

**HOSPITAL SERVICES AGREEMENT**

**Between**

**King County by and through its Executive and its Board of  
Trustees for Harborview Medical Center**

**and**

**The Regents of the University of Washington**

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## **HOSPITAL SERVICES AGREEMENT**

**THIS HOSPITAL SERVICES AGREEMENT** (this “Agreement”) is between KING COUNTY by and through its Executive and its BOARD OF TRUSTEES of the HARBORVIEW MEDICAL CENTER (the “Board”) and THE REGENTS OF THE UNIVERSITY OF WASHINGTON.

### **RECITALS**

**WHEREAS**, King County, Washington is a home rule charter county established under the laws of the State of Washington;

**WHEREAS**, King County owns Harborview Medical Center (“Medical Center”);

**WHEREAS**, the Board has supervision and oversight duties as defined in RCW chapter 36.62 and KCC chapter 2.42;

**WHEREAS**, the Board, as representative authority of King County, is responsible for overseeing the provision of healthcare services to ensure access to high quality healthcare for all County residents, including the Mission Population;

**WHEREAS**, the Regents were established as the governing board of the University of Washington (“University”) pursuant to RCW chapter 28B.20 and delegated certain authority for the operation of the University to the President of the University and the President’s designees, including the UW Medicine CEO and UW Medicine CHSO/VPMA;

**WHEREAS**, the University, through its School of Medicine, educates medical students, trains physicians, conducts medical research and otherwise engages in efforts to improve health and provide clinical care for sick and injured individuals;

**WHEREAS**, the management and operation of the Medical Center is important to the University because the Medical Center is a major teaching hospital with other substantial facilities on a well-located campus;

**WHEREAS**, the University, through UW Medicine, currently provides management and clinical services to the Medical Center, as memorialized in the Prior Agreement, which the Parties now desire to replace with this Agreement;

**WHEREAS**, the mission of UW Medicine is to improve the health of the public by advancing medical knowledge, providing outstanding primary and specialty care to the people of the region, and preparing tomorrow’s physicians, scientists and other health professionals;

**WHEREAS**, King County's mission is both to provide clinical healthcare services to the Mission Population and to improve the health and well-being of the entire community;

**WHEREAS**, the Mission of the Medical Center is set forth in Exhibit 2;

**WHEREAS**, access to preventive, primary, secondary, tertiary and quaternary care services and other essential services is fundamental to the ability to effectively improve the health of the Mission Population;

**WHEREAS**, the Medical Center is an asset of King County and King County has the authority to raise capital to build and maintain the Medical Center;

**WHEREAS**, the Parties believe the Medical Center's personnel are its greatest asset;

**WHEREAS**, the Board supports UW Medicine's goal for the Medical Center to be one of its employment locations of choice to which it can recruit and retain a competent, professional workforce focused on serving patients, their families and the community;

**WHEREAS**, the Parties seek to ensure that the Medical Center remains financially viable and continues to be accredited as a high quality major teaching hospital; and

**WHEREAS**, the Parties are committed to creating a collaborative environment in which there is effective communication and transparency between the Parties with respect to financial and operational activities and accountability of the Parties for fulfillment of their obligations under this Agreement.

**NOW, THEREFORE**, for and in consideration of the mutual benefits hereunder and other good and valuable consideration, the Parties agree as follows:

## 1. DEFINITIONS

Defined terms are capitalized and have the meaning given to them by the text below:

- 1.1 **Admissions Policy.** The policy attached to this Agreement as Exhibit 6.
- 1.2 **Agreement.** Pursuant to RCW 36.62.290 this Hospital Services Agreement provides for (i) Management Services under the direction of the Executive Director, (ii) the rendering of Clinical Services and (iii) the conduct of Teaching and Research activities.
- 1.3 **Applicable Law.** Those federal, state, county, and municipal laws, ordinances, regulations and orders of any governmental body or instrumentality applicable to the Parties.
- 1.4 **Board.** The Board of Trustees, Harborview Medical Center.
- 1.5 **Board Bylaws.** The bylaws of the Board.
- 1.6 **Board President.** President of the Board.
- 1.7 **Capital Improvement Plan or CIP.** The County Council approved six-year long range capital improvement plan for the Medical Center.
- 1.8 **Capital Planning Oversight Committee.** A committee comprised of an equal number of members appointed by each of the County, Board and UW Medicine charged with reviewing and advising the Board regarding the University's annual CIP budget for the Medical Center. Decisions of the Capital Planning Oversight Committee (CPOC) must be by unanimous vote of all members.
- 1.9 **Centers of Emphasis.** Centers of Emphasis are specialized clinical programs selected by the Board and UW Medicine for dedicated resources to meet a particular medical service need for patients. Centers of Emphasis also may be Centers of Excellence.
- 1.10 **Centers of Excellence.** Centers of Excellence are specialized clinical programs that external parties, such as private and government payers, deem excellent because the programs meet the payer's specific standards for delivery of care, cost effectiveness and improved health outcomes.

- 1.11 Clinical Services.** Core Clinical Services and Non-Core Clinical Services.
- 1.12 Contract Year.** The entire year, or portion of any year, in which this Agreement is in effect.
- 1.13 Core Clinical Services.** Those Clinical Services referred to in Section 3.2.1 (Core Clinical Services) and listed in Exhibit 3.
- 1.14 County.** King County, a home rule charter county under the laws of the State of Washington, and when used in this Agreement, inclusive of the Board except where explicitly noted.
- 1.15 County Council.** Metropolitan King County Council.
- 1.16 County Executive.** Metropolitan King County Executive.
- 1.17 County Representative.** The individual designated by the County in accordance with Section 6.6 (Representatives) to provide general oversight of University activities under this Agreement.
- 1.18 Effective Date.** The Effective Date of this Agreement shall be the last date signed by an authorized Party representative.
- 1.19 Executive Director.** The Executive Director functions as the chief administrative officer for the Medical Center, to whom the Board delegates the powers and duties set forth in this Agreement.
- 1.20 Exhibits.** The following exhibits are incorporated into this Agreement by reference:
- Exhibit 1: Medical Center Facilities
  - Exhibit 2: Mission Statement
  - Exhibit 3: Core Clinical Services
  - Exhibit 4: Medical Center Identity
  - Exhibit 5: Line Items for Budget
  - Exhibit 6: Medical Center Admissions Policy
- 1.21 Faculty.** University Personnel holding academic appointments at the University of Washington.
- 1.22 The Joint Commission.** The Joint Commission or any successor body or other body that is a nationally recognized accrediting body for hospital or healthcare facilities used to accredit the Medical Center.
- 1.23 KCC.** King County Code.

- 1.24 Management Services.** All Management Services necessary and appropriate for the efficient operation of the Medical Center.
- 1.25 Medical Center.** Harborview Medical Center, which encompasses those facilities and properties set forth in Exhibit 1 and as described therein.
- 1.26 Medical Center Expenses.** All necessary Medical Center operating expenses incurred in the performance of the Management and Clinical Services or in the course of fulfilling the University's other obligations under this Agreement, as set forth in Section 7.2.1 (Necessary Medical Center Expenses).
- 1.27 Medical Center Policies.** The policies, procedures and rules governing the operation of the Medical Center, as approved by the Board.
- 1.28 Medical Director.** The chief medical officer of the Medical Center.
- 1.29 Medical Executive Board.** The Medical Executive Board established pursuant to the Medical Center's Medical Staff Bylaws to serve as the Board's executive committee of the Medical Staff.
- 1.30 Medical Record.** Collectively and individually, any record (paper or electronic) compiled by physicians and other healthcare professionals and maintained and retained by the Medical Center, in accordance with Applicable Law, which includes, but is not limited to, a patient's medical history, present illnesses, findings on examination, details of treatment, any part of notes on progress, and description of services rendered.
- 1.31 Medical Staff.** The Medical Staff of the Medical Center as approved by the Board.
- 1.32 Medical Staff Bylaws.** The Bylaws of the Medical Staff of the Medical Center.
- 1.33 Mission Population.** The populations described in the County Code, as may be amended, and in the Mission Statement, as set forth in Exhibit 2.
- 1.34 Mission Statement or Mission.** The mission statement of the Medical Center, as set forth in Exhibit 2, or as hereafter amended by the County Council.

- 1.35 Non-Core Clinical Services.** Clinical Services that are not Core Clinical Services.
- 1.36 Party or Parties.** The County or Regents, or both.
- 1.37 Prior Agreement.** Management and Operations Contract, dated December 19, 1995.
- 1.38 RCW.** Revised Code of Washington.
- 1.39 Regents.** The Board of Regents of the University of Washington.
- 1.40 Research.** The systematic investigation or study including research, development, testing and evaluation, designed to develop or contribute to knowledge relating to physical or mental health.
- 1.41 Residents.** Physicians and dentists who are employed by the University, enrolled in University residency and/or fellowship Training Programs and assigned to the Medical Center by the University for at least part of their training.
- 1.42 School of Medicine or SoM.** The University of Washington School of Medicine.
- 1.43 Special Representative.** An additional individual occasionally designated by the County in accordance with Section 6.6 (Representatives).
- 1.44 The Standard.** “The Standard” means after the Effective Date, a change in Applicable Law that imposes an obligation on the County to pay for Clinical Services provided to Mission Population individuals. When The Standard applies, and the County receives funding from the state or federal government to fulfill this new mandate of providing such Clinical Services, the County shall reimburse UW Medicine for professional and/or hospital Clinical Services at the then-current Medicaid rate or the amount the County receives from the state or federal government, whichever is greater. When The Standard applies and the County does not receive such funding from the state or federal government, the County shall reimburse UW Medicine at then-current Medicaid rates. The Medicaid rate payable by the County under The Standard shall exclude adjustments or payments made by the State Medicaid program for indirect medical education, disproportionate share hospital payments and other supplemental payments.

- 1.45 Trainee.** An individual participating in a Training or Teaching Program at Medical Center. Such individuals include students in the School of Medicine and other University health science schools, as well as individuals participating in training or teaching programs pursuant to an agreement between the University and another entity's training or teaching program.
- 1.46 Training Program or Teaching Program.** Accredited residency or other medical education programs, or independent health profession or technician training programs sponsored by the University, which includes training and teaching occurring at the Medical Center.
- 1.47 University.** University of Washington, a State of Washington institution of higher education.
- 1.48 University Employees.** University Employees are those individuals assigned by the University to perform services at the Medical Center who are employed and compensated by the University.
- 1.49 University Personnel.** University Employees and any other persons provided by the University to perform services under this Agreement.
- 1.50 University Representative.** The individual designated by the University in accordance with Section 6.6 (Representatives) to provide general oversight of University activities under this Agreement.
- 1.51 UW Medicine.** UW Medicine is comprised of University and non-University entities that collectively support the UW Medicine mission to improve the health of the public by advancing medical knowledge, providing outstanding primary and specialty care to the people of the region, and preparing tomorrow's physicians, scientists and other health professionals. These entities include the Medical Center, UW Medical Center, Northwest Hospital & Medical Center, Valley Medical Center, UW Neighborhood Clinics, UW Physicians, SoM, Airlift Northwest and also includes the University's membership in Children's University Medical Group and the Seattle Cancer Care Alliance. The term "UW Medicine" refers to the functions and leadership of UW Medicine as exercised by the University and is not intended to bind any of the entities that are legally separate from the University to the terms of this Agreement. The University may perform certain of the University's obligations under this Agreement through UW Medicine. Whenever

the term “UW Medicine” is used in this Agreement, it shall mean the “University.”

