

UC SAN DIEGO HEALTH

Proposal to Tri-City Healthcare District
Board of Directors

ENVISIONING THE FUTURE

Outline

In partnership with the Tri-City Healthcare District, development of a Joint Powers Agreement (JPA) whereby UC San Diego Health assumes title to District-owned assets in order to provide administrative, clinical, and operational management for all healthcare services and collaborates with community physicians, the existing medical staff, and UCSD physicians where necessary to offer District residents affordable, accessible, and high-quality healthcare services across the full range of medical specialties.

An affiliation with UC San Diego Health will position Tri-City Medical Center as a regionally and nationally recognized destination for medical care.

October 2023

This Proposal is submitted on the basis of a preliminary review of the information made available to UC SAN DIEGO HEALTH to date, which is subject to additional analysis and review. Unless and until Definitive Agreements have been executed and delivered in a form approved by the board of THE DISTRICT AND THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, UC SAN DIEGO HEALTH will have no obligation with respect to this Proposal or any transaction with the DISTRICT. Neither the expenditure of funds nor the undertaking of actions consistent with this Proposal will be regarded as the partial performance of a binding agreement or entitle the party expending funds or taking action to assert claims for reimbursement or damages against the other party relating to such expenditures or actions. This Proposal is not intended to, and does not, create or reflect any binding contract or other legal agreement between the DISTRICT and UC SAN DIEGO HEALTH, and each party is and shall remain free to withdraw from discussions without liability at any time.

EXECUTIVE FRAMEWORK for Revitalizing Regional Healthcare

1

Enhanced Medical Care for District Residents

Deliver accessible, affordable, high quality care within the region

- **An alliance** that ensures the continued viability of a full-service medical center under a financially sustainable model for the District and its residents
- **A strategic vision** that establishes a new outlook for the medical campus and reinvigorates residents and local employers by providing a premier medical home for patients
- **A long-term commitment** as an essential partner of a regional public health care system that fulfills the District's goal of supporting the healthcare needs of its communities and ensuring access to world-class healthcare, technological innovation, and modern facilities

2

Medical Campus of the Future

Revitalize and redevelop the medical campus to meet current and future needs of the community

- **Outpatient Pavilion** development within shelled space of existing on-campus MOB to accommodate trends in ambulatory and outpatient services
- **New hospital tower** construction in partnership with the District and the community to accommodate advanced medical services, technological innovations, and modern amenities

Phase 1: Outpatient Pavilion

- Women's health and reproductive medicine
- Heart center
- Cancer Center including infusion center, radiation oncology, cancer clinics, and clinical trials
- Advanced imaging
- Procedure suite
- Ambulatory surgery center

Phase 2: New Hospital Tower

- South Tower construction
- Destination clinical services
- Labor & delivery unit
- Intensive care unit
- IMU and Med/Surg beds
- Surgical & procedure suites
- Integrated technology capabilities

3

World-Class Medical Capabilities

Develop new sub-specialty services, innovative care models, and enhanced technologies

- **Expand on-campus destination programs** in collaboration with medical staff including cancer services, radiation oncology, cardiovascular care, neurosurgical services, behavioral health, and others as needed
- **Collaborate with existing medical staff** and regional providers to develop and/or supplement existing specialty programs and broaden primary and specialty care networks
- **Develop ongoing recruitment pathways** to ensure long-term sustainability of medical and surgical specialists throughout the region
- **Revitalize Women's Health Services** through investments in physician recruitment, program development, and facilities improvements to establish a regional center of excellence and destination

4

Modernized Technology Infrastructure

Upgrade information systems to advance patient care and innovation

- **Implement UCSD-Optimized Epic** electronic health record (EHR), including integrated artificial intelligence (AI) tools across all environments upon termination of Cerner agreement
- **Reinforce cybersecurity services** to guard against ransomware and other attacks on critical infrastructure
- **Incorporate advanced technology** in patient rooms, operating rooms, and ambulatory clinics to promote efficiency and convenience
- **Ensure connectivity with regional health systems** through integrated Epic communication tools

Epic

Implementation of Epic and other advanced information systems across all facilities:

