

Hospital Services Agreement between Kaiser Foundation Hospitals and PPH

TO: Board of Directors
January 20, 2004, Board of Directors Meeting

MEETING DATE: Strategic Planning Committee
Thursday, December 18, 2003

FROM: Michael Covert, President and CEO
Robert A. Hemker, CFO

Background: The Agreement is the culmination of ongoing discussions for a long-term hospital services agreement with Kaiser, and the resultant capacity required to meet the needs of the agreement.

The Agreement achieves the key strategies, expected benefits, and resolution to key issues on a long-term basis. Notably, they include:

- Predictability and consistency of our relationship with Kaiser through a minimum period until 2020. Additionally, the agreement provides for five-year renewal periods.
- Financial stability and predictability of the reimbursement through 2020 and levels consistent—including future inflationary and cost adjustments—with the current contract.
- Better assurance of adequate bed and supporting services capacities through the building of additional beds funded by Kaiser on a pro-rata basis.

The Agreement will provide for the provision of hospital services to members of Kaiser Health Plan to assure adequate health services to the communities of the District.

Budget Impact: Patient care reimbursement rates result in net patient revenues consistent with budgeted revenues. Fixed revenues for facilities consistent with anticipated project costs.

Staff Recommendation: Management recommends approval of the Agreement. It is a key component of our strategic focus and achievement of our facilities plan. Approval will enable management to execute the final form Agreement.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion: X

Individual Action:

Information:

Required Time:

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	Resolution amending and adopting the Revised Vision Statement contained in PPH Policy No. 10-600 – Mission, Vision and Ethics Vision Statements.	presented, to Amend and Adopt the Revised Vision Statement contained in PPH Policy No. 10-600 – Mission, Vision and Ethics Vision Statements.	
<ul style="list-style-type: none"> Kaiser Hospital Services Agreement 	<p>Michael Covert referred to the Hospital Services Agreement between Kaiser Foundation Hospitals and PPH noting that this is the culmination of ongoing discussions for a long-term hospital services agreement with Kaiser, and the resultant capacity required to meet the needs of the agreement.</p> <p>Insofar as our physicians are concerned, our hospital-based physicians will have opportunities in specialty areas as well, including the review and credentialing process at PMC. We would also have the first right of refusal should Kaiser decide to build a hospital in the future. There will also be an Oversight Committee of both parties to monitor and provide oversight to the agreement. This agreement serves a good purpose for us at this time and requested board approval to enable management to execute the final form agreement.</p>	<p>MOTION: by Kleiter, 2nd by Krider and carried to approve the proposed Hospital Services Agreement between Kaiser Foundation Hospitals and PPH.</p> <p>Following a question from Director Rivera on potential Conflict of Interest for practicing physicians, Attorney Paul DeMuro advised that Director Berger would have a potential conflict of interest regarding emergency physicians. Other physicians would not be affected.</p> <p>As a result, Director Berger abstained although indicating his support of such an agreement.</p>	
INFORMATION ITEMS	No questions were raised under Information Items		
<ul style="list-style-type: none"> Community Relations 			
<ul style="list-style-type: none"> Strategic Planning 			
COMMITTEE REPORTS	There were no Committee Reports for action.		
BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH	<p>Director Scofield requested a monthly Board Calendar to include board committee meetings in addition to Auxiliary meetings, Foundation meeting and other relevant events for the Board.</p> <p>Michael Covert noted that this was in progress and would be released in the near future so that Board and Staff may have access. Relevant sponsors of meetings and events would have responsibility for inputting and revising as</p>		