hospital Tax

December 2024

King County Council levies 10 cents of newly expanded County Hospital Tax

June 2025

Per budget ordinance, Harborview transmits operating spending plan

Harborview identifies over \$50M in unreimbursed cost for providing primary care and behavioral health services that will be offset with County Hospital Tax revenues

Harborview's capacity continues to be significantly challenged, with limited space and failing infrastructure

NEW INPATIENT UNITS IN MALENG

To address lack of sufficient capacity we used Harborview operating revenues to fund the construction of two new twenty-bed, single patient units in the Maleng building, an investment in today's capacity and a model for future growth.



7MB: New unit to serve ICU patients



4MB: New unit to serve patients

requiring planned surgeries

July 22, 2025

HARBORVIEW PHILANTHROPIC SUPPORT



Harborview received **\$6.5M**, its largest contribution in history, from the Atsuhiko and Ina Goodwin Tateuchi Foundation to support the UW Medicine Center for Neuro Innovation at Harborview.

UW Medicine Advancement raised over **\$22.25M** for Harborview in FY25.



THE **BENEFIT**
FOR HARBORVIEW MEDICAL CENTER



The Benefit for Harborview raised **\$13M** for Neurosciences at Harborview.

HARBORVIEW BOND PROGRAM AND CAMPUS TRANSFORMATION

- **Harborview Bond Program.** The need for Harborview Bond Program investments in Harborview's campus is significant and continues to grow, with chronic high census, boarding of patients in hallways and conference rooms, outdated technology, and deteriorating infrastructure
- **Campus Master Plan**
 - Harborview lacks adequate space to serve its existing patient population and through the campus master planning process, architecture and design firm NBBJ found that this problem will continue to grow, even with the addition of the new tower
 - NBBJ identified a gap of approximately 600,000 departmental gross square feet on campus to support new tower with space for staff and essential hospital services

HARBORVIEW BOND PROGRAM AND CAMPUS TRANSFORMATION: ONGOING NEED

- Based on estimates of inflation and reviews of similar projects, preliminary estimates suggest that completing all priorities originally identified as part of the Harborview Bond Program will cost an additional \$1B - \$3B above the \$1.74B available
- The County Hospital Tax was identified as one source of additional revenue to complete these projects
- Developing and executing a campus master plan that is integrated into long range financial planning and identifies multiple potential funding sources will be essential to ensuring Harborview's continued ability to serve its patients and fulfill our mission

MEDICAID OVERVIEW

- Passage of the Affordable Care Act resulted in significant expansion of the Medicaid program, increasing both in terms of program eligibility and the federal government's contribution
- UW Medicine has leveraged federal Medicaid changes in two ways:
 - Enrolled previously uninsured patients in Medicaid – Harborview's rate of uninsured patients dropped from approximately 12% before the ACA to roughly 3% today
 - Secured additional federal support through directed payment programs, which take advantage of UW's status as a state entity to increase Medicaid supplemental funding

H.R. 1 CUTS TO MEDICAID BENEFITS & ELIGIBILITY

Reductions to Medicaid eligibility will have significant financial impacts. For every 1% shift in patients from Medicaid to uninsured, Harborview will lose approximately \$8.4M per year.

Major Medicaid Benefits and Eligibility Changes

10/1/2026

Federal Medicaid match for qualifying immigrants reduced to 50%

12/31/2026


- Medicaid eligibility checks required every 6 months
- States required to establish work requirements for “able bodied” individuals

10/1/2028

- New cost sharing requirements for individuals in the Medicaid expansion population earning above the federal poverty line

H.R. 1 CUTS TO MEDICAID FUNDING

- A new limit on directed payments is the largest financial impact to Harborview from H.R. 1.
- Directed payments are structured Medicaid payments authorized by states to support specific provider types or services, often used to enhance access, quality, or align delivery system goals.
- H.R. 1 will reduce Harborview's directed payments by 10% per year, starting in 2028.
- These reductions will continue until total payment reaches 100% of Medicare reimbursement, significantly below cost
- In 2024, Harborview received \$224 million in directed payments, the majority of which will be eliminated by these new limitations.



BOARD OF TRUSTEES UPDATE

QUESTIONS?