- Hospital
- Ambulatory clinics
- Medical groups

Enhancing clinical operations, patient flow, and promoting information exchange with regional providers

- UC San Diego Health
- Kaiser
- Sharp (2024)
- Scripps
- Rady Children's
- Providence

5

Expansive Provider Network

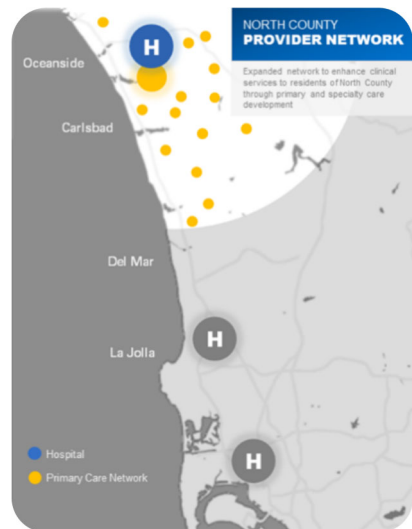
Broaden the primary and specialty care physician base

- **Immediate placement of primary care** physicians in new and existing MOBs to accommodate anticipated demand and retain referral pathways for specialists
- **Integration of regional physician practices** under the clinically-integrated network model and shared information system allowing providers to retain autonomy while benefitting from UCSD support services
- **Expansion of UCSD specialty physicians** to develop new and supplemental medical services and clinical programs

OBJECTIVE: Residents receive world-class medical care at local facilities with local providers under a nationally recognized brand

Enhanced Access

Expansion of medical services and regional providers



6

New Payer Partnerships and Enhanced Revenue

Expand access to health plans and government funding opportunities

- **Health plan contracting under state-wide UC Health system** contracts for all major commercial insurers including PPO, HMO, and Medicare Advantage – with integrated population health services to manage risk-based contracts
- **Enhanced government funding opportunities** through Medi-Cal, inter-governmental transfers, and other state/federal sources
- **Exclusive arrangements with key employers** (e.g. local school districts, city governments, and large regional employers) to provide enhanced benefits when using network facilities and providers
- **Access to UCSD employee base** representing one of the largest employers in San Diego County

Blueprint for Transformation

Fundamental elements toward a long-term alliance with the Tri-City Healthcare District

VISION

In partnership with the Tri-City Healthcare District, UC San Diego Health aims to transform healthcare in North County by **delivering accessible, world-class medical services to residents** of the District and establishing a destination center for patients throughout the region. Through investments in modern facilities and technologies designed around the future of care delivery, we envision **a revitalized and re-energized medical campus** serving as the primary medical home for residents and a source of pride for the community.

A new era of physician alignment, combining the regional expertise of existing medical groups with the advanced specialists of a nationally-recognized academic medical center will position the new campus as a **regional center of excellence** nationally distinguished for quality, safety, and patient experience.

Investment Strategies

Short and Long-Term Objectives Toward a New Vision in Partnership with the District

Campus Redevelopment	Technology Infrastructure	Physician Alignment	Labor & Delivery	Quality & Safety	People
<ul style="list-style-type: none"> Facility enhancement MOB build-out New construction Equipment upgrades 	<ul style="list-style-type: none"> UCSD Health Epic implementation Cybersecurity Network modernization Access to evolving AI strategies 	<ul style="list-style-type: none"> Physician recruits EHR integration Network expansion 	<ul style="list-style-type: none"> Physician placement Emphasis on Women's Health Facility upgrades as required NICU 	<ul style="list-style-type: none"> Interdisciplinary quality programs Magnet designation Improved outcomes 	<ul style="list-style-type: none"> Employee and patient engagement Employees to be hired by UCSDH Support of labor relationships Health & benefits Community engagement

STRATEGIC PRINCIPLES

- Deliver world-class medical care in North County
- Revitalize and modernize the medical campus
- Enhance access to services for District residents
- Create a financially sustainable model for the District
- Develop new capabilities and destination health centers
- Enhance behavioral health services to the community
- Retain and hire existing workforce under UCSD Health, recognize existing labor relationships, and enhance the patient and employee experience
- Leverage best-in-class technology to facilitate continuity of care for patients and clinicians
- Deliver care locally with regionally accessible facilities and providers
- Become the northern hub of a broad regional public academic healthcare system vital to payers and employers, and embracing all communities served including the large Medi-Cal population in the District