- 1.52 UW Medicine CEO.** The Chief Executive Officer of UW Medicine, Executive Vice-President for Medical Affairs and Dean of the School of Medicine, University of Washington.
- 1.53 UW Medicine CHSO/VPMA.** The Chief Health System Officer of UW Medicine, Vice-President for Medical Affairs, University of Washington.
- 1.54 UW Medicine Coordinated Quality Improvement Plan.** The quality improvement plan adopted by the University and UW Medicine for the purposes of: (a) improving the quality of care of patients and preventing medical malpractice; (b) assessing the competence of, and maintenance of relevant information concerning, individual physicians affiliated with the University through UW Medicine or otherwise; (c) resolving patient grievances; (d) developing information concerning negative outcomes and incidents, liability claims, settlements and awards, costs of insurance, and patient injury prevention; (e) delivering educational programs concerning quality improvement and patient safety, etc.; and (f) maintaining and improving policies to ensure these purposes are served.
- 1.55 UW Physicians.** The Association of University Physicians, a Washington nonprofit corporation, tax-exempt under IRS Code § 501(c) (3), and an entity associated with UW Medicine.

## **2. TERM**

The term of this Agreement (the “Term”) shall commence as of the Effective Date and shall continue until December 31, 2025; provided, however, that the Term shall automatically renew for each of 2 successive 10 year terms, unless either Party objects in writing to an automatic renewal no later than twelve (12) months before the expiration of the pending Term. Furthermore, the Term may be terminated prior to the initial or any renewal period expiration date pursuant to the occurrence of certain termination events identified in Section 10.1 (Mutual Termination), Section 10.2 (Events of Termination), Section 10.3 (Non-Renewal), or Sections 10.4 and 10.5 (Reopening and Effect of Reopening).

## **3. RESPONSIBILITIES OF UNIVERSITY**

### **3.1 Management Responsibilities.**



**3.1.1 Medical Center.** UW Medicine shall have the authority and responsibility to manage the business and clinical affairs of the Medical Center and provide the Board with all Management Services necessary and appropriate for the efficient operation of the Medical Center, (the “Management Services”). UW Medicine shall at all times manage the Medical Center in a manner that is intended to achieve the Medical Center mission as identified in the Medical Center Mission Statement (Exhibit 2), as currently stated or as subsequently changed by the County in accordance with Section 5.2 (County Authority).

**3.1.2 Personnel.** To protect the County’s interest in quality and continuity of patient care, the University agrees to the following provisions:

**3.1.2.1** The University, through the Executive Director, shall assign University Personnel as needed to head various operating units of the Medical Center. The University shall provide all personnel needed for the appropriate provision of the Management Services, Clinical Services, Teaching and Research activities encompassed by this Agreement. The University’s responsibilities shall include developing and maintaining Medical Center organizational structures and policies that are consistent with, Medical Center policies and procedures for Clinical Services, University policies and procedures, Applicable Law and applicable collective bargaining agreements.

**3.1.2.2** The University shall seek to maintain positive employee and labor relations with University Employees and their duly certified exclusive bargaining representatives. The University’s responsibilities shall include, as applicable: maintaining collaborative working relationships with bargaining representatives in a manner that supports mutual respect, a joint commitment to problem-solving, and innovative and creative solutions to challenges. The University will negotiate its collective bargaining agreements in a productive and respectful manner and in good faith with the objective of seeking to reach timely agreements, prior to the expiration of such

collective bargaining agreements. The University shall comply with its collective bargaining agreements, and shall not directly or indirectly, interfere with, restrain, coerce, or discriminate against University Employees working at the Medical Center in the free exercise of their right to organize and designate representatives of their choosing for the purpose of collective bargaining, or in the free exercise of any other right under chapter 41.56 RCW.

**3.1.2.3** The University shall maintain a process of continual improvement for employee and labor relations between the University and University Employees and their certified bargaining representatives. Such continual improvement efforts shall describe measurable metrics that align with the UW Medicine commitment to being an employer of choice for employees who are focused on serving patients, their families and the community. The University shall make periodic reports to the Board, not less than twice per year, including an annual report, on its process to develop and implement such metrics. The reporting will include evidence-based, industry standard employee engagement data, University Employee workplace satisfaction, worker safety, employee training and development programs as provided in Section 3.1.2.5, labor relations complaints and grievances, unfair labor practice complaints, the status of labor negotiations from the Executive Director - and progress with the Medical Center's Employer of Choice goals.

**3.1.2.4** The University shall comply with all Applicable Law related to employment or University Employees, labor relations and collective bargaining, and shall prepare and file any reports, returns or other documents required by or appropriate with respect to any Applicable Law and any benefit, retirement or similar plan. The University shall obtain from all University Employees all verification and other documentation or employment eligibility status required by Applicable Law. The University shall retain such

documentation for all University Employees for the period prescribed by Applicable Law.

**3.1.2.5** The University shall continue to maintain a continuing employee training and development program for University Employees as appropriate to meet its obligations under this Agreement. The training and development programs offered to University Employees working at Harborview Medical Center will be comparable to the training and development programs offered to the same category of University employees at UW Medical Center.

**3.1.2.6** The University shall be responsible or shall cause a UW Medicine entity to be responsible for the salaries, fringe benefits, insurance benefits, payroll taxes and other amounts, benefits or expenses provided to or on behalf of the University Employees.

**3.1.2.7** All employees of the 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 the County subject to the provisions of Section 560 of the County charter and subject to all the rules of the personnel system of the County, including rules concerning compulsory retirement, but excluding rules concerning initial appointment.

**3.1.2.8** The Parties agree that the County is not a party to any collective bargaining agreement for University Employees. Nothing in this Section 3.1, or in this Agreement, shall establish a term or condition enforceable under or transferable to any collective bargaining agreement between the University and University Employees or any other UW Medicine entity and its respective employees. The

University's obligations pertaining to University Employees under this Agreement shall be limited to the Medical Center and Medical Center resources.

**3.1.3 Licenses, Permits, Registrations and Certificates.** UW Medicine shall obtain and maintain without restriction during the term of this Agreement all appropriate licenses, permits, registrations and certificates under Applicable Law for the provision of the services under this Agreement, including authorization for participation in Medicare and Medicaid. UW Medicine shall require University Personnel, including all its independent contractors, who are to perform services under this Agreement, to possess and maintain in effect during the term of their services under this Agreement, all licenses, permits, registrations and certificates required by Applicable Law which are required for their performance hereunder. Copies of all such licenses, permits, registrations and certifications shall be made available to the Board upon request. UW Medicine shall operate the Medical Center and perform its obligations under this Agreement in accordance with the requirements of all licensing and permitting bodies. UW Medicine will serve as liaison with governmental agencies and their agents on certification issues. UW Medicine will establish procedures for the proper completion of all Medical Records and the proper implementation of all other documentation necessary to obtain payments from third-party payers.

**3.1.4 The Joint Commission.** UW Medicine shall operate the Medical Center in accordance with the standards of The Joint Commission and shall ensure that the Medical Center maintains such accreditation. UW Medicine shall be responsible for the preparation for any survey conducted by The Joint Commission that may occur during the term of the Agreement. UW Medicine shall notify and seek input from the Board with respect to all identified deficiencies, shall respond to the Board and adequately address all such deficiencies.

**3.1.5 Facility Maintenance.** The University shall be responsible for maintaining all Medical Center buildings and physical plant (inclusive of building systems and infrastructure), consistent with best practices for the operation of a hospital and with the principles of environmental sustainability. The University shall provide sufficient staff or contracted

resources to carry out this responsibility on a timely, as-needed basis. The University shall manage and maintain the buildings and physical plant efficiently and effectively, using University expertise, resources and processes. In accordance with Section 5.4, the County shall reimburse the University for the County's Share of operating and maintaining those portions of the Medical Center occupied by the County or its tenants, other than the University.

**3.1.6 Security.** UW Medicine shall maintain and supervise the security at the Medical Center to provide a safe environment for patients, employees, contractors and members of the public, comparable to other healthcare facilities of this size and scope. In accordance with Section 5.4, the County shall reimburse the University for the County's Share of security in those portions of the Medical Center occupied by the County or its tenants, other than the University.

**3.1.7 Selection, Maintenance and Utilization of Medical Equipment.** UW Medicine shall advise the Board with respect to the selection of additional and replacement depreciable medical equipment for the Medical Center and shall be responsible for the inspection, evaluation and purchase of such medical equipment. UW Medicine shall obtain the approval of the Board prior to ordering any such medical equipment valued at over two hundred fifty thousand dollars (\$250,000).

**3.1.8 Procurement of Goods and Services.** UW Medicine shall develop and maintain procedures for the procurement of all Medical Center goods (including medical equipment) and services and shall be responsible for procuring such in accordance with Applicable Law. To the extent that procurement does not occur through group purchasing contracts or UW Medicine shared services and does not fall within the applicable direct buy limit, solicitation of bids will be made, and consideration will be given to procuring locally produced goods and services, as well as those procured from women and minority-owned businesses.

**3.1.9 Capital Planning and Property.** The University shall be responsible for the management, design, planning, development and contract oversight of Board-approved Medical Center capital projects funded either by Medical Center revenues and/or with University support, which are

budgeted, over the life of the project, for an amount not exceeding five-million dollars (\$5,000,000), which amount shall increase automatically each year in an amount consistent with the Consumer Price Index for that year. Such projects shall be procured and delivered in accordance with University procurement and delivery policies, procedures and statutes, and KCC 2.42.080. The University shall be authorized to execute all documents necessary to complete such projects. All other capital projects shall be subject to, planned and administered consistent with the KCC, as it now reads or is hereafter amended. The Parties will work together to propose amendments to the KCC as necessary and desirable to facilitate efficient capital activities. The CPOC, through unanimous consensus of its members, shall provide oversight of bond-financed capital projects.

**3.1.10 Associations.** UW Medicine's responsibilities shall include developing and maintaining the Medical Center as an institutional member of national, regional, state and local associations in the fields of healthcare administration and management.

**3.1.11 Medical Center's County Identity.** The Medical Center will be integrated into the broader UW Medicine system without losing the Medical Center's identity as a County-owned facility. UW Medicine will retain the names "Harborview" and "King County" as part of signage, logos, public relations, advertising, marketing and other forms of internal and external communications and any such materials shall identify that Harborview facilities are owned by King County, managed by the University and operated and staffed by UW Physicians and University Employees.

Upon execution of this Agreement, and in accordance with the specifications set forth in Exhibit 4, the University will include King County's logo on all UW Medicine webpages related to the Medical Center. Any changes to the signage on Medical Center buildings will be made in accordance with the specifications set forth in Exhibit 4. UW Medicine shall obtain the Board's approval before including King County's logo on the UW Medicine webpages or signage on Medical Center buildings.

UW Medicine shall report to the Board on its Medical Center identity proposals and obtain the Board's approval

before implementation. Once implemented, the Board's approval shall be required only for material changes to the Medical Center identity program.

### **3.2 Clinical Responsibilities.**

- 3.2.1 Core Clinical Services.** The Clinical Services listed in Exhibit 3 are provided at the Medical Center effective September 1, 2015. Unless approved by the Board, UW Medicine shall maintain the Core Clinical Services at the Medical Center, in accordance with the priorities established in the Mission Statement. Board approval is required prior to any decision by UW Medicine to close, add or move any Core Clinical Services. If a Core Clinical Service is moved, the status of that service as a Core Clinical Service is unchanged, except upon approval of the Board.
- 3.2.2 Collaboration Regarding Non-Core Clinical Services.** UW Medicine and the Board shall collaborate with respect to the appropriate provision of Non-Core Clinical Services in the Medical Center. The Parties shall meet and review the allocation of Non-Core Clinical Services to the Medical Center within UW Medicine if requested by either Party, or at a minimum, at least annually. Board consultation is required prior to any decision by UW Medicine to close or add major Non-Core Clinical Services.
- 3.2.3 Care to all Patients.** Consistent with the Mission Statement and Applicable Law, UW Medicine shall undertake to provide safe, high quality Clinical Services as required to effectively and efficiently meet the medical needs of patients, including those County patients who may experience limited access to other providers due to social, geographic, cultural, medical or other special needs. UW Medicine shall provide the same quality of care to all patients, regardless of financial sponsorship or ability to pay. Subject to Board approval, UW Medicine may adopt admission-related policies and procedures for the Medical Center so long as such policies and procedures are consistent with the Admissions Policy.
- 3.2.4 Patient Care Policies.** UW Medicine shall adopt and maintain standards of patient care consistent with evidence-based medicine, using clinical pathways and practice guidelines in support of providing the highest quality of care.