THANK YOU





King County

HARBORVIEW BOND PROGRAM

King County Council Committee
of the Whole

July 22, 2025

[KingCounty.gov/Harborview](https://kingcounty.gov/Harborview)

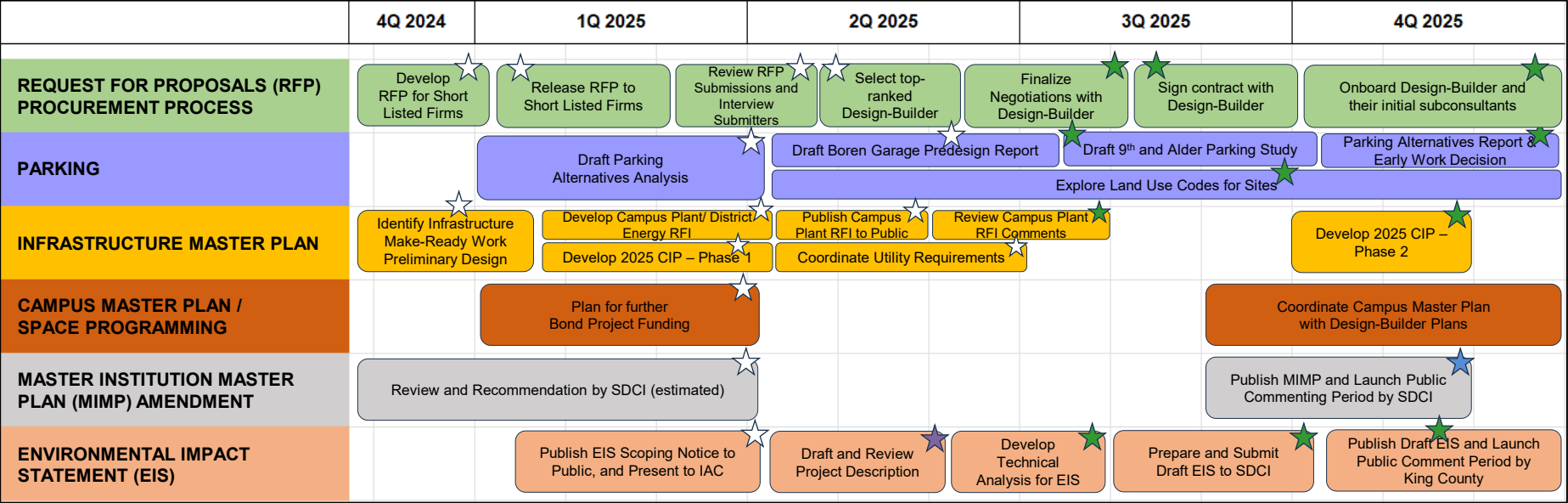


Early drafted rendering
of new tower



Select period:

MAJOR MILESTONES THROUGH 2025



STAR KEY

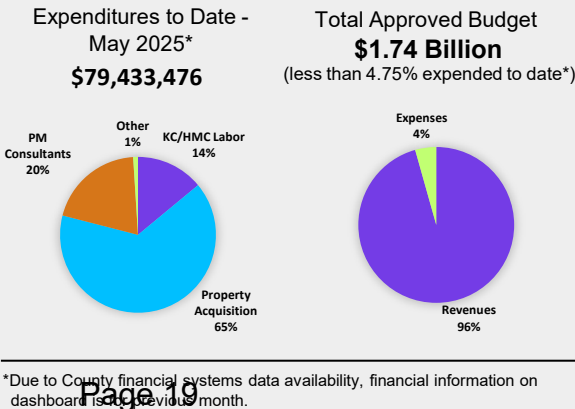
- Completed
- Bond Program target timelines
- Externally controlled milestones
- Managing issues
- Need assistance or resources

Note: The milestone schedule is a snapshot, based on information available as of June 2025.