STRUCTURE & GOVERNANCE

UC San Diego Health proposes a Joint Powers Agreement (JPA) with the Tri-City Healthcare District whereby UCSD shall assume all rights and title to District-owned assets related to the operation of healthcare services including hospitals, outpatient centers, medical office buildings, equipment, and administrative spaces. In exchange for the transfer of assets, UCSD shall assume all administrative, clinical, financial, and strategic operations of the medical center including assumption of the outstanding liability between the Tri-City Healthcare District and the Department of Housing and Urban Development (HUD) of approximately \$80M. Pending due diligence, to the extent the District has other liabilities that are secured by the assets, including HCAI distressed hospital loan funds, UCSD will assume those liabilities as approved by the Regents of the University of California.

The terms of the JPA will obligate UC San Diego Health to use the property for operating and maintaining a public community hospital and for other uses consistent with healthcare operations or which are otherwise beneficial to the communities served by the District. UCSD will assume responsibility for all administrative and clinical functions along with the associated financial performance of healthcare delivery services and facility maintenance, including any losses incurred from operations.

Under this arrangement, UCSD agrees to the following:

- Operate and expand the health care facilities and services for the benefit of the communities served by the District
- Enhance clinical quality and patient experience and improve national public profile including CMS Star ranking, Leapfrog, US News & World Report, and Vizient rankings
- Retain and hire work force and recognize critical existing relationships and maintain an open medical staff
- Work in collaboration with the District board to ensure the health care needs of the communities are served
- Provide strategic, operational, and financial updates to the District as necessary and engage the District in key strategic decisions as outlined below

GOVERNANCE MODEL

The JPA would establish a nine (9) member Community Board comprised of two (2) appointees from the District board, and two (2) members of the Tri-City Medical Staff, (i.e., CMO, Chief of Staff) with all remaining members appointed by the UC San Diego Health Executive Governing Board. The Community Board would, through delegated authority from the Executive Governing Board, serve as the “governing body” of the hospital for state licensure and Medicare Conditions of Participation (CoP) and, as such, would have credentialing and other related responsibilities. UC San Diego Health would have responsibility and authority for day-to-day operations of the hospital and related operations. The Community Board would also provide advice and recommendations to UC San Diego Health on strategic, operational, and financial decisions relevant to its growth strategies in the District’s communities. The Community Board would routinely provide updates to the District Board including information about capital planning and expenditures, financial operations, and quality/safety advancements.

The Tri-City Healthcare District will retain certain reserve powers expected to include mechanisms for the District to ensure the satisfactory maintenance of facilities, assurances that operations remain consistent with those of an acute care hospital, and guaranteed access to essential clinical services on the medical campus for defined periods.

The Tri-City Healthcare District Board will retain responsibility for the general operations of the District that are unrelated to the administration and operation of healthcare services including:

- Facilitating community health partnerships
- Conducting elections
- Assessing and collecting property taxes
- Promoting community wellness and conducting health improvement initiatives
- Serving as a liaison to the delegated board overseeing healthcare operations
- Supporting measures for general obligation bond elections as may be requested to support future improvements to healthcare facilities in the District.

Note: to the extent voters were to approve future general obligation bonds, the District may be afforded additional reserve powers consistent with those generally granted to a lender.

- Other statutorily required operations

A mutually agreed portion of the District tax revenues would initially go to the District annually to support its operations. Once the hospital achieves financial sustainability, or upon successful passage of a future general obligation bond measure, a greater portion of the District tax revenues would be retained by the District. The District would work cooperatively with UC San Diego Health in utilizing its revenues to provide and support health care related programs, services and facilities in the community and would agree to a non-compete provision which would be restricted to investments by the District in the delivery of acute care inpatient services unless consented to, by the UC San Diego Health.