- 3.2.5 Medical Director.** UW Medicine will appoint a Medical Director who will serve as the chief medical officer of the Medical Center and will also represent the University on all matters involving Clinical Services, Teaching and Research. This appointment shall be subject to Board approval.

The Medical Director is accountable to the UW Medicine CEO for all Teaching and Research matters, to the Executive Director and UW Medicine CHSO/VPMA for all matters involving Management Services, and to the Board, the Executive Director, the UW Medicine Chief Medical Officer and Vice President for Medical Affairs and the UW Medicine CHSO/VPMA for all matters involving the provision of Clinical Services. UW Medicine shall ensure that the Medical Director supervises and directs the delivery of Clinical Service, including Clinical Services involving Residents and students of the School of Medicine and other Trainees, in accordance with this Agreement. The Medical Director shall be both University Personnel and a member of the Medical Staff at the Medical Center.

- 3.2.6 Chiefs of Service.** The Chiefs of each Service, which are hospital administrative positions, shall be appointed by the Board upon recommendation of the Medical Executive Board in accordance with the Medical Staff Bylaws and the Board Bylaws.

- 3.2.7 Quality Assurance and Patient Safety.** UW Medicine shall develop and maintain such Medical Center operating policies, procedures and quality assurance mechanisms as are needed for optimal patient care. UW Medicine shall ensure that University Personnel participate in quality assurance and improvement, utilization review, risk management and other quality assurance and patient safety activities as specified by Medical Center policies and procedures, the Medical Staff Bylaws, applicable accreditation standards, Applicable Law, and the UW Medicine Coordinated Quality Improvement Plan.

- 3.2.8 Performance and Productivity Measures.** UW Medicine shall develop and maintain clinical performance and productivity measures sufficient to demonstrate the effectiveness and efficiency of its programs of care at the Medical Center, comply with all applicable government quality and reporting requirements including but not limited



to the Department of Health and Human Services Centers for Medicare & Medicaid Services. UW Medicine shall produce all required reports regarding performance and quality measures, in a manner that is complete, accurate and timely. UW Medicine shall maintain all accreditation, quality and performance measures of Medical Center at a level materially consistent with the level of such measures, metrics and standards as published by such programs, agencies and payers.

**3.2.9 Qualifications.** Appointment of University Personnel to the Medical Staff shall be in accordance with the terms and conditions of the Board Bylaws and Medical Staff Bylaws and shall be subject to Board approval. No University Personnel who hold a license to practice their profession subject to a restriction that would materially limit his or her performance of assigned duties hereunder may provide services under this Agreement, except upon the written approval of the Executive Director and Medical Director and in accordance with the Medical Staff Bylaws.

**3.2.10 Credentialing.** As a condition to the provision of Clinical Services to patients and in the conduct of the Training Programs, UW Medicine shall ensure that: (i) members of the Medical Staff shall maintain membership in good standing on the Medical Staff in accordance with Medical Staff Bylaws at any time that they provide Clinical Services or supervision to Residents; and (ii) all Residents who are enrolled in a Training Program shall maintain membership in good standing as Residents in their Training Programs and meet the conditions of conduct and standards of patient care as outlined in the Medical Staff Bylaws at any time that they perform Clinical Services hereunder. This provision shall not be interpreted to mean that Residents are members of the Medical Staff.

**3.2.11 Compliance with Medical Staff Bylaws.** All Medical Staff Bylaws, and all amendments thereto, shall be recommended by the Medical Staff for approval or rejection by the Board. University Personnel shall be responsible to comply with applicable Medical Staff Bylaws and policies and shall provide care consistent with policies approved by the Board, the Mission Statement and the Medical Staff Bylaws.

**3.2.12 Change in Status.** If the Medical Staff membership, clinical privileges and/or Faculty status of any University Personnel are suspended or terminated, UW Medicine shall take such steps as necessary to restrict the individual's activities consistent with those limitations until such membership, clinical privileges, or Faculty status is reinstated.

### **3.3 Training Programs.**

**3.3.1 Training Programs.** The University shall establish the educational goals and objectives of the Training Programs. As applicable, the University shall supervise the Training Programs in a manner consistent with the standards and requirements set forth by the Accreditation Council on Graduate Medical Education and any other applicable accreditation bodies for program accreditation and with Medical Center Policies.

**3.3.2 Supervision.** The University shall have authority and responsibility for the clinical supervision and administration of Training Programs. University Personnel on the Medical Staff shall teach Residents and Trainees rotating through the Medical Center. University Personnel on the Medical Staff also shall supervise the activities of Residents and Trainees, consistent with Medical Staff Bylaws, Medical Center and UW Medicine policies and Applicable Law.

**3.3.3 Accreditation.** As applicable, the University shall maintain accreditation of all Training Programs that are conducted, in whole or in part, at Medical Center and shall notify the Board of any matters to its knowledge that may jeopardize such accreditation or if any accreditation is restricted or cited by the accreditation agency.

**3.4 Fundraising.** The University shall maintain a charitable fundraising and development function for the Medical Center that includes the donation of private funds to support the Medical Center's Mission and the Centers of Emphasis and Centers of Excellence located at the Medical Center. The University will support the development objectives of the Board and Medical Center administrative leadership by providing the appropriate development staff and resources to raise targeted funds from individuals, corporations and organizations in the community and to organize events designed to enhance philanthropic support and

community engagement for the Medical Center consistent with UW Medicine strategies for fundraising.

- 3.5 Medical Center Facilities.** The University shall be responsible to manage the Medical Center facilities and is authorized to execute contracts for onsite facility services, facilities maintenance and repair without additional County approval, so long as such expenditures are within the budget approved by the Board.

**3.5.1 Leasing.** In all Medical Center buildings owned or leased by the County, the University may act as the County's leasing agent and property manager for retail spaces and retail opportunities (including but not limited to kiosks, concession stands and ATM machines), and such other purposes which support or enhance the Medical Center; provided however, all such leases must be executed by the County Executive or the County Executive's designee. The Parties agree to work together to streamline processes for the purpose of increasing efficiency and reducing delays in the negotiation and approval process.

- 3.6 University Reimbursement.** The University shall reimburse the County, through payment to the Board, if it occupies space at the Medical Center for purposes which are not directly related to the operation of the Medical Center. Such reimbursement shall be calculated at a rate agreed to by the Parties in separate written agreements.

**3.6.1 University Relocation; No additional Expenses.** If the County requires UW Medicine to move any service or activity provided by UW Medicine under this Agreement to another location for the purpose of permitting repair or construction of existing Medical Center facilities, UW Medicine shall not be required to pay any amounts, including but not limited to rent, as a result of occupying the new location. The County shall bear the costs of relocation and occupancy in its project budget and shall pay directly or reimburse UW Medicine for all such costs.

#### **4. RESPONSIBILITIES OF BOARD**

- 4.1 Board Communications.** The Board shall communicate to UW Medicine any changes in the Mission Statement or the Admissions Policy made by the County.

- 4.2 External Relations.** The Board shall represent and act for the Medical Center in relationships with the general community in matters pertaining to the governance of Medical Center. In matters related to the day-to-day operation of Medical Center, including but not limited to relationships with government and commercial payers, outside agencies, University Employees and their bargaining units, UW Medicine shall represent the Medical Center.
- 4.3 Board of Trustees Bylaws.** The Board shall maintain Bylaws which include a committee structure which satisfies the standards of The Joint Commission.
- 4.4 Support for Medical Center Board.** The Board may utilize Medical Center operating funds to hire, pay, or contract for staff resources to assist the Board in fulfilling its supervision and oversight duties. Prior to such expenditures from Medical Center operating funds, and after consultation with UW Medicine, the Board shall determine whether additional resources are necessary and, if so, establish expectations for the amount of such expenditure. Board staff shall be entitled to access University records related to the Medical Center in the same manner as the Board is entitled to access such records.
- 4.5 Auxiliary Organizations.** The Board shall approve the establishment of auxiliary organizations and the bylaws delineating each such organization's purpose and function.
- 4.6 Approvals.** The Board shall: (i) maintain general supervision over the use of Medical Center resources and control all designated, restricted and general operating funds; (ii) approve and monitor the annual capital and operating budgets; (iii) review and approve the CIP and project plans prepared by UW Medicine prior to their submission to the County for its approval in accordance with KCC 2.42.080; (iv) oversee the provision by UW Medicine of Management Services as necessary and appropriate for the efficient operation of the Medical Center; (v) recommend to the County and UW Medicine physical facilities development plans, and short and long-term strategic and financial planning for the Medical Center; (vi) supervise UW Medicine's maintenance and operation of the Medical Center and equipment, within the limits of approved budgets and appropriations authorized; and (vii) approve all remodeling and construction projects within the provisions of Ordinance 10563, as subsequently amended.
- 4.7 Senior Management.** The Board shall approve or reject UW Medicine's recommended candidates for Medical Director and

Chiefs of Service. Appointment of the Executive Director is governed by Section 6.7.1 (Appointment).

## **5. RESPONSIBILITIES OF COUNTY**

- 5.1 Facilities.** During the term of this Agreement, the County shall make the Medical Center available to the University for the operation of the Medical Center. Except as more specifically addressed in this Agreement, the County will retain title to all real and personal properties acquired for the County with Medical Center capital or operating funds prior to or during the term of this Agreement.
- 5.2 County Authority.** The County may change the Mission Statement and Admissions Policy. Prior to making such a change, the County shall consult with the Board and UW Medicine, and other interested groups, as appropriate, to receive and review their advice. The County shall review and approve the Medical Center's CIP and the annual capital improvement program budget.
- 5.3 Gifts of Real Property.** The County shall approve the acceptance of any gift, devise, bequest or otherwise of real property designated for the Medical Center's use in accordance with Applicable Law.
- 5.4 County's Share.** "County's Share" shall mean the County's contributions to the University's costs to operate and maintain the specific Medical Center buildings in which the County or its tenants, other than the University, occupy space. The County's contribution will be for services including but not limited to janitorial services, general repair services (but not major maintenance or capital improvements), utilities (unless separately metered and invoiced to the County directly), and security (unless otherwise provided by the County such as the Involuntary Treatment Court). The formula for calculating the County's Share shall be addressed in a separate Memorandum of Understanding negotiated by the Parties and made an exhibit to this Agreement. For any space occupied by the County, or its tenants, other than the University, on the Effective Date of this Agreement, the County's contributions to the University's costs to operate and maintain such space shall not increase without the approval of the County Representative or decrease without the approval of the University Representative; provided however, that if the County or its tenants vacate such space and the County or its tenants subsequently occupies the space, the County shall pay the County's Share beginning on the first day of occupancy by the County or its tenants.

## 6. JOINT RESPONSIBILITIES

**6.1 Compliance and Cooperation.** The Parties shall work cooperatively to accomplish the purposes of this Agreement. The Parties shall work together to fulfill the County's public health mission and goals and the Mission Statement, including excellence in clinical care, accessibility of care, and the efficient utilization of resources while also to the extent feasible furthering UW Medicine's mission and program needs.

**6.2 System Reform Opportunities: Long Range Planning Committee.** The Parties shall coordinate in the pursuit of opportunities to respond to the evolving healthcare industry, improve population health and have the Medical Center become the provider of choice for County and state residents, including supporting the Medical Center's status as a major teaching hospital, the continuation and expansion of Research at the Medical Center. To facilitate long-range planning for success in achieving the goals of the County, the Board and UW Medicine, the Parties will establish a committee appointed with representatives from the County, the Board and UW Medicine to focus on long-range planning. The committee will meet as necessary and desirable to facilitate strong coordination and the identification and monitoring of goals established among the Parties. The committee will respect the governance structures, accountabilities and collective bargaining commitments of each Party.

