

LAW OFFICES

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A PROFESSIONAL LIMITED LIABILITY COMPANY

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OF COUNSEL  
JAMES W. ZEEB

May 7, 2004

Pamela K. Mox, Publisher  
Green Valley News & Sun  
P.O. Box 567  
Green Valley, Arizona

**Re: Bond Package Component Related to Health Services**

Dear Ms. Mox:

Thank you for your interest in the plans for the greatly enhanced and expanded facilities at the Kino Health Campus. The two projects included in Question 2 of the Pima County 2004 Bond Program will help launch a relationship between Pima County and University Physicians, Incorporated that will result in the creation of a regional health care facility that offers multiple specialties and quality health care. I would like to take you up on your invitation to provide more information on this project.

## Background

Arizona is recognized as the second fastest growing state in the nation. The rate of growth in Pima County is even greater than the overall rate of growth for the state with much of the growth in the Green Valley area. By the year 2015, the number of citizens age 65+ in Pima County is expected to rise 43 percent and the population age 85+ is expected to double. These age groups experience the greatest utilization of health services and are the fastest growing segments of our population.

This growth in the population and the service needs is occurring at a time in which the workforce shortages and limited healthcare system in Pima County are forcing hospitals to delay care and reduce services adversely impacting everyone's access to care. Nearly 64 percent of Arizona hospitals report cancellation of surgeries in comparison to 15 percent of the hospitals nationally with 64 percent of Arizona hospitals reporting increases in the time patients must wait for surgery in comparison to 22 percent of the hospitals nationally. Arizona ranks last in the number of nurses per capita, 49th in the number of pharmacists per capita and 43rd in the number of physicians per capita.

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Studies indicate that Arizona hospitals increasingly report that demand for inpatient admissions is greater than national averages but they must limit admissions due to the lack of essential staff (nurses, pharmacists, radiology and lab technicians, coders, service workers as well as primary and specialty physicians). Perhaps most startling is the fact that 82 percent of the Arizona hospitals report that they must divert patients from their emergency department when they are seeking critical care in comparison to 26 percent of the hospitals nationally. Despite the best efforts of the Southern Arizona Emergency Services Systems, every day hospitals in Pima County are forced to divert patients away from their facility and emergency transport personnel must locate a site for care. Last July access for trauma patients became even more restricted with the closure of the trauma service at Tucson Medical Center. University Medical Center (UMC) is now the sole trauma center in Pima County serving essentially all of southern Arizona.

The Pima County Board of Supervisors has emphasized its commitment to a continuing investment in healthcare services. However, it is no longer appears to be willing to use operating funds to support significant deficits in operating Kino Community Hospital. During the past decade operating losses at Kino have risen to more than \$32 million per year. Many factors, including constrained amounts of reimbursement from governmental payers as well as the substantial restrictions imposed by the managed care market prevalent in Pima County and increasing numbers of uninsured and underinsured, have contributed to the losses. The most significant factor has been the inability of the governmental sector to respond to rapidly changing market conditions and recruit and retain essential healthcare personnel – especially primary and specialty physicians which are essential to the utilization and operation of a financially viable full service hospital.

The Board appears to be committed to a strategic vision for healthcare in Pima County. The strategic vision includes rebuilding the hospital and assuring the provision of primary and specialty services essential to management of chronic diseases such as diabetes to achieve optimal well being and lifestyle are available and accessible for the community. The vision also includes the development of a healthcare workforce, which can benefit the entire community for decades. Kino is an ideal teaching site for not only the College of Medicine but also the Colleges of Nursing and Pharmacy as well as other allied health programs.

The Board has recognized that University Physicians, Inc. (UPI) is a natural partner in achieving this vision. UPI is the 300+ attending physician organization providing training to residents on behalf of the University of Arizona (U of A) College of Medicine. The County and UPI have collaborated on a plan to expand health services to meet the needs of the existing and growing Pima County community and preserve the critical inpatient and emergency capacity the County has established at the Kino site. They share the vision of rebuilding Kino to the full service hospital it has not been since the mid 1980s, with the capacity to allow the County to meet its statutory mandates to assure that behavioral health services are provided. Both parties envision establishment of a substantial network

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of healthcare services at the Kino campus with the ability to improve access to services for populations geographically limited in access to care through the use of telemedicine. UPI is closely aligned with the nationally recognized telemedicine program operated by the U of A.