COMMITMENT TO THE COMMUNITY

Consistent with the **longstanding mission of UC San Diego Health to ensure comprehensive, equitable care for all members of the community**, UCSD will remain committed to the District's responsibility to deliver high-quality healthcare to all residents regardless of insurance status, income, or demographics. Upon consummation of an agreement, UCSD will immediately engage with County, State, and Federal officials to identify additional resources to assist historically underserved populations, supplement state/federal funding, and re-establish relationships with regional Federally Qualified Health Centers (FQHCs) to reassure them of a renewed commitment to serve Medi-Cal patients throughout the District. UCSD has contributed over \$600 million annually in support of community benefits, including uncompensated and government-sponsored care, charity care, and other health services and programs designed to enhance the lives of patients and residents in the communities it serves. This commitment will extend to all residents of the Tri-City Healthcare District and the residents of North County.

FACILITY AND CAMPUS REDEVELOPMENT

Preliminary diligence reveals a positive long-term outlook with potential for significant volume gains in both the inpatient and outpatient environment contingent upon interventions suggested herein as well as short- to mid-range capital development plans for the campus. The most recent seismic compliance studies reveal significant retrofitting would be required to achieve SPC-4D compliance by the current 2030 deadline.

Rather than upgrading the existing Central and South Towers, and subject to confirmatory due diligence, UCSD concurs with the District's plans to decommission both towers as acute care facilities and build a new, modern South Tower as the face of the medical center. Based on current UCSD projections for new programs, expanded service lines, and outpatient/ambulatory development, **the anticipated bed capacity under the current plan may be insufficient to meet estimated growth targets**. UCSD will work closely with the District to develop optimal sizing requirements and capital planning to meet future demands of the region in a financially sustainable manner.

While the timing of the District and UCSD's ability to access the requisite capital funding to support the development of a new South Tower may impact the ability to replace the beds lost in the decommissioning of the existing Central and South Towers by 2030, UCSD understands that seismically compliant facilities exist to allow for the uninterrupted operation of an approximately 175-bed acute care community hospital in all instances, and UCSD is committed to maintaining those acute care operations beyond 2030 with further acute care expansion occurring as soon as financing for the expansion/redevelopment can be supported by operations.

INPATIENT CAPACITY DEVELOPMENT

Initial volume estimates suggest a substantial increase in admissions and average daily census (ADC) within the first 1-5 years of operation. Growth projections are subject to long-term capacity within existing and anticipated facilities as well as voter approval of funding for new development projects if required.

Sources of New Volume:

- **Local market retention** of substantial out-migration to neighboring health systems in the current environment
- **Increased demand** for new/expanded service lines (e.g. Labor & delivery, cancer services, cardiovascular care, neurosurgical services)
- **Employer-focused arrangements** offering enhanced medical benefits targeting regional school districts, local governments, and large regional employers

Current projections suggest the potential to exceed the bed capacity outlined in the most recent Tri-City redevelopment plan with the proposed shift from approximately 380 beds to 175 beds upon decommissioning the existing Central and South Towers and constructing a new, 96-bed single-occupancy South Tower.

Further due diligence will inform the optimal inpatient capacity and prompt discussions regarding additional financing and growth opportunities as discussed below.

OUTPATIENT AND AMBULATORY CARE DEVELOPMENT

Outpatient and ambulatory service development will begin immediately and consist of three primary objectives:

1. **Outpatient Pavilion** programming and design (on-campus, hospital-licensed MOB)

Anticipated services include:

- | | |
|--------------------------------|----------------------|
| • NCI-designated Cancer Center | • Radiation Oncology |
| • Heart Center | • Advanced Imaging |
| • Neurosurgery | • Procedure Suites |
| • Women's Health | • Ambulatory Surgery |

2. **Regional network development** and integration

- Placement of physicians in new and existing medical office buildings throughout the region including UCSD physicians, new recruits, and affiliated providers.
- Outreach to existing regional physicians and maintaining the open medical staff model while providing options for network integration
- Continuation of 1206b structure for currently designated groups

3. Women's Health Services

- Immediate expansion of OB/Gyn and newborn care providers in the market
- Development of convenient, modern ambulatory spaces focused on Women's Health
- *See next section for more detail*