**6.3 Centers of Emphasis and Centers of Excellence.** UW Medicine and the Board shall cooperate in the development and promotion of Centers of Emphasis and Centers of Excellence at the Medical Center. The opening, closing, or material change in the status of any Center of Emphasis or Excellence shall require Board approval.

### **6.4 Commitment to Coordination.**

**6.4.1** The Parties share a common goal of more effectively serving the Mission Population including: providing high quality care, consolidating duplicate programs, leveraging available federal and state funding sources, and leveraging UW Medicine expertise in providing access to a full continuum of care.

**6.4.2 Support for Mission Population.** By December 31 of each year and subject to Section 6.4.3 below, the Board shall allocate from Medical Center revenues or reserves five million dollars (\$5,000,000) to a fund to support

Mission Population programs and services that are currently being provided by the County. The \$5 million annual allocation is subject to adjustment as set forth in Section 6.4.3.

- 6.4.3. Program Efficiencies.** The Parties will immediately work together to identify ways to provide services to the Mission Population more efficiently. A committee comprised of representatives from the County, the Board, and UW Medicine will endeavor to identify, and, where feasible and appropriate, implement (1) efficiencies leading to a reduction in costs incurred by the County, including any variable overhead expense, and (2) new funding and revenue sources that would not otherwise reasonably be received by the County. Contributions eligible for reducing the allocation may be cash or in-kind.

The Parties and the committee will work in good faith to make these program efficiencies substantial and permanent. The allocation described in Section 6.4.2 will be reduced by an amount agreed to by the Parties based upon reductions in costs incurred by the County or new funding sources that would not otherwise be received by the County. The Board shall disburse the allocation in Section 6.4.2 reduced by any agreed-upon reductions to the County by December 31<sup>st</sup> of each year.

- 6.4.4. Extraordinary Circumstances.** Under extraordinary circumstances, the Board may submit a request to the County Executive and the County Council to suspend some or all of an annual allocation. This request shall include a summary of the actions taken by the Board to address the extraordinary circumstances. Provided however, before the Board may suspend any allocation, the County Council, by motion, must approve the request, reject the request, or change the amount requested by the Board to be suspended. The Board and UW Medicine agree that the Medical Center budget will be revised in accordance with the passed motion.

- 6.5 Gifts of Personal Property.** In accordance with Applicable Law, the Board may accept and expend tangible personal property, including money, by gift, devise, bequest or otherwise for the Medical Center's use. Any such gift, devise, bequest or otherwise will be managed by the University for the benefit of the Medical

Center. The University also directly may accept and expend tangible personal property, including money, by gift, devise, bequest or otherwise for the Medical Center's use, consistent with University development policies and procedures.

## **6.6 Representatives.**

**6.6.1 University Representative.** The University designates UW Medicine CEO to serve as University Representative with respect to administration of this Agreement. The University may change its Representative, but must notify the Board in writing. The University will strive to provide advance notification of a change in its University Representative. If not provided in advance, such notice will be provided immediately upon designation of the change.

**6.6.1 County Representative.** The County designates the Board President, or his or her designee, as the County Representative with respect to administration of this Agreement. Occasionally, the County may also designate an additional representative who is not a current Board member to serve as a special representative with respect to administration of the Agreement ("Special Representative"). The County may change its Representatives, but must notify the University in writing. The County will strive to provide advance notification of a change in its County Representative. If not provided in advance, such notice will be provided immediately upon designation of the change.

## **6.7 Executive Director.**

**6.7.1 Appointment.** UW Medicine shall recommend the appointment of an Executive Director from among the candidates identified by the search committee established pursuant to Section 6.7.2 (Search Committee). The Board shall approve or reject UW Medicine's recommendation. If the Board rejects UW Medicine's recommendation, then UW Medicine shall submit another recommendation to the Board from among the candidates identified by the search committee, until an Executive Director is approved by the Board.

**6.7.2 Search Committee.** The following procedures will be used to select and appoint the Executive Director. A search committee, consisting of equal representation of the Board and UW Medicine, which may utilize the services of a



search consultant, shall develop a job description and qualifications statement, establish criteria for measurement of applications, screen all applicants, conduct investigations and interview candidates. The search committee shall identify a slate of acceptable candidates from which UW Medicine shall recommend candidate(s) to the Board for approval.

**6.7.3 Accountability.** The Executive Director will represent the Board and the University in matters of daily Medical Center management. The Executive Director is accountable, and shall jointly report, to the Board and the UW Medicine CHSO/VPMA or successor in function. The Executive Director shall be accountable for effective employee relations, engagement, and retention, in accordance with Applicable Law and University policy. The Executive Director will be responsible for managing Medical Center operations in accordance with the Mission Statement, the governance decisions of the Board, long-range plans, operating and capital budgets, and also with applicable policies of the Board and the University and UW Medicine.

**6.7.4 Informational Reports of the Executive Director.** The Executive Director shall provide the Board with such reports and information as the Board determines necessary to assist with its supervisory and oversight functions. In conjunction with the Board, the Executive Director shall also make a report to the County Council at least once per year.

**6.7.5 Performance Evaluation.** The performance of the Executive Director shall be reviewed at least annually by the Board and the UW Medicine CHSO/VPMA.

**6.7.6 Removal.** Following consultation between the Board and the UW Medicine CHSO/VPMA, UW Medicine shall immediately remove the Executive Director at any time that the Board or UW Medicine determines that the Executive Director's performance is less than satisfactory.

**6.8 Funding of County's Obligations for the Pat Steel Building and the Ninth and Jefferson Building.** The Parties agree that the Board annually shall include in the Medical Center operating budget, and shall pay to the County, sufficient funds to cover the monthly rent or outstanding debt ("Debt Payments") associated with the County's development and ownership of property interests in the Pat Steel Building, and the Ninth and Jefferson Building.

This Section 6.8 (Funding of County's Obligations for the Pat Steel Building and the Ninth and Jefferson Building) terminates and supersedes the Ninth and Jefferson Building Funding Agreement dated December 4, 2006, and the 2012 Facilities Management Division Facility Use Agreement relating to the Pat Steel Building. Debt Payments for each respective building will terminate at the earlier of the date when the outstanding debt has been satisfied or upon agreement of the Parties.

## **7. BUDGET AND PAYMENT TO THE UNIVERSITY**

**7.1 Medical Center Operating Budget.** UW Medicine will prepare and submit an annual operating budget to the Board for adoption, modification or rejection; will provide monthly budget status reports; and will make recommendations for changes in either policy or programs when necessary to sustain effective operations and financial viability. The Medical Center operating budget shall be approved by the Board. UW Medicine shall be responsible for complying with the Board-approved operating budget. UW Medicine shall also be responsible for developing and maintaining the necessary systems and procedures for operating budget controls to adhere to the Board-approved operating budget. To facilitate UW Medicine's management consistent with the approved budget, the County shall strive to provide advance written notice of any County expense allocated to the operating fund, and if advance notice is not feasible, the County shall provide prompt written notice after the fact.

**7.2 Payments to the University for Services.** Expenses for all services performed or provided by the University and any other obligations incurred or expenditures made by it under this Agreement shall be paid from Medical Center revenues, provided, however, that those payments have been included in the approved budget for the Medical Center, as provided in Exhibit 5.

**7.2.1 Necessary Medical Center Expenses.** Consistent with the annual budget adopted pursuant to this Agreement, the University shall be paid out of the Medical Center revenues for all necessary Medical Center operating expenses incurred in the performance of this Agreement or in the course of fulfilling its other obligations under this Agreement (collectively, the "Medical Center Expenses"). The Medical Center Expenses shall include: (i) payroll (wages, salaries and benefits) and expenses relating to all University Employee and expenses related to University

Personnel except as provided in Section 7.2.2 (Physician Expenses); (ii) the cost of utilities, maintenance and supplies (both medical and nonmedical) for the Medical Center; (iii) equipment (both medical and non-medical, including computer hardware); and (iv) other direct variable and fixed expenses incurred of a type identified as operating expenses in the approved budget.

**7.2.2 Physician Expenses.** To the extent that physician and other healthcare professional revenues for clinical care provided to Medical Center patients do not cover the cost of University Personnel to provide programmatic and Clinical Services at the Medical Center, the Medical Center may provide payments to support the clinical and programmatic efforts of Faculty. UW Medicine shall include in the budget the Medical Center's contribution to the cost of Faculty programmatic and Clinical Services when it develops the annual budget and separately identify that amount as part of the annual budget submitted to the Board for its approval, providing the Board with sufficient detail to understand how the budget allocation for Faculty expense is calculated.

**7.2.3 Shared Services.** UW Medicine shall separately identify the cost of services or facilities that are shared among various entities of UW Medicine, including but not limited to IT services, risk management services, financial services, contact center services, UW Neighborhood Clinic services and central administration services for payment out of Medical Center revenues. UW Medicine will provide the Board will sufficient detail to understand how the Medical Center's allocated cost for each shared service or facility was calculated. Upon Board approval, the budgeted expense for shared facilities and services may be paid in monthly installments amortized over a reasonable period of time.

**7.2.4 Other Payments to University.** The University may be paid from Medical Center revenues for other services not included in this Section 7.2 (Payment to the University for Services).

**7.3 Extra-Budget Expenses.** Using best efforts, UW Medicine will strive to present a budget that includes all foreseeable expenses. To the extent that an expense is not included in the approved budget, UW Medicine shall obtain prior Board approval before making any payments for any such extra-budget expense.

**7.4 Capital Planning and Budgeting.**

**7.4.1 Control.** The County retains ultimate control over capital improvement projects at the Medical Center.

**7.4.2 CPOC.** The CPOC's duties shall include:

**7.4.2.1** As part of the annual budget process for the Medical Center, reviewing and advising the Board regarding the University's annual proposed CIP budget;

**7.4.2.2** After the budget is approved, reviewing and recommending any changes to the CIP budget for consideration by the Board and the County, provided that in circumstances in which patient safety or compliance with healthcare regulations require expedited action or when an amendment does not exceed the Medical Center's approved budget, the Board may authorize revisions, which shall be reported to the County Council;

**7.4.2.3** Monitoring the overall progress of the CIP;

**7.4.2.4** Ensuring all capital reporting requirements are met; and

**7.4.2.5** Performing any other review or recommendation duties assigned to it by the Board.

**7.4.3 Membership.** The CPOC shall be comprised of two members appointed by UW Medicine, two members appointed by the Board and two members appointed by the County.

**7.4.4 Actions taken by the CPOC.** Any recommendation made by the CPOC must be by unanimous agreement.

**7.4.5 Schedule.** In an attempt to adopt a CIP budget consistent with the University's fiscal year, the Parties shall make a good faith effort to abide by the following schedule for the annual adoption of the CIP budget. The CPOC should make its recommendations to the Board by February 28 of each year. The Board should approve the CIP budget by April 15 of that same year. The County Council should adopt the CIP budget by June 30 of that same year, provided that in circumstances in which patient safety or compliance with

healthcare regulations require expedited action, the Board may authorize the University to implement such actions, which shall be reported to the County Council.