PROGRESS TRACKING

- Continued contract negotiations with top-ranked design-build firm for new tower RFP. Negotiations started in late April 2025.
 - Drafted Boren Garage predesign and pre-feasibility study and let a contract amendment for predesign at 9th and Alder.
 - Began geotechnical testing on the site.
 - Continued reviewing public comments on the campus plant/district energy request for information (RFI)/survey.
 - Completed draft environmental impact statement (EIS). In internal review, projecting to submit to SDCI in July 2025.
- Revised Additional COW Materials

BUDGET*



HIGHLIGHTED RISKS

- MIMP APPROVAL**
 - Risk of delay, timeline subject to City of Seattle
 - Risk of approval, subject to City of Seattle
- CONSTRUCTION COST ESTIMATES**
 - Risk of cost growth that exceeds projected escalation
 - Risk of unplanned renovation and infrastructure requirements
- PARKING**
 - Risk that shortfall cannot be met without significant cost growth

Total Community Engagement Events
68



kingcounty.gov/harborview
July 22, 2025



Next Steps



King County

Harborview Bond Program

- Sign contract with progressive design builder
- **Validate schedule with design builder**
- Select parking alternative – early work package
- Negotiate WSDOT property lease/purchase
- Construct Bond Team collaboration/workspace
- Complete clinical program validation phase
- Issue final environmental impact statement (EIS)
- City of Seattle approval of Major Institutional Master Plan (MIMP) amendment
- Complete design
- Negotiate guaranteed maximum price (GMP)
- Begin construction



King County

QUESTIONS

Briefing to the Committee of the Whole

July 22, 2025

[KingCounty.gov/Harborview](https://kingcounty.gov/Harborview)



Early drafted rendering
of new tower

July 22, 2025

Federal Funding Update

July 22, 2025

Dwight Dively
Director, Office of
Performance, Strategy
and Budget

Five Types of Risk

- Some existing programs with appropriations are being held up by the administration. This includes trying to change the rules for existing grants or not issuing Requests for Proposals (RFPs). Some longstanding programs of the Office of Emergency Management (OEM) are threatened due to the lack of RFPs for renewal.
- HR 1 outlines major reductions in funding for Medicaid, SNAP, and housing programs.
- The recently passed recission bill doesn't directly affect the County, but the administration has said that additional recissions will be proposed.
- Appropriation bills for fiscal year 2026 are moving through the House and Senate. These likely will further reduce funding for many programs. Since these bills require 60 votes in the Senate, there is a possibility of a government shutdown this fall.
- Policy authorizations for some programs expire in 2026. The most relevant for the County is the renewal of the surface transportation act, which provides funding for Metro and money managed through the Puget Sound Regional Council. It is widely expected that funding will shift from transit to road projects.

Medicaid

- HR 1 made major changes in Medicaid eligibility. Preliminary estimates are that between 200,000 and 320,000 Washington residents will lose coverage. Public Health estimates that 75,000 to 100,000 King County residents will lose coverage, nearly doubling the number of uninsured residents.
- Medicaid currently provides about 34% of the revenue for Public Health clinics. In addition to losing some of this revenue, the clinics likely will see higher demand as people who lose Medicaid shift from other providers to Public Health.
- The State will lose billions of dollars in federal Medicaid funds. Most of the Medicaid revenue that comes to King County is spent in the behavioral health system. It is unclear how this quickly and deeply this money will be reduced.
- Starting in the fall of 2028, provider taxes that provide some State Medicaid funding will gradually be reduced.

Other Problems

- Significant cuts to housing funding are likely in the FY 2026 budget. These include rental assistance, public housing authorities, and funds for permanent supported housing.
- President Trump has proposed a 25% reduction in the budget for the Department of Health and Human Services. This includes a nearly 50% cut for the Centers of Disease Control and Prevention. This would have immediate negative effects for Public Health.
- The President's budget calls for a 20% reduction in Federal Emergency Management Agency (FEMA) grants. While the President has at times proposed eliminating FEMA emergency response funding completely, it seems more likely that the cost threshold to qualify for federal funding will be increased significantly.

What Can the County Do?

- Executive Braddock plans to hold reserves in the General Fund and MIDD to response to cuts in federal funding, particularly Medicaid.
- The Executive and Council could choose to backfill some federal cuts to funding received by non-profits, but this will be limited in amount and duration.
- Medicaid cuts will be extremely disruptive to the health care delivery system. The County could try to develop a coordinated response by Public Health, non-profit community clinics, Harborview, and other providers.
- OEM is working with the State and other counties to develop responses if FEMA programs are reduced or eliminated. About 40% of existing OEM staff are supported with federal funds.
- The County could also work with the State and housing providers to develop a coordinated response to federal cuts.