REDEVELOPMENT FUNDING

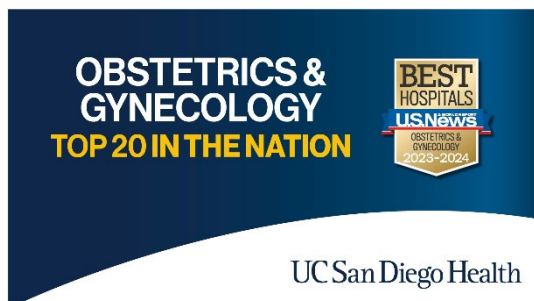
UC San Diego Health will partner with the District to identify the most optimal and feasible funding sources to align the objectives of both parties and create a capital development plan consistent with growth assumptions and market projections. UCSD is committed to partnering with the District to seek voter approval of general obligation bond (GO Bonds) to fund the development of a new South Tower. In the event a Bond measure is not approved by the voters, UCSD still expects to expand bed capacity of the facility, but the timing of that expansion will be dependent upon the success of other operational and clinical service strategies outlined herein as new debt and interest expense will need to be funded from ongoing operations. Stated clearly, UCSD's commitment to the project is not conditioned upon voter approval of GO Bonds.

Proposed redevelopment includes construction of a new **South Tower** as the face of the medical campus along with development of a state-of-the-art **Outpatient Pavilion** within the existing on-campus medical office building.



LABOR & DELIVERY / WOMEN'S HEALTH

Leveraging the capabilities of UC San Diego Health's nationally recognized Obstetrics & Gynecology program, Women's Health will be an immediate focal point of the new partnership with the goal of revitalizing the service, enhancing the capabilities of the hospital, and ultimately establishing the campus as a destination center for pregnancy care in North County.



#15
in the Nation
Ob/Gyn

Regional promotion and marketing of the UC San Diego Health national ranking in Obstetrics & Gynecology and **extension of those capabilities to North County**

Labor & Delivery / Women's Health revitalization will encompass a multi-pronged campaign including the following tactics:

- Placement of UCSD and UCSD-affiliated OB/Gyn and newborn care providers in the market
- Facilities enhancements including upgraded delivery suites, birthing amenities, and state-of-the-art technologies in coordination with seismic and other planned upgrades
- Ambulatory buildings creating convenient and modern spaces focused on Women's Health
- Enhanced quality programs that consistently exceed national benchmarks for safety and outcomes ¹
- Emphasis on "whole-family" care including pediatrics, women's health, high-risk pregnancy, and behavioral health services
- Promotion and marketing of services throughout North County
- Interventions with large employer groups, regional FQHCs, and military personnel
- Community messaging promoting UC San Diego Health's national ranking in Obstetrics & Gynecology

UC San Diego Health will immediately begin the planning process to establish a **wide array of programs and services at the Tri-City campus** over the first 12-18 months while simultaneously seeding the region with new options for obstetrics providers and services. With the objective of re-opening the Labor & Delivery service in an expedited timeframe, the following support services will be enhanced and redeveloped onsite:

- | | |
|---------------------------------------|---|
| • Neonatal Intensive Care Unit (NICU) | • Education and Classes |
| • High-Risk Pregnancy Services | • Breastfeeding Support |
| • Maternal-Fetal Medicine | • Fertility Care |
| • Prenatal Care | • Family Planning |
| • Postpartum Services and Support | • Reproductive Behavior Health Services |
| • Diabetes and Pregnancy Services | |

With the introduction of UC San Diego Health services in North County – as well as UCSD self-funded insurance options for employees – aggressive internal promotional efforts directed at UCSD's 40,000+ employees will feature convenient options for employees of North County emphasizing the same quality and scope of services available at other locations. More information on UCSD pregnancy and delivery services is available online at <https://health.ucsd.edu/care/pregnancy-birth/giving-birth/>.