## **7.5 Accounts and Funds Flow.**

- 7.5.1 Medical Center General Operating Fund.** Through the term of this Agreement all financial transactions concerning the operation of the Medical Center will be handled from funds maintained by the County Finance and Business Operations Division. All Medical Center funds shall be under the control of the Board. A Medical Center General Operating Fund will be maintained for the purpose of recording all transactions not deposited into designated funds at the direction of the Board.
- 7.5.2 Medical Center Building Repair and Replacement Fund.** A designated fund, the Building Repair and Replacement Fund, will be maintained to account for the regular segregation of capital funds, including interest earned within the fund in accordance with Applicable Law. Deposits of capital funds shall be made at least annually to the Building Repair and Replacement Fund. From the Medical Center Building Repair and Replacement Fund will be drawn payments for acquisition of equipment, building renovation and improvements upon Board approval. As part of the long range and annual capital planning process of the Medical Center, foreseeable replacements and improvements will be included in the annual CIP budget submitted by UW Medicine to the Board.
- 7.5.3 Commitment to Efficient Systems.** The Parties agree that achieving financial system efficiencies is one mechanism for reducing expenses, thereby enhancing the shared goal of the Medical Center, the County and UW Medicine to serve the Mission Population effectively. In support of the goal of efficient operations that reduce operational expenses, the Parties agree that to the extent permitted by Applicable Law and policy of all Parties, the Medical Center may issue its own warrants and utilize UW Medicine financial and accounting systems whenever appropriate. In addition, the Parties agree that UW Medicine and the Board will participate in discussions with the County regarding the County's investment policy that may enable Medical Center cash reserves to achieve the highest return consistent with

County policies, optimal investment strategies and Applicable Law.

- 7.6 No Added Financial Obligation or Benefit.** Except as otherwise provided in this Agreement, the University is to incur no added financial obligation or financial benefit by reason of the execution or performance of this Agreement and the operation of the Medical Center pursuant to this Agreement. It is an express condition of this Agreement that the University be reimbursed by the Medical Center, to the extent current and Board-designated assets and restricted funds are available, for all services performed or provided by the University and any other obligations incurred or expenditures made by the University under this Agreement, except for expenditures made by the University from direct legislative appropriations to the University for the Medical Center.

## **8. REVENUE AND BILLING**

- 8.1 Third Party Revenue.** UW Medicine shall maintain the Medical Center's participation in the Medicare and Medicaid programs (although UW Medicine shall not be required to maintain the Medical Center's participation in all Medicare and Medicaid products offered through commercial payers). Consistent with UW Medicine strategies and processes, UW Medicine shall maintain the Medical Center in contracts with significant government and commercial payers in the market. Consistent with the priorities of the Mission Statement, UW Medicine shall seek to establish and maintain Centers of Excellence or similar programs that enable the Medical Center to participate in favorable reimbursement programs.
- 8.2 Schedule of Charges.** UW Medicine shall develop and maintain policies and procedures for patient charges, billing, collections and the reduction of patient charges consistent with Applicable Law related to government healthcare programs and contracted payer requirements. UW Medicine shall provide an annual report to the Board on collection activities, including the reduction of patient charges and application of the Medical Center's charity care policy.
- 8.3 Billing and Collection for Professional Services Provided at the Medical Center.** With the Board's approval, University Personnel may charge professional fees for their services to patients at the Medical Center consistent with the applicable policies of the Medical Center and UW Medicine, including the Medical Center's charity care policies and the Mission Statement. University

Personnel providing professional services under this Agreement will not bill the County and the County will not be required to pay for professional services rendered at the Medical Center to County jail inmates. With regard to other patients, professional fees shall not be billed to the County and the County will not be required to pay unless (i) such services are eligible for payment by the County under a separate agreement entered into between the County and the UW Medicine entity providing the professional services or (ii) reimbursement is subject to The Standard.

**8.4 Billing and Collection for Professional Services Provided to Jail Inmates at the UW Medical Center.** The Parties agree that for King County jail inmates who receive professional services at the UW Medical Center, the County shall pay Medicaid rates. Prior to seeking reimbursement from the County, the UW Medicine entity providing the professional service shall follow Applicable Law and contractual obligations with third party payers to obtain any available reimbursement.

**8.5 Billing and Collection for Hospital Services Provided at the Medical Center.** UW Medicine shall be responsible for all Medical Center billing and collection activities for hospital services provided under this Agreement consistent with Applicable Law and UW Medicine policies and procedures for patient charges, billing, collections, and the reduction of patient charges. UW Medicine will not bill and the County will not be required to pay for hospital services provided to any jail inmate at the Medical Center. The County will also not be required to pay for hospital services to any other patient of the Medical Center, unless (i) such services are eligible for payment by the County under a separate agreement entered into between the County and Medical Center or (ii) reimbursement is subject to The Standard.

**8.6 Billing and Collection for Hospital Services Provided to Jail Inmates at the UW Medical Center.** The Parties agree that for King County jail inmates who receive hospital services at the UW Medical Center, the County shall pay Medicaid rates. Prior to seeking reimbursement from the County, the UW Medicine entity providing the hospital service shall follow Applicable Law and contractual obligations with third party payers to obtain any available reimbursement.

**8.7 Collaboration to Secure Third Party Payment for Medical Center and Professional Services Where Available.** To the extent there is no designated or identified source of funding for Clinical

Services delivered to Medical Center patients, including the Mission Population, the County will cooperate in efforts to enroll patients in payer programs for which they are or might be eligible, including, for example, Medicare and Medicaid programs; provided, however, with the County's cooperation, UW Medicine shall be responsible for seeking enrollment for County jail inmates who receive clinical care at a UW Medicine entity.

- 8.8 Payment.** When services are eligible for payment by the County under this Section 8, the County shall pay the billing UW Medicine entity within ninety (90) days of the receipt of a claim for payment; provided however, that if a written agreement between the County and the UW Medicine entity providing the care contains different payment obligations, the terms of the more specific written agreement will govern.

## **9. RESEARCH**

- 9.1 General.** In accordance with RCW 36.62.290, the University is encouraged to develop, maintain and implement Research that takes place at the Medical Center to improve patient care, improve medical knowledge and/or develop new biomedical drugs, devices or treatments leading to the control of disease and prevention of injury. Research shall be consistent with, but not limited by, the Mission Statement, and the University may use "King County" and "Harborview" to identify Research publicly. The University shall reimburse Medical Center for the use of Medical Center resources for Research, and the County shall bear no costs related to Research except as provided in written agreements.
- 9.2 Research Compliance.** The University will ensure compliance of the Research with Applicable Law and other rules applicable to Research and Research billing including, but not limited to, laws and regulations governing human subjects research, research integrity, conflicts of interest, Medical Center policies and University IRB rules, regulations and policies and grantor requirements. The University shall ensure that Clinical Services are not compromised by Research.
- 9.3 Institutional Review Board Participation.** The County and Board may nominate a qualified individual for appointment to one of the University Institutional Review Boards.

## **10. TERMINATION**



**10.1 Mutual Termination.** This Agreement may be terminated, in whole or in part, at any time upon the mutual written agreement of the Parties and upon approval of the County Council.

**10.2 Events of Termination.**

**10.2.1** Notwithstanding Section 13, if the University: (i) materially breaches this Agreement, (ii) is unable to resolve with the County an Event of Reopening under Section 10.4; (iii) fails to maintain insurance as required by this Agreement; (iv) fails to maintain any material license, permit, accreditation, or certification required by the Medical Center to operate; (v) is excluded, debarred or suspended from participation (or otherwise becomes ineligible for participation) in any government program including Medicare or Medicaid or causes the Medical Center's participation in Medicare or Medicaid to be similarly in jeopardy or otherwise adversely affected; (vi) becomes subject to a corporate integrity agreement, corporate compliance agreement, deferred prosecution agreement or other governmental compliance action in connection with the performance of this Agreement ("governmental actions") that materially impairs the ability of the University to meet its obligations under this Agreement or causes the Medical Center to be a party to such governmental actions that result in material obligations on the Medical Center, unless the Board determines such obligations do not justify termination; or (vii) is convicted of a felony related to healthcare fraud or government funded healthcare program abuse or causes the Medical Center to be so convicted, the County may terminate this Agreement in accordance with the provisions of Section 10.2.3

**10.2.2** Notwithstanding Section 13, if the County: (i) materially breaches this Agreement, (ii) is unable to resolve with the University an Event of Reopening under Section 10.4; or (iii) fails to maintain insurance as required by this Agreement, the University may terminate this Agreement in accordance with the provisions of Section 10.2.3.

**10.2.3** The terminating Party will provide the other Party with a written notice of its intent to terminate this Agreement. The notice of intent to terminate shall identify which of the Section 10.2.1 or 10.2.2 grounds is the basis for the

termination and shall require the other Party to correct or remediate, within a specified time period, not to be less than one hundred and twenty (120) days, the deficiencies noted. If the other Party has not corrected the deficiencies within the specified time period, then the terminating Party may terminate this Agreement upon no less than one hundred and eighty (180) days written notice.

**10.3 Non-Renewal.** Either Party shall have the right to terminate this Agreement effective at its normal expiration date, by delivering written notice to the other Party not less than twelve (12) months prior to the end of a term.

**10.4 Reopening.** Either party may request review of this Agreement upon the occurrence of any of the events listed herein below (“Event of Reopening”) by providing written notice to the other Party:

- (i) Insolvency of either Party;
- (ii) The University proposes to materially restructure, move, close or have a change of control of UW Medicine that materially impairs the ability of the University to meet its obligations under this Agreement;
- (iii) Any material change to Applicable Law which materially and adversely impacts the operations of the Medical Center or this Agreement;
- (iv) King County Code changes necessary to effectuate provisions under this Agreement are not adopted; or
- (v) The County appoints to the Board an individual who is employed in a managerial capacity by or serves on the Board of Directors of a hospital or health system that is a UW Medicine competitor.

**10.5 Effect of Reopening.** Within fourteen days of a notice of reopening being sent, the Parties shall, in good faith, commence their review and, if agreed, renegotiation of the Agreement or specific sections of the Agreement. If, after 90 days, the Parties are not able to reach agreement on how to resolve the Event of Reopening, either Party may terminate the Agreement in accordance with Section 10.2.

**10.6 Winding-up Procedures.** The following provisions shall apply to the expiration or actual termination of services provided under this Agreement (for purposes of this Section 10 (Termination)), irrespective of whether such occurs upon the expiration of a stated

Term or pursuant to any of the termination provisions of Section 10 (Termination).

- 10.7 Cooperation.** The Parties agree to cooperate fully with each other to achieve an orderly transfer of the management of the Medical Center, so that the County can effectively and safely operate the Medical Center in a manner that provides continuity of patient care and compliance with all Applicable Law, licensing, accreditation, and contractual requirements. To the extent permitted by contract or law, all rights under contracts, permits licenses, certificates of need and other intangible assets as are necessary to allow the continued operation of the Medical Center shall be conveyed to and vested in the County.
- 10.8 Transition Plan** During the period between the date of receipt of any written notice to terminate this Agreement and the actual effectiveness of the termination, UW Medicine and the Board shall cooperate to develop a plan, including the steps to be taken to disburse real and personal property where ownership may be disputed and to unwind integrated and/or shared services activities, to effectuate the transfer of the operation of the Medical Center to the County or its designated successor manager of the Medical Center. During the Transition Period, the Board will continue to have the oversight functions and the University the material rights as set forth in this Agreement and UW Medicine will continue to provide Management Services and Clinical Services until the end of the Transition Period. If, for any reason, there are delays in implementing the Transition Plan, so as to confer total control of the Medical Center without interruption of patient care, the Parties may extend, on a temporary basis, the Term of this Agreement, with the Board to continue its oversight of the Medical Center in order to ensure continuity of care and patient safety.
- 10.9 Patient Care Responsibilities.** In the event of expiration, non-renewal or termination, UW Medicine shall cooperate fully with County (consistent with Applicable Law and recognized professional services) to vacate buildings if needed and provide continuity of care to UW Medicine's patients at Medical Center by safely transferring patients to other sites where University Personnel are authorized to practice. UW Medicine shall not abandon any patient in need of continued care who was under UW Medicine's care as of termination or expiration. As part of the Parties' obligation to cooperate under this Section 10.9 (Patient Care Responsibilities), the County, including its successor service providers, and University agree to abide by the patient's choice to

either remain in the care of the Medical Center or remain in the care of UW Medicine at other sites where University Personnel are authorized to practice.

