

UW Medicine

UWMC & NWH Evaluation Project Questions and Answers December 7, 2017

1. **What does it mean to operate UWMC and NWH as one hospital with two campuses?**

If a final decision is made to proceed, NWH would be operated as a second campus of UWMC. The two-campus hospital would operate under a single hospital license (i.e., UWMC's) and would be financially, clinically and administratively integrated.

2. **Why are we considering consolidating the two hospitals into one?**

Operating as two campuses under one license will result in improved access for our patients, better alignment of clinical services, improved financial performance and administrative simplification. This combined platform will position both campuses for long term success and will enable UW Medicine to accomplish our mission in the region. Our assessment shows that this transition will benefit our patients, our UWMC and NWH communities and UW Medicine as a whole.

3. **Who is on the evaluation team?**

The evaluation team is led by six Executive Sponsors: Cindy Hecker, NWH Executive Director, Geoff Austin, UWMC Executive Director, Lori Oliver, UW Medicine Strategic Clinical Business Affairs Officer, Mo Broom, UW Medicine Enterprise Finance Officer, Nicki McCraw, UW Assistant Vice President, Medical Centers Human Resources, and Chris Malins, UW Associate Vice President, Treasury. The Executive Sponsors have overseen the evaluation process and have involved a variety of individuals from both entities with expertise in a range of areas.

4. **What evaluation has been done thus far?**

The goal of the evaluation process was two-fold: (1) to identify any barriers to moving forward with the proposed structure; and (2) to make recommendations regarding the most effective way to address key issues. The Executive Sponsors assessed a variety of issues related to, among other things:

- a. Human resources implications;
- b. Medical staff structure;
- c. Finances;
- d. Clinical and administrative operations;
- e. Facilities; and
- f. Governance.

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5. What are the results of the evaluation work thus far?

After several months of comprehensive work, the Executive Sponsors concluded that there are no insurmountable barriers to moving forward with combining UWMC and NWH under one license with two campuses. The evaluation also resulted in preliminary recommendations as to how certain key issues should be addressed, as summarized below.

6. Which boards will be asked to approve the consolidation of the two hospitals under one license?

We will seek approval from the NWH Board, the UW Medicine Board and the UW Board of Regents.

7. Assuming the proposed structure is approved by the boards, when would this transition take place?

The Executive Sponsors recommend that this transition take effect January 1, 2019.

8. What would happen to the NWH corporation?

At this point in our review, it is likely that the NWH corporation would be dissolved, at which point all NWH assets and liabilities would transfer to the University of Washington as the sole corporate member. It is possible that the NWH corporation could remain in place to serve a limited function in support of UWMC, if there are determined to be advantages to that approach.

9. What would happen to the land and buildings that NWH currently owns?

If the NWH corporation is dissolved, ownership of NWH's land and buildings would transfer to the University of Washington. In accordance with the Affiliation Agreement, the campus would be used as part of the UW Medicine health system and would serve the needs of the residents of north Seattle, northern King County and southern Snohomish County as stipulated in the original agreement between NWH and UW.

10. How would the employment of non-physician employees at NWH change?

While we are still evaluating the options, we anticipate that non-physician employees at NWH would become employees of the University of Washington. For unionized staff, the University of Washington would assume NWH's current collective bargaining agreements and obligations as a successor employer, consistent with state law obligations. This should provide for a smooth transition with minimal changes. If a decision is made to proceed, we will be working closely with the relevant unions to manage the transition and any necessary changes arising from a new status as UW employees. In addition, we will continue our work on the employment-related issues for all non-unionized staff.

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11. **How would the employment of physicians directly employed by NWH change?**

While we are still evaluating the options, we anticipate that physicians directly employed by NWH would become dual employed by the University of Washington and UW Physicians (“UWP”) and transition to the existing UWP/NWH department.

12. **How would this transition affect the existing medical staffs of NWH and UWMC?**

If UWMC and NWH are operated as one hospital with two campuses, there can only be one medical staff. Because NWH’s operations would become part of UWMC, NWH medical staff members would join UWMC’s medical staff.

UWMC’s existing medical staff structure and bylaws would need to be modified to reflect the new two-campus structure of the hospital and requirements governing hospitals with two campuses. One example of a modification would be that the two-campus hospital would have an open medical staff. This would allow community physicians to continue practice at NWH.

13. **What would be the financial impact if the two campuses were under one license?**

High level analysis shows that the annual impact of full integration would improve current financial performance.

14. **What are the next steps in the evaluation process?**

Concurrent with the board approval process, we will be preparing a comprehensive execution plan detailing the operational work, timeline and resources required to move forward with the proposed structure for the proposed effective date of January 1, 2019. In addition, the Executive Sponsors will continue their work to assess key issues.