CANCER SERVICES

UC San Diego Health will establish a **comprehensive, multi-disciplinary cancer site** in North County, in collaboration with existing oncology providers, situated inside the newly-developed Outpatient Pavilion on the Tri-City campus to include the following services:

- | | |
|---|----------------------------------|
| • Hospital-licensed infusion center | • Genetic counseling and testing |
| • Radiation oncology (linear accelerator) | • Patient counseling and therapy |
| • Oncology specialist clinics | • Clinical trials |

Extending UCSD's capabilities as the **only NCI-Designated Comprehensive Cancer Center** in San Diego, residents will have access to the best possible care and support with experts in every medical subspecialty providing truly personalized care with the latest treatment options and access to the widest range of clinical trials in the region.

¹ As measured by the Leapfrog Hospital Survey, Newsweek, and US New & World Report among others

Studies repeatedly show that patients treated at NCI-Designated Comprehensive Cancer Centers have better survival and recovery rates, on average, due to the fullness of care, diverse oncology disciplines and subspecialty expertise to treat all types of cancer.

A premier cancer center in North County, supplementing and enhancing existing oncology services in the region, will allow District residents to receive world-class treatment closer to home in a more convenient, accessible, and reliable environment with access to the latest advancements in cancer care. More information on UCSD cancer services is available at <https://health.ucsd.edu/care/cancer/>.

PHYSICIAN ALIGNMENT

UCSD is conducting a comprehensive needs assessment within the market to immediately begin development of a cohesive, connected, and integrated physician network with a central focus of delivering health care services locally and reducing out-migration to other facilities and health systems. Initial efforts will concentrate on cultural alignment and joint development of a regional physician model in collaboration with existing medical groups and medical staff with the intent of promoting a **revitalized hub for healthcare services with the medical center campus as its core**.

Immediate objectives include supplementing and enhancing existing medical specialties where necessary and introducing new medical capabilities across the District to ensure residents have access to the full range of healthcare services.

The UCSD North County provider network will consist of the following components integrating primary and specialty care physicians:

UC San Diego Health Physician Group	UCSD employed physicians supplementing regional medical specialties with an expanded presence in District-owned facilities and new MOBs
UC San Diego Health Physician Network	UCSD's affiliated physician network comprising over 900 providers across 20+ specialties on an integrated EHR platform ²
1206(b) Clinics	Medical groups under a management services agreement with Tri-City Medical Center for the provision of certain administrative functions
Regional Medical Groups & Existing Medical Staff	Ambulatory primary and specialty physician groups and hospital-based care teams currently providing services to Tri-City Medical Center

Along with its existing network of regional providers, UCSD will work with local physician groups to immediately assess and address any shortages of primary care physicians along with opportunities to strengthen its presence in strategically located medical office buildings. As the region's only academic medical center, a UCSD partnership provides enhanced access to an ongoing pipeline of new physicians with a desire to remain in the local communities as well as a shared commitment toward advancing care in the region.

MEDICAL STAFF

To ensure continuity of core medical services and medical staff, UC San Diego Health will maintain the **open medical staff model** supporting the facilities and specialty programs in the region subject to credentialing and privileging

² Approximately 50% of all providers in the UC San Diego Physician Network are hosted on the UC San Diego Health Epic EHR platform

guidelines as set forth in its bylaws. UCSD has developed a separate category of medical staff privileges for providers practicing in a community hospital setting which allows the existing medical staff to function without teaching or other academic obligations.

UC SAN DIEGO HEALTH PHYSICIAN NETWORK

Regional medical groups not already participating in UC San Diego Health's affiliated network of 900+ providers may have the option of joining with the following benefits:

- Practice independence
- HMO and PPO contracting under UCSD
- Subsidized implementation of UCSD Epic EHR
- Integrated technologies to facilitate care
- UC San Diego Health branding / marketing
- Participation in grand rounds / collaboratives
- CME opportunities
- CMS-sponsored payment programs
- Enhanced access across the network

UCSD will immediately engage with the medical staff, key physician leaders, and core medical groups to develop a thoughtful and collaborative integration process. More information on the UC San Diego Health Physician Network is available at <https://ucsdhn.org/>

QUALITY, SAFETY, AND PATIENT EXPERIENCE

In collaboration with the medical staff and clinical teams, a **renewed focus on advancing quality and safety** with the goal of achieving a highly reliable health care delivery system for District residents will be implemented. The framework will include proven systems and performance measurement tools designed to achieve accreditation standards, reduce complications of care, and design processes to prevent mistakes and ensure strong lines of communication between hospital staff, patients and families.