**10.10 Patient and Business Records.** As of the effective date of termination or expiration, the County shall retain ownership to all the records of the Medical Center and the University shall turn over to the County all records that are in the University's possession or control that relate to any services provided by the University under this Agreement, including but not limited to patient and operations and management records. Upon request, the University shall have prompt access to all such records; however any expense associated with such access shall be borne by the University.

**10.11 Survival.** The following provisions of this Agreement shall survive its termination and expiration: Sections 10 (Termination), 11.5 (Records and Audits), 12 (Insurance and Indemnification) and 14.10.3 (HIPAA Compliance).

**10.12 Service Contracts and Property.** As of the effective date of termination, UW Medicine shall assign, transfer or convey to the County, or such other person or persons designated by the County, all service contracts (to the extent assignable) requested by the County and the real and personal property determined to be owned by the County pursuant to the process described in Section 10.8 (Transition Plan). In addition, UW Medicine shall assign to the County all leases that are for the benefit or use of the Medical Center.

**10.13 Preservation of Other Remedies.** Failure of non-breaching Party to elect termination under the provisions of this Section 10 (Termination) shall not constitute a waiver of other remedies, provided that the remedies otherwise sought are available hereunder.

## **11. REPORTING AND ACCOUNTABILITY**

**11.1 General Operations.** UW Medicine shall collect and maintain accurate information (as provided herein and as required by Applicable Law and applicable accreditation and certification standards) on the nature, scope and content of its operations subject to this Agreement including its financial statements and shall provide such information as reasonably requested by County.

**11.2 Governance.** Governance and oversight of both the Medical Center and UW Medicine shall be closely coordinated. UW Medicine shall

report to the Board with respect to its provision of the Management Services and Clinical Services and all other matters arising under or with respect to this Agreement. The President and Vice President of the Board shall serve as ex officio members of the UW Medicine Board with full voice and vote.

### **11.3 Meetings.**

**11.3.1** The Board and UW Medicine agree that communication between them is of the utmost importance and, therefore, agree that their Representatives will actively participate and provide appropriate staffing for all scheduled meetings of the full Board and all standing and ad hoc committees of the Board. At least annually, the Board and UW Medicine shall meet to review relationships, ongoing activities and the Management Services and Clinical Services provided under this Agreement.

**11.3.2** At least annually, the UW Medicine CHSO/VPMA (or successor in function) and the Board President will be invited to meet with the County Council and County Executive to report on the status and performance of the Medical Center at a meeting of an appropriate committee of the County Council.

### **11.4 Notice of Certain Events.**

**11.4.1 Legal or Administrative Actions.** UW Medicine shall promptly notify the Board President of any (i) Medical Staff corrective actions, (ii) material regulatory or administrative reviews, including site visits that are outside of the usual course of business, (iii) findings or investigations, (iv) allegations of fraud or financial abuse, or (v) allegations of patient abuse or significant or potential patient harm. Additionally, UW Medicine shall make available to the Board any reports from such site visits, including any actual or potential enforcement proceedings or actions, letters citing deficiencies or suggesting or imposing corrective action.

**11.4.2 Sanctions.** UW Medicine shall promptly notify the Board if it receives notice of any actual or threatened sanction by any licensing, permitting or registration entity, peer review organization, governmental agency or an agent of a governmental agency, quality improvement entity or any entity charged with reviewing or certifying healthcare

delivery facilities or educational operations in the Medical Center.

## **11.5 Records and Audits.**

**11.5.1 Access to Records.** The Board shall have reasonable and timely access to all Medical Center records, including business and financial records, patient records, Medical Staff records and meeting minutes and quality assurance data, consistent with Applicable Law.

**11.5.2 Financial and Other Records.** The University shall prepare and maintain financial and operational records in appropriate detail that identify its allocated expenses to the Medical Center budget for Management and Clinical Services under this Agreement. The University shall maintain records as necessary to substantiate such charges to County under this Agreement.

**11.5.3 Retention of Records.** All records required to be created or maintained under this Agreement shall be retained by the University for a minimum of six (6) years following the end of County's fiscal year in which service was rendered; provided that, if County notifies the University of an ongoing audit, the University shall retain all such records until County notifies the University that retention is no longer required. During such periods of record retention, and throughout the term of this Agreement, the University shall, unless precluded by Applicable Law, make such records available, upon reasonable notice of not less than ten (10) business days, at the University during normal business hours to County. Any inspection of records by the County shall be conducted in a manner that is least disruptive to the operation of the Medical Center and the University.

**11.5.4 Federal 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 incurred by the Medical Center under this Agreement.

**11.5.5 Audit Reports.** In the event that any Federal or State auditor conducts an audit of the University and such audit has a material effect on the operation of Medical Center, the University shall make available the relevant portions of any final audit report prepared by such auditor to the County within fifteen (15) business days of receipt by the University.

**11.5.6 Audits.** Additionally, upon reasonable prior notice of not less than ten (10) business days, the County may audit any books and records related to the performance of this Agreement, regardless of location. The County may conduct such audit through a third party. All audits shall be conducted during normal business hours. Any audits of books and records by the County shall be conducted in a manner that is least disruptive to the operations of the Medical Center and the University.

## **12. INSURANCE AND INDEMNIFICATION**

### **12.1 Insurance.**

**12.1.1 On-going Operations.** The University shall procure and maintain, at a minimum, the following insurance coverages for itself and any other persons provided by University to perform Management Services and Clinical Services under this Agreement. The term "other persons" shall include Residents and members of the Medical Staff.

**12.1.1.1** Commercial property insurance covering all facility buildings and improvements for their full replacement value, except as provided below with respect to earthquake and flood coverage. Coverage shall be at least as broad as the ISO special causes of loss form. Such insurance shall include both the County and the University as named insureds and loss payees.

**12.1.1.2** The University shall additionally procure earth movement and flood coverage on facility buildings and improvements with limits no less than \$25,000,000 per occurrence and in the aggregate. If at any time, these limits cannot be obtained at a commercially reasonable rate, the respective Risk Managers shall agree to a coverage change that is comparable to other facilities in the Puget Sound region

**12.1.1.3** Public employee fidelity bonding to protect the cash and other assets of the Medical Center;

**12.1.1.4** Commercial General Liability insurance or self-insurance in an amount comparable to other facilities of this size and scope.

**12.1.2 Insurance-Construction Activities.** The University shall require, at a minimum, the following insurance from its construction contractors and consultants.

**12.1.2.1** All design and engineering professionals shall be required to provide Professional Liability insurance coverage at limits comparable to projects of similar size and scope.

**12.1.2.2** Property insurance on the work (Builders Risk insurance, including Earthquake and Flood) on a completed values form, naming contractors of all tiers, the County and the University as insureds.

**12.1.2.3** All construction consultants and contractors shall be required to provide Commercial General Liability, Business Automobile Liability, Workers Compensation, and Employers Liability coverage. The University shall obtain or require



other insurance as necessary for projects of similar size and scope.

**12.1.2.4** The County and the University, their boards, their officers, agents and employees, and the Board shall be named as additional insured on all liability policies except Professional Liability and Workers Compensation.

**12.1.2.5** All capital projects undertaken by or the University shall provide continuing evidence of products-completed operations coverage for a period no less than six (6) years.

## **12.2 Indemnification.**

**12.2.1** The University shall defend, indemnify and hold the Board and the County, its elected and appointed officials, employees and agents harmless from, and against any damage, cost (including the payment of attorney fees and costs), claim or liability arising out of 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 the Medical Center, or arising out of the premises except to the extent that such damage, cost, claim or liability results from the negligent acts or omissions of the Board, the County or their officials, agents or employees.

**12.2.2** In the event it is determined that RCW 4.24.115 applies to this Agreement, the University agrees to defend, indemnify and hold the County harmless to the maximum extent permitted thereunder, and specifically for the University's negligence.

Each Party, by mutual negotiation, hereby waives, with respect to the other Party only, any immunity that otherwise would be available against such claims under the Industrial Insurance Act provision of Title 51 RCW.

The University shall defend, indemnify, and hold harmless the County for Claims (defined below) asserted against County by University Personnel. For purposes of this Section 12.2.2, "Claims" shall be defined as any and all claims, debts, liabilities, demands, obligations, damages, attorneys' fees, costs, actions, and causes of action, of

whatever kind or nature that relates in any way to the employment or alleged employment of University Personnel including, without limitation, any and all statutory, civil or administrative claims, including, but not limited to any claim asserting that County is a joint employer under federal or state law, for breach of any covenant or contract, express or implied, any tort claim, any claim under the laws of the state of Washington, Title VII of the Civil Rights Act of 1964, as amended (42 U.S.C. §2000e et seq., the Equal Pay Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act, as amended (42 U.S.C. §12111 et seq.), 42 U.S.C. §1981, the Family and Medical Leave Act, the Age Discrimination in Employment Act, any and all claims of any kind under any state, federal or local law, and any and all claims relating to the payment of wages, benefits or other amounts due or allegedly due to a claimant from County on any theory of liability whatsoever.

- 12.3 Risk Management.** In consideration of the CIP contemplated under this Agreement, the King County Risk Manager reserves the right to review and request adjustments to the insurance requirements under Section 12.1.2 (Insurance-Construction Activities), pursuant to the specifications of individual capital improvement projects.

Any adjustments made by the King County Risk Manager shall be in accordance with reasonable prudent risk management practices, shall be made with sufficient time for the Parties to confer but in no case after a bid request has been issued, and shall be consistent with those insurance coverages routinely requested and obtained by the King County Risk Manager from similar operations. Such adjustments shall be made in collaboration with the University Risk Manager. Adjustment, if any, in insurance premiums shall be the responsibility of the University.

## **13. DISPUTE RESOLUTION**

- 13.1 Internal Resolution Process.** In the event of a dispute relating to the terms of this Agreement, the Parties shall convene a six-member Dispute Resolution Committee consisting of three members appointed by the CEO of UW Medicine, and three members appointed by the County in consultation with the Board. Any Party may require that a dispute be submitted to the Dispute Resolution Committee by providing notice the other Parties. Unless otherwise

agreed to by the Parties, the Dispute Resolution Committee shall meet within ten business days of the date the notice is sent to the other Party requesting review of a dispute. Unless a different delivery date is unanimously agreed to by the Dispute Resolution Committee members, within thirty days of the Dispute Resolution Committee's first meeting, it shall deliver its written recommendations to the Parties regarding potential resolution options. Over a period not to exceed ninety (90) days from the date of receiving the Dispute Resolution Committee's recommendations, the Parties shall engage in good faith efforts to resolve the dispute, taking into consideration the recommendations of the Dispute Resolution Committee.

**13.2 Mediation.** In the event the Parties are unable to resolve a dispute relating to the terms of this Agreement through the Dispute Resolution Committee process set forth in Section 13.1 (Internal Resolution Process), either of the Parties may, within 90 days after receiving the Dispute Resolution Committee's written recommendations, submit such dispute to mediation before a mutually agreed upon mediator and follow the procedures directed by the mediator. Conducting the foregoing mediation shall be a condition precedent to the initiation of litigation by either of the Parties. The fees and expense of the mediation shall be borne equally by the Parties.

**13.3 Litigation.** If the Parties are unable to resolve a dispute through the processes set forth in Sections 13.1 (Internal Resolution Process), and 13.2 (Mediation), then any Party may initiate litigation to resolve a dispute relating to the terms of this Agreement. Jurisdiction and venue shall vest exclusively in the King County Superior Court in Seattle, Washington.

#### **14. MISCELLANEOUS**

**14.1 Integration.** This Agreement merges and supersedes all prior negotiations, representations and agreements between the Parties related to the subject matter hereof, contains all the terms and conditions agreed upon by the Parties, and constitutes the entire agreement between the Parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the Parties hereto.