### UPI's Role

On April 27, 2004, the Board voted, as the Governing Body for Kino, to terminate Pima County's role as the licensed health care provider operating the hospital. In lieu of continuing to have Pima County government operate the hospital, the Board has instead chosen to enter a lease agreement to rent the hospital, equipment and certain surrounding properties to UPI with the understanding that the County will, if Question 2 is approved in the Bond Election, construct a new Public Health building on the site to facilitate coordination of public health services with the physician and hospital services that UPI has begun to provide on the campus. With the approval by federal and state regulatory agencies of the planned "change of ownership," the Board will effectively remove itself from operating Kino Community Hospital just after midnight June 15, 2004. As of that time, Pima County's role will be solely that of a landlord administering the lease. UPI, as a non-profit corporation, will take on the licensed provider role currently performed by Pima County and fulfill its commitments in the lease to maintain essential services, enhance services and rebuild a full service hospital.

UPI has a long history of collaboration and service at Kino providing a variety of primary and specialty physician services since the hospital opened in 1977. Since July of 2003, UPI has been operating all primary and specialty care practices located at the Kino site. In February 2004, UPI began management of all aspects of hospital operations under a Services Agreement approved by the Pima County Board of Supervisors. Clearly UPI is uniquely qualified to assume the provider role at Kino.

Previous studies of the service needs of residents in Pima County show that the primary reasons for a person's primary care provider to facilitate inpatient admissions to hospitals (other than delivery of babies and behavioral health services) were for cardiology, including thoracic surgery, general surgery, gastroenterology, orthopedics, and neurology.

### New Services and Specialties

In response to these service needs, UPI has already done the following at Kino:

1. Expanded the internal medicine and family practice physicians available as primary care providers for individuals seeking to establish a medical home.
2. Provided an array of specialists including those most needed by the community: cardiologists, dermatologists, gastroenterologists, nephrologists, ophthalmologists, orthopedic surgeons, pulmonologists, urologists and neurologists.

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3. Enhanced the OB/GYN services by establishing a women's health program at the Kino site and providing 24 hour, seven day a week consults to the emergency department with streamlined admissions to University Medical Center when necessary.
4. Facilitated implementation of the County's telemedicine system to initially provide teleradiology. This system will initially allow x-ray and CT Scan images from Kino as well as other locations throughout the County to be transmitted to the UPI radiologists in various locations 24 hours, seven days a week. This continuous transmission ability assures more rapid evaluation of the test results necessary for diagnosis of patients' conditions and expedites essential treatment. UPI is also assessing the feasibility of telemed for remote diagnosis of conditions through linkage with physicians in other communities such as Green Valley with the UPI system of specialists providing care throughout Pima County.
5. Secured privileges for nearly 30 new physicians to provide expanded and new services at Kino. This additional physician staff at Kino includes cardiologists, pulmonologists, radiologists, family practice, internal medicine, ophthalmologists, pediatricians, urologists, endocrinologists, surgeons, trauma/critical care physicians and neurologists.
6. Initiated a review to determine the feasibility of locating to the Kino site as many as three UPI orthopedic surgeons capable of an array of surgical services including hip and knee replacements.
7. Replaced the CT Scan imaging equipment purchased with bond funds in 1989 with a \$1 million state-of-the-art 16-slice scanner increasing Kino's ability to generate improved imaging for patients in the emergency department as well as inpatients.

#### Impact on Residents of Green Valley

The Kino site is ideally located for the residents of Green Valley to access the new and expanded services that will be available at Kino. Green Valley residents already established with UPI physicians may be able to see their physicians at the Kino location. Planned upgrades in diagnostic and surgical equipment will make Kino a state-of-the-art hospital. The UPI physicians' close alignment with UMC will assure better access to the full continuum of care that will exist between Kino and UMC.

Green Valley's support of Question 2 is critical to achieving the vision for the Kino campus. The funding will enable UPI to reconfigure Kino and utilize the full inpatient capacity for medical surgical patients by relocating the psychiatric patients to the new psych hospital to be built with bond funds on the grounds of Kino. It is essential for the psych service to continue as the County is obligated by statute to provide services for individuals who involuntarily committed. Utilization of Kino for these services allows the County to more effectively manage its costs.

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Finally, Pima County and Kino Community Hospital have been well-served by Lew Weldon, a Green Valley resident who has faithfully served as the President of the Kino Community Advisory Board. Mr. Weldon has greatly assisted the County in this planned transition of services to University Physicians, Inc.

Sincerely,



Larry Hecker, Chair  
Pima County Bond Advisory Committee