



MEMORANDUM

Date: October 13, 2015

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

A handwritten signature in black ink, appearing to read "CH", is written over the printed name "C.H. Huckelberry".

Re: **University of Arizona Health Sciences Center and Banner Health – New Model for Academic Medicine**

The attached article from the current edition of *Arizona Alumni Magazine* comments on what has been hailed as "a new model for combining the best of academic innovation with the business know-how and efficiencies of a health-care market leader." Since the County is a partner in this enterprise, the Board of Supervisors may be interested in this article.

In a July 1, 2014 memorandum to the Board, I reported that The University of Arizona Health Network (UAHN) and the Arizona Board of Regents (ABOR) had voted to authorize UAHN and The University of Arizona to enter into negotiations with Banner Health. I concluded in that memorandum that our County-owned hospital:

"...has come a long, long way since Pima County first transitioned operations in June 2004. I am optimistic the collaboration with Banner Health will provide for the long-term stability of the hospital operations."

In my April 2, 2015 memorandum, I provided the Board an update on the transition to Banner in which I stated:

"Pima County has a strong commitment to and support for the health and welfare of the residents of this community. In 1974, Pima County voters approved bond funds to replace the County General Hospital with a new hospital on the south side of Ajo Way at Country Club Road. The Kino Community Hospital (KCH) was operated by Pima County struggled to provide comprehensive care and experienced continual operational losses.

In order to maintain proper stewardship of County resources and provide quality healthcare in the area, The County entered into a partnership with University Physicians, Inc. and subsequently the University of Arizona Health Network."

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **University of Arizona Health Sciences Center and Banner Health – New Model for
Academic Medicine**

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The article from Arizona Alumni Magazine showcases the successful partnership that allows us to continue to provide quality healthcare to our community.

CHH/mjk

Attachment

c: Jan Leshar, Deputy County Administrator for Community and Health Services

UA Health Sciences and Banner Health

Arizona's new model for academic medicine

by Katie Riley



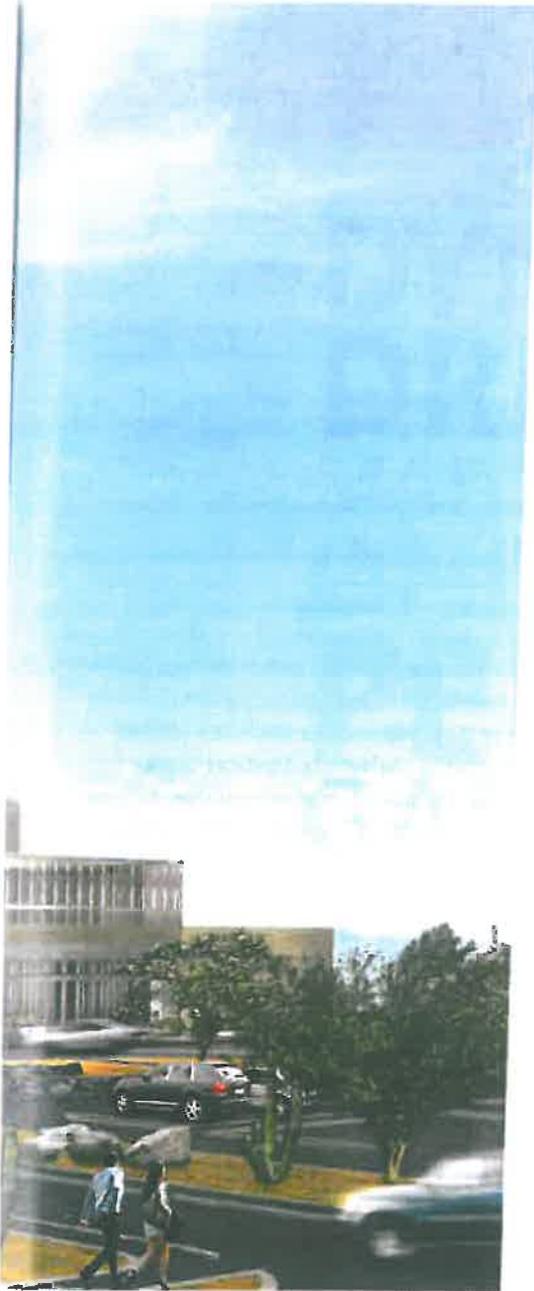
A new, 11-story hospital tower will open at Banner – University Medical Center Tucson in 2019.

In March, the University of Arizona began a historic multiyear academic affiliation agreement with Banner Health, an Arizona-based nonprofit health care company operating 29 hospitals in seven states.

This public-private partnership has been hailed as a new model for combining the best of academic innovation with the business know-how and efficiencies of a health-care market leader.

Combining the research capability and innovation of the UA Health Sciences Center with Banner's extensive reach and clinical expertise presents enormous opportunities to improve health outcomes in our state and nation.

For UA researchers studying population health, access to the megadata provided by millions of Banner patient encounters opens up new avenues to study the efficacy of medical interventions and treatments.



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The newly formed Banner – University Medicine includes three renamed academic medical centers (Banner – University Medical Center Tucson, South, and Phoenix), affiliated ambulatory care sites and the Banner – University Medical Group, comprised of physicians and other providers who are faculty members of the UA Colleges of Medicine. Banner now is the primary clinical partner for the two UA medical schools. Although the hospitals are owned and operated by Banner Health, the UA Colleges of Medicine in Tucson and Phoenix remain an important part of the University of Arizona.

Banner Health's \$1.2 billion investment in the partnership with the UA includes:

- \$261 million toward a \$300 million Academic Enhancement Fund for academic enhancements, faculty recruitment, and program development at the two colleges of medicine.
- \$20 million annually to fund the clinical academic enterprise in Phoenix and Tucson.
- \$500 million for new hospital and clinic facilities in Tucson.
- Equal, shared governance of the six-member Academic Management Council that oversees the operations and activities of Banner – University Medicine.

"This momentous partnership with Banner leverages the state's investment in our two colleges of medicine and enhances health for all Arizonans," UA President Ann Weaver Hart said at the signing of the historic affiliation agreement.

Supporters believe it's a win for Arizona patients, a win for the UA, and a win for Banner Health, which becomes the largest private employer in Arizona with more than 45,000 employees. But growth wasn't the primary motive for Banner Health. Having a primary relationship with the two UA medical schools to help mold the future physician workforce was an important attraction, says Banner CEO Peter Fine.

"Banner looked at this transaction from the perspective of community need," he says. "Banner sees itself as part of the community at large. In this case we looked at the needs of the University and its two medical schools and the distressed situation of the UA Health Network. As a major nonprofit organization in Arizona, we felt a responsibility to do what's best for our community."

For the UA, the agreement secures and sustains the operational foundation of its two colleges of medicine for a generation, while expanding the research portfolio of the entire University of Arizona Health Sciences Center.

A 30-Year Partnership

As part of the affiliation agreement, Banner Health acquired two Tucson academic medical centers, clinics, the University Physicians Healthcare (UPH) faculty practice plan and health plans previously operated by the UA Health Network, and assumed the network's substantial debt load. Significantly, the agreement also established a 30-year Academic Affiliation Agreement with the UA Colleges of Medicine in Tucson and Phoenix.