**14.2 Amendments.** This Agreement may be amended at any time by the Parties, provided such amendment is reduced to writing, signed by the Parties and approved by the County Council by ordinance. Notwithstanding the previous sentence, after consultation with the

Board and UW Medicine, the County Council may modify the Mission Statement or the Admissions Policy and any such modifications shall apply to services provided under this Agreement. Any modified Mission Statement or Admissions Policy shall supersede and replace any earlier version of the Mission Statement or Admissions Policy whether or not the modified Mission Statement or Admissions Policy is included in an amended Exhibit.

- 14.3 Governing Law and Venue.** This Agreement shall be governed and construed in accordance with the laws of the State of Washington, without regard to conflict of law rules, as well as all applicable federal laws and regulations. The Parties agree that venue shall vest solely in the Washington State Superior Court for King County.
- 14.4 Notices.** Unless otherwise specified in this Agreement, any notice, document, or other communication given or made hereunder shall be in writing and shall be deemed given upon (i) hand delivery or (ii) deposit of the same in the United States registered or certified mail, first-class postage and fee prepaid, and correctly addressed to the Party for whom it is intended at the following addresses:

*If to the County:*

*Board President  
Harborview Medical Center  
325 Ninth Ave.  
Seattle, WA 98104-2499*

*King County Council  
King County Courthouse  
516 Third Avenue, Room 1200  
Seattle, WA 98104*

*King County Executive  
401 5th Avenue, Suite 800  
Seattle, WA 98104*

*With A Copy To:*

*Chief of the Civil Division of  
the King County Prosecuting  
Attorney's Office  
W. 400 King County Courthouse*

*If to the University:*

*UW Medicine CEO  
1959 NE Pacific St  
Box 356350  
Seattle, WA 98195*

*With A Copy To:*

*Division Chief, UW Division  
of AGO  
4333 Brooklyn Ave NE  
18<sup>th</sup> Floor*

516 3rd Avenue  
Seattle, WA 98104-2388

Box 359475  
Seattle, WA 98195

#### **14.5 Nondiscrimination.**

**14.5.1 Nondiscrimination in Employment.** During performance of this Agreement, the University agrees that it will not discriminate against any employee or applicant for employment because of the employee or applicant's sex, race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except by minimum age and retirement provisions, unless based upon a bona fide occupational qualification.

**14.5.2 Equal Employment Opportunity Efforts.** The University will undertake, and require all contractors and consultants to undertake equal employment opportunity efforts, to ensure that applicants and employees are treated, without regard to their sex, race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age. Equal employment opportunity efforts shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeships.

**14.5.3 Equal Benefits to Employees with Domestic Partners.** The University shall not discriminate in the provision of employee benefits between employees with spouses and employees with domestic partners during the performance of this Agreement. Failure to comply with this provision shall be considered a material breach of this Agreement, and may subject the University to administrative sanctions and remedies for such a breach.

**14.5.4 Nondiscrimination in Administration and Service.** During performance of this Agreement, the University agrees that it will not discriminate against any person in its administration of this Agreement or in the delivery of services because of the person's sex, race, color, marital status, national origin, religious affiliation, disability, use of service animal, sexual orientation, gender identity or expression or age.

**14.5.5 Compliance with Laws and Regulations.** The University and all its contractors and consultants shall comply fully with all Applicable Law that prohibits discrimination. These laws include, but are not limited to, Chapter 49.60 RCW, Titles VI and VII of the Civil Rights Act of 1964, the American with Disabilities Act, and the Restoration Act of 1987. The University and all its contractors and consultants shall further comply fully with any equal opportunity requirements set forth in any Applicable Law.

- 14.6 Conflict of Interest.** The Parties shall maintain standards of conduct addressing real or apparent conflicts of interest involving its directors, officers, employees, and agents that comply with any Applicable Law.
- 14.7 Delegation and Assignment.** Neither the University nor the County shall delegate its duties or assign its rights hereunder, either in whole or in part, without prior written consent of the other Party. Any delegation, either in whole or in part, or assignment that does not have such consent shall be null and void. For purposes of this Section 14.7 (Delegation and Assignment), written consent from the County may be provided by the Board.
- 14.8 Successors.** This Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.
- 14.9 Subcontracting of Services.** No performance of this Agreement shall be subcontracted by the University for amounts that exceed one percent (1%) of the annual Medical Center operating expense without the prior approval of the Board, provided that performance by any entity of UW Medicine will not be considered to be a subcontract subject to this Section 14.9 (Subcontracting of Services).
- 14.9.1 Approved Subcontracting.** Notwithstanding any Board consent to any subcontracting, the University shall remain responsible for any and all performance required of it under this Agreement, including the obligation to properly supervise, coordinate, and perform all work required hereunder. No subcontract shall bind or purport to bind County.
- 14.9.2 Bound by Agreement.** In the event that Board consents to any subcontracting under this Section 14.9 (Subcontracting of Services), the subcontractor, on behalf

of itself, its successors and administrators, shall assume and be bound by, and shall be deemed to have assumed and agreed to be bound by, each and all of the applicable provisions of this Agreement and any amendments that are relevant to its subcontracted performance.

**14.9.3 Consent.** In the event that the Board consents to any subcontracting, such consent shall apply to each particular subcontract only and shall not be, nor construed to be, a waiver of this Section 14.9 (Subcontracting of Services) or a blanket consent to any further subcontracting.

**14.9.4 Liability.** The University shall be solely liable and responsible for any and all payments and other compensation to all subcontractors and their officers, employees, and agents. The County shall have no liability or responsibility whatsoever for any payment or other compensation to any subcontractors or their officers, employees and agents.

**14.9.5 Copies.** The University shall deliver to the Board a fully executed copy of each subcontract entered into by the University pursuant to this Section 14.9 (Subcontracting of Services), on or immediately after the effective date of the subcontract but in no event later than the date any work is performed under the subcontract.

#### **14.10 Compliance with Applicable Law.**

**14.10.1 General.** The Parties shall comply with all Applicable Law. In the event of any notice of a violation of Applicable Law, or an investigation into an alleged violation, each Party shall promptly notify the other Party in writing of such notice. The Parties shall take all measures reasonably necessary and under their respective powers to promptly remedy any violations(s) of any Applicable Law.

**14.10.2 Compliance with Healthcare Law.** This Agreement is intended to comply with the federal physician self-referral law, codified at 42 U.S.C. § 1395nn, the federal illegal remuneration law, codified at 42 U.S.C. § 1320a-7b(b), the federal anti-inducement law, codified at 42 U.S.C. § 1320a-7a(b), and all regulations promulgated thereunder.

**14.10.3 HIPAA Compliance.** In performance related hereto, the Parties agree to comply with the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320d and any current and future regulations promulgated thereunder, including, without limitation, any applicable federal privacy, security, and electronic transactions regulations contained in 45 C.F.R. Parts 160, 162, and 164 and any applicable privacy, security and security breach notification provisions applicable to a business associate under Subtitle D of the Health Information Technology for Economic and Clinical Health Act, which is Title XIII of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), and any regulations promulgated thereunder, including, but not limited to, 45 C.F.R. Part 164, Subpart D. The Parties agree to make their internal practices, books, and records relating to the use and disclosure of Protected Health Information (as defined in 45 C.F.R. § 160.103) available to the Secretary of the Department of Health and Human Services to the extent required for determining compliance with the Health Insurance Portability and Accountability Act of 1996 and any current and future regulations promulgated thereunder. In addition, the Parties agree to comply with any Applicable Laws that govern or pertain to the confidentiality, privacy, security of, and electronic and transaction code sets pertaining to, information related to patients.

**14.11 Authority to Enter into Contract.** The Parties represent and warrant that they have full corporate and legal authority to enter into and perform this Agreement in accordance with its terms and that the person executing this Agreement on behalf of each Party is an authorized agent who has actual authority to bind that Party to each and every term, condition, and obligation set forth in this Agreement and that all requirements of each Party have been fulfilled to provide such actual authority.

**14.12 Relationship of Parties.** University and County shall remain separate and independent entities. None of the provisions of this Agreement are intended to create, nor shall be deemed or construed to create, any relationship between or among Parties other than that of independent contractors. Except as otherwise provided, neither of the Parties nor any of their employees shall be construed to be the agent, partner, co-venturer, employee, or representative of the other Party. University Personnel shall not be



deemed County employees and County elected officials, employees, agents and contractors shall not be deemed University employees, agents or contractors.

- 14.13 Restrictions on Lobbying.** If any Federal monies are to be used to pay for Clinical Services, University shall comply with all certifications and disclosure requirements prescribed by Section 319, Public Law 101-121 (31 U.S.C. § 1352) and any implementing regulations, and shall ensure that each of its subcontractors under this Agreement also fully complies with all such applicable certifications and disclosure requirements. The University also shall comply with the requirements of RCW chapter 42.17A regarding lobbying restrictions.
- 14.14 Government Relations.** The Parties agree to consult as appropriate with respect to government relations and any other issues of mutual concern relating to this Agreement.
- 14.15 Incorporation of Exhibits.** All Exhibits and recitals referred to in this Agreement are an integral part of this Agreement and are incorporated in full into this Agreement by this reference.
- 14.16 Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never been a part of the Agreement; there shall be substituted for the invalid provisions a provision as nearly similar in effect on both Parties as would nevertheless be lawful; and the remaining provisions hereof that reasonably can be given effect apart from the invalid or unenforceable provisions shall remain in full force and effect, unaffected by such severance, provided that the severed provision(s) are not material to the overall purpose and operation of this Agreement.
- 14.17 Investigations.** The Parties shall cooperate regarding outside investigations of the other Party as reasonably requested and as related to this Agreement.
- 14.18 Third Party Beneficiaries.** None of the provisions of this Agreement are or shall be construed as for the benefit of or enforceable by any person not a Party to this Agreement.
- 14.19 Waiver.** Waiver of any default shall not be deemed to be a waiver of any subsequent default. Waiver or breach of any a provision of

this Agreement shall not be deemed to be waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of this Agreement. All of the rights or remedies permitted or available to a Party under this Agreement, or at law or in equity, shall be cumulative and not alternative, and the exercise of any right or remedy shall not constitute a waiver or election of remedies with respect to any other permitted or available right or remedy.

**14.20 Force Majeure.** Neither Parties shall be liable or be deemed in default of this Agreement for any delay or failure to perform any obligation hereunder for any reason beyond its control, including but not limited to, acts of God, war, terrorism, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather; provided that the Parties shall perform to the extent, if any, that remains reasonably practicable. In any such case, the Parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the Parties under this Agreement, to the extent reasonably practicable. The University recognizes that the Medical Center provides essential services and that these services are of particular importance at the time of a natural disaster or other similar event, or at the time of a riot, insurrection or civil unrest. Notwithstanding anything in this Agreement to the contrary, UW Medicine shall use best efforts, consistent with legitimate concern for University Personnel as well as for patients, to continue providing Clinical Services at the Medical Center during any natural disaster or other similar event, riot, insurrection or civil unrest. An unreasonable failure to comply with this Section 14.20 (Force Majeure), which remains uncured after demand, shall be considered a material breach of this Agreement pursuant to Section 10.2 (Events of Termination).

**14.21 Time is of the Essence.** The Parties recognize that time is of the essence in the performance of the provisions of this Agreement.

**14.22 Interpretive Rules.** The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and all Section references are to this Agreement unless otherwise specified. The words “include,” “includes” and “including” will be deemed to be followed by the phrase “without limitation.” The word “days” means calendar days unless otherwise specified herein. The title to this Agreement, table of contents and headings contained in this Agreement are for reference purposes

only and shall not affect in any way the meaning or interpretation of this Agreement. No provision of this Agreement shall be construed to require any Party or their respective officers, directors, subsidiaries or affiliates to take any action which would violate or conflict with any Applicable Law. The word “or” shall not be exclusive. The meanings given to terms defined herein will be equally applicable to both the singular and plural forms of such terms. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms. Except as otherwise expressly provided herein, all references to “dollars” or “\$” will be deemed references to the lawful money of the United States of America.