Initial efforts will prioritize standardizing care delivery, improving patient outcomes, and enhancing quality public profile rankings to advance the most relevant components impacting the overall patient experience. This high reliability journey is transformational and requires a healthy culture, strong leadership, and a robust learning process to accelerate and sustain clinical improvements.

UC San Diego Health will deliver a framework for a daily engagement process with the ultimate goal of improving the patient experience and ensuring the following outcomes:

- Improved reputation
- Greater operational efficiency
- Enhanced ability to attract and retain nurses & staff
- Engaged medical staff
- Dedicated clinical workforce
- Better care and outcomes for patients

By-products of a partnership with UCSD include national recognition as a trusted medical home including:

- **Magnet designation** for nursing excellence
- **Vizient Top 10** (national quality rankings)
- **Five-Star CMS Rating** for Medicare Advantage
- **CHIME Most Wired** (information technology)
- **US News & World Report** recognition
 - National Honor Roll
 - #1 in San Diego
 - Nationally ranked in 10 specialties

INFORMATION TECHNOLOGY & DIGITAL HEALTH

A modernized and inter-connected technology platform is a critical element in the current era of health care delivery enabling systems to harness innovations like artificial intelligence, advanced clinical analytics, and real-time integration of evidence-based protocols to improve patient outcomes. As a recognized national leader in advancing technology in healthcare, UCSD will extend its capabilities to the hospitals and physicians of the Tri-City region.

An initial phase of the new partnership will include the evaluation of existing technology platforms and investments to upgrade the framework as necessary to accommodate advanced clinical systems and enhanced cybersecurity protocols.

INNOVATION IN HEALTHCARE

The **Joan & Irwin Jacobs Center for Health Innovation** accelerates the evaluation and adoption of new technologies in the delivery of healthcare through partnerships with clinicians, engineers, researchers, and industry leaders. UCSD will integrate these new capabilities into all facets of care delivery and include:

- Artificial Intelligence and Machine Learning
- Digital Health Tools
- Remote Patient Monitoring
- Predictive Analytics
- EHR-Integrated Medical Devices
- Data-Driven Care Protocols

See more information about the Jacobs Center for Health Innovation at <https://healthinnovation.ucsd.edu/>

EPIC ELECTRONIC HEALTH RECORD

As the most prolific EHR in the nation, Epic contains over 250 million patient records, is consistently ranked the #1 EHR in the industry, and is used by the majority of health systems in the US News & World Report top hospitals.

As an early adopter of the platform – and one of the first in California – UC San Diego Health has long overcome the initial strains and setbacks of a new implementation that can cause financial and clinical disruption. Over the past few years, UCSD has seamlessly extended its Epic platform to new facilities (Jacobs Medical Center, UC Irvine, and UC Riverside) as well as numerous affiliated medical groups throughout the region (UCSD currently hosts over 500 affiliated providers on its license).

Epic EHR Implementation

Systemwide deployment of a single, integrated electronic health record across all facilities and ambulatory sites



UCSD will immediately begin the planning and assessment phase for extension of its Epic platform to the Tri-City facilities upon closing of the transaction with actual implementation to occur as legally and practically feasible as related to termination/expiration of the existing Cerner agreement. Once implemented, the new infrastructure will greatly enhance connectivity to all major health systems allowing physicians to seamlessly and instantly coordinate care by securely exchanging information from multiple organizations. Patients benefit from real-time insights into treatment plans, test results, medication orders, and expedited referral pathways among many other advantages.