**14.23 Section References.** Throughout this Agreement, each section reference includes any subsection.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties have caused this instrument to be executed in duplicate in their names and on their behalf by their duly authorized officers.

**BOARD OF TRUSTEES,  
HARBORVIEW MEDICAL CENTER**

By: [Signature]

Dated: 2/25/16

Name: Clayton Lewis

Title: President, Board of Trustees

**KING COUNTY WASHINGTON**

Approved as to Form:

Date: 2/24/16

By: [Signature]

Name: Dow Constantine

Title: County Executive

[Signature]  
Deputy Prosecuting Attorney

Approved by Ordinance Number: 2016-0094

**THE REGENTS OF THE UNIVERSITY  
OF WASHINGTON**

Approved as to Form:

By: [Signature]

Dated: February 12, 2016

Name: Paul G. Ramsey, M.D.

Title: CEO, UW Medicine

By: [Signature]

Dated: February 19, 2016

Name: William S. Ayer

Title: Chair, Board of Regents

[Signature]  
Assistant Attorney General

## Exhibit 1

### Medical Center Facilities

#### Building Use as of August, 2015

*\*\* The Research and Training Building and Harborview Hall are part of the Medical Center Campus, but not are included in the term "Medical Center" as used in this Agreement. The Parties' respective rights, interests and obligations as to the Research and Training Building are governed by the 1994 Use Agreement the between the University and the County. Effective as of the execution date of this Agreement, Harborview Hall is vacant and the County is responsible for the insurance, maintenance and security of that building.*

| BUILDING                                                                                                          | OWNER       | USE                                                                                                                                                                                    | BUILDING<br>GROSS<br>SQUARE<br>FOOTAGE | SQUARE<br>FOOTAGE<br>USED BY<br>KING<br>COUNTY                                                                      |
|-------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <b>Maleng</b>                                                                                                     | King County | Hospital (all floors)                                                                                                                                                                  | 261,673<br>BGSF                        |                                                                                                                     |
| <b>Superblock:</b><br><br><i>Center Tower<br/>East Hospital<br/>West Hospital<br/>West Clinic<br/>East Clinic</i> | King County | Hospital purposes, except for County and retail functions noted below:<br><br>East Clinic:<br>KC TB Clinic<br>KC Metro<br>ADA<br>Assessments<br>West Clinic<br>KC Lab<br><br>WSECU ATM | 1,063,921<br>BGSF                      | TB Clinic –<br>4095 DGSF<br>Metro<br>Assessments –<br>2838 DGSF<br><br>KC Lab 5285<br>DGSF<br><br>CDMHP 120<br>DGSF |
| <b>Pat Steel Building</b>                                                                                         | King County | Hospital clinic functions, administrative and faculty offices, except for the following retail spaces:                                                                                 | 286,426<br>BGSF                        |                                                                                                                     |

|                                    |                                                                                 |                                                                                                                                                                                                                                                                                                                        |                                           |                                                                                                                                                                                                                                                                    |
|------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    |                                                                                 | At the Peak Café<br>WSECU ATM                                                                                                                                                                                                                                                                                          |                                           |                                                                                                                                                                                                                                                                    |
| <b>NJB Building</b>                | King County<br>owns<br>foundation<br><br>NJB Properties<br>Owns the<br>building | UW/HMC<br>clinical, research<br>and faculty<br>offices, except<br>for County and<br>Retail functions<br>noted below.<br><br>KC Medical<br>Examiner<br><br>KC Involuntary<br>Treatment Court/<br>PA offices/Public<br>Defenders<br><br>KC STD<br><br>WSECU ATM<br>Stockbox<br>Subway<br>Diva Espresso<br>US Bank<br>Gym | 707,175<br>BGSF                           | Medical<br>Examiner 34,047<br>RSF calculated<br>via BOMA<br>method<br><br>KC Involuntary<br>Treatment Court/<br>PA<br>offices/Public<br>Defenders 7991<br>RSF calculated<br>via the BOMA<br>method<br><br>KC STD 13282<br>RSF calculated<br>via the BOMA<br>method |
| <b>View Park<br/>Garage</b>        | King County                                                                     | Hospital related<br>parking                                                                                                                                                                                                                                                                                            | 253,968<br>BGSF<br>(includes<br>helistop) |                                                                                                                                                                                                                                                                    |
| <b>Boren Garage</b>                | King County                                                                     | Hospital staff<br>parking                                                                                                                                                                                                                                                                                              | 133,683<br>BGSF                           |                                                                                                                                                                                                                                                                    |
| <b>Pioneer Square<br/>Building</b> | King County                                                                     | Outpatient clinic<br>and mental health<br>services                                                                                                                                                                                                                                                                     | 22,074<br>BGSF                            |                                                                                                                                                                                                                                                                    |
| <b>Engineering<br/>Building</b>    | King County                                                                     | This is a portable<br>building that                                                                                                                                                                                                                                                                                    | 5,886 BGSF                                |                                                                                                                                                                                                                                                                    |

|                                           |                                         |                                                                                                    |              |  |
|-------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------|--------------|--|
|                                           |                                         | currently houses the HMC Planning and Engineering staff                                            |              |  |
| <b>Walter Scott Brown Building</b>        | King County                             | Houses the HMC Security staff                                                                      | 8,093 BGSF   |  |
| <b>Child Care Center</b>                  | King County                             | Bright Horizons provides child care services for HMC related staff through the UW Worklife program | 5,706 BGSF   |  |
| <b>Firehouse</b>                          | King County                             | Engineering staff                                                                                  | 8,136 BGSF   |  |
| <b>Research &amp; Training Building**</b> | Building owned by UW/land lease with KC | Wet lab research & conference / training rooms                                                     | 181,930 BGSF |  |
| <b>Harborview Hall**</b>                  | King County                             | Unoccupied                                                                                         | 91,450 BGSF  |  |

*Legend / Glossary:*

*BGSF – Building Gross Square Feet – Total building square footage from exterior building envelope (includes pent houses, mechanical space, and space below grade)*

*BOMA – Building Owners and Managers Association standard methodology for measurement*

*DGSF – Departmental Gross Square Feet – Square footage including total room square footage and internal corridors specific to a department*

*RSF – Rentable Square Feet – Includes proportion of building and floor common areas*

## **Exhibit 2**

### **Mission Statement**

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.

### **Exhibit 3**

#### **Core Clinical Services**

- Level I Adult and Pediatric Trauma\*\*, Adult and Pediatric Burn\*\*
- Surgical Services
- Acute Inpatient Psychiatric Service
- Acute Rehabilitation Inpatient Service
- Infectious Disease Response Capability
- Comprehensive Emergency Department Services
- Primary Care Clinic Services
- Specialty Care Clinic Services
- Ambulatory Surgery
- Diagnostic and Therapeutic Services to include Angio-Cath, EEG, EKG, Vascular, and GI
- Comprehensive Imaging (Radiology, CT, MRI, Ultrasound)
- Occupational Therapy, Physical Therapy, and Speech Therapy
- Respiratory Therapy
- Nuclear Medicine
- Psychiatric and Behavioral Health Services
- Sexual Assault and Traumatic Stress Service

\*\*Facilities, devices and services required to meet Level I Adult and Pediatric requirements specified by the Washington Administrative Code.

## **Glossary of Core Clinical Services\***

- Level I Adult and Pediatric Trauma, Adult and Pediatric Burn – provides facilities, devices and services required to meet Level I Adult and Pediatric requirements specified by the Washington Administrative Code, Chapter 246-976
- Surgical Services - Surgical Services is comprised of departments and units that provide care to surgery patients. The group includes the Pre-Anesthesia Clinic, Ambulatory Surgery Unit (ASU), the Operating Room (OR), the Post Anesthesia Care Unit (PACU) and Central Processing Unit (CPU).
- Acute Inpatient Psychiatric Service - The inpatient service is designed to care for patients with any acute psychiatric disorder including first episodes of a psychiatric disorder, co-existing substance abuse, co-existing medical or surgical disorders, and affective disorders.
- Acute Rehabilitation Inpatient Service - Inpatient rehabilitation therapy is provided for stroke, traumatic brain injury, spinal cord injury, and disease, multiple trauma, and burns.
- Infectious Disease Response Capability – community resources to provide care, educate, and coordinate a needed response to large scale outbreaks of infectious diseases
- Comprehensive Emergency Department Services – includes trauma and a wide variety of services available to diagnose and treat conditions such as heart attacks, asthma, and mental illness
- Primary Care Clinic Services - involve a wide scope of healthcare, including all ages of patients, patients of all socioeconomic and geographic origins, patients seeking to maintain optimal health, and patients with all manner of acute and chronic physical, mental and social health issues, including multiple chronic diseases
- Specialty Care Clinic Services – clinic healthcare services provided by medical specialists and other health professionals who generally do not have first contact with patients, for example, cardiologists, urologists and dermatologists.
- Ambulatory Surgery - Outpatient surgery also known as same-day surgery is surgery that does not require an overnight hospital stay.
- Diagnostic and Therapeutic Services – services provided to inpatients and outpatients including such technologies such as angiography, electrocardiography, vascular testing, gastrointestinal testing and others
- Comprehensive Imaging – provides diagnostic services to inpatients and outpatients using technologies such as radiology, CT Scanning, Magnetic Resonance Imaging, and Ultrasound

- Occupational Therapy, Physical Therapy, and Speech Therapy – therapeutic treatments provided to inpatient and outpatients to aid in the rehabilitative treatment process
- Respiratory Therapy – services provided to evaluate, monitor, and treat breathing disorders and cardiovascular problems, such as asthma and emphysema.
- Nuclear Medicine –Medical specialty involving the application of radioactive substances in the diagnosis and treatment of disease
- Psychiatric and Behavioral Health Services – includes broad ranges of services including psychiatric emergency services, outpatient psychiatry services, medical-surgical consultation for patients with psychiatric conditions, sexual assault services, and addiction services
- Sexual Assault and Traumatic Stress Service – services provided to persons impacted by sexual assault and other traumatic events. Provides education and consultation for health, mental health, and legal professionals; conducts research and evaluation; promotes prevention and works with communities to promote social change.

\*Effective September 1, 2015. The descriptions are subject to change by UW Medicine, upon approval of the Board.

## Exhibit 4

### Medical Center Identity

1. **Signage.** For all signage on Medical Center buildings, the new logo will contain the following elements:

- a) The top and largest part of the logo will include “Harborview Medical Center.”
- b) Below “Harborview Medical Center,” the following elements will be smaller and assigned equal visual weight:



- UW Medicine

2. **Webpages.** For all UW Medicine webpages related to the Medical Center, the description of the building of Harborview will include language to refer the ownership by King County and the following King County logo will be added to building descriptions:



**Exhibit 5**  
**Line Items for Budget**

**Total Patient Revenue**

**Total Deductions**

**Net Patient Revenue**

State Appropriation

Other Revenue

**Total Net Revenue**

**Expenses**

Non-Physician Salaries, Wages & Benefits

Payments to University for Physician

Expenses

Payments to University for IT Expenses

Payments to University for Risk

Management

Payments to University for Financial

Services

Payments to University for Contact Center

Payments to University for Neighborhood  
Clinics

Payments to University for Central

Administration

Payments to University for Other Expenses

Supplies

Depreciation

**Total Expenses**

**Income from Operations**

**Operating Margin**

**Non-operating Income (Expense)**

**NET INCOME**

**Total Margin**

## **Exhibit 6**

### **Medical Center Admissions Policy**

Within the resources available to the Medical Center, admission of patients to it shall not be dependent upon their ability to pay.