UCSD will install the full suite of Epic modules including:

- **Epic Ambulatory**
Clinical documentation for primary and specialty care including clinical documentation, order entry, patient communication, and prescription management
- **Epic Cadence**
Clinical documentation for primary and specialty care including clinical documentation, order entry, patient communication, and prescription management
- **Epic Clarity**
Reporting database supporting advanced analytics and system-wide data sharing
- **Epic Care Everywhere**
Integrated application allowing the exchange of health care information with external organizations to ensure seamless transition of patient care
- **Epic Haiku**
Mobile app for physicians to access EHR records wherever and whenever necessary
- **Epic MyChart**
Patient portal allowing patients to access their medical records and health data remotely, including test results, medications, physician orders, appointments, and billing information
- **Epic Prelude**
Tools for patient registration and insurance management information
- **Epic Resolute**
Hospital and professional billing functions including charge capture, billing, and AR follow-up activities

PAYER RELATIONSHIPS, CONTRACTING, AND POPULATION HEALTH

HEALTH PLAN CONTRACTING

Under a UC San Diego Health operating structure, UCSD intends to transition all facilities to UCSD payer contracts, including agreements with all major insurers and most health plans in San Diego County through direct engagement and coordination with payers. Additionally, the 40,000+ UCSD employees and dependents – many of whom reside in North County – will gain access to Tri-City facilities under UC-sponsored health plans, including both HMO and PPO offerings.

As a component of the broader University of California system, UCSD participates in joint contracting initiatives with payers along with other national brands like UCLA, UC Davis, UC Irvine, and UC San Francisco to ensure that rates and other contractual elements align with the advanced care provided across each facility.

As a California Designated Public Hospital, UCSD participates in the Enhanced Payment Program offering funding for achieving identified goals established by the State. With the addition of District facilities, UCSD will explore opportunities to enhance state and federal funding for Medi-Cal and other undercompensated programs.

On the physician side, UCSD intends to extend existing risk-sharing arrangements to regional IPAs and explore new opportunities for both commercial and Medicare HMO plans. For independent medical groups seeking to affiliate with UCSD through its expanded physician network, a standard review process will begin to ensure all potential participants meet the criteria outlined in its affiliation agreements prior to joining. All participating members will have the option of transitioning to UCSD payer contracts (both HMO and PPO) upon execution of the required agreements.

POPULATION HEALTH MANAGEMENT

To facilitate management of full- and shared-risk arrangements (i.e. Commercial HMO, Medicare Advantage, CMS advanced payment initiatives), UCSD will extend its population health infrastructure, including the following functions:

- Care Management
- Utilization Review
- Medication Management
- Transitions of Care
- Claims Processing
- Enrollment & Capitation
- Customer Service
- Financial Management

PROMOTION AND MARKETING

UCSD will immediately initiate promotional and marketing campaigns throughout North County with a focus on large regional employers (including school districts, city governments, and the military community) along with insurance brokers and major payers to generate awareness and excitement for the new vision.

COLLABORATING WITH UC SAN DIEGO HEALTH

The collaboration of two public organizations may have several inherent advantages related to county/state/federal funding opportunities, labor union relationships, and contracting arrangements with city governments and state-funded institutions. UCSD has already begun to explore these opportunities and is optimistic about the potential advantages.

As the region's only academic medical center, a UCSD partnership assures a steady pipeline of physicians through its graduating residents as well as the ability to recruit top-level physician talent from around the country.

As a public entity, a partnership with UCSD has the potential to alter, and in certain instances minimize, the level of regulatory and anti-trust scrutiny and/or concerns associated with the proposed arrangement as both entities share a structurally aligned mission to support the needs of the District and the larger communities they serve.

Through the UCSD Center for Community Health and other programmatic initiatives, UCSD continues to lead the way in advancing health equity through community partnerships by developing dynamic community-driven programs and significantly expanding the reach of existing programs to support the right of low-income Californians to live healthy lifestyles.

The Chancellor of UC San Diego has delegated authority over healthcare operations to the Chief Executive Officer of UC San Diego Health, and each strongly support this transition. Together, these executives have a demonstrated track record of success in obtaining the consent of The Regents to close significant healthcare transactions. The Chancellor has expressed his support for this affiliation and would be pleased to meet with the District Board to share his expansive vision of UC San Diego and UC San Diego Health.

Finally, UCSD understands the District's desire to finalize key principles and terms of the proposed arrangement on an expedited timeline. UCSD leadership has already begun the process of advancing awareness to the Regents of the University of California as an informational item and is confident that the District's timeline can be achieved upon agreement of essential terms with a target of receiving Regents approval and closing on the transaction in the Spring of 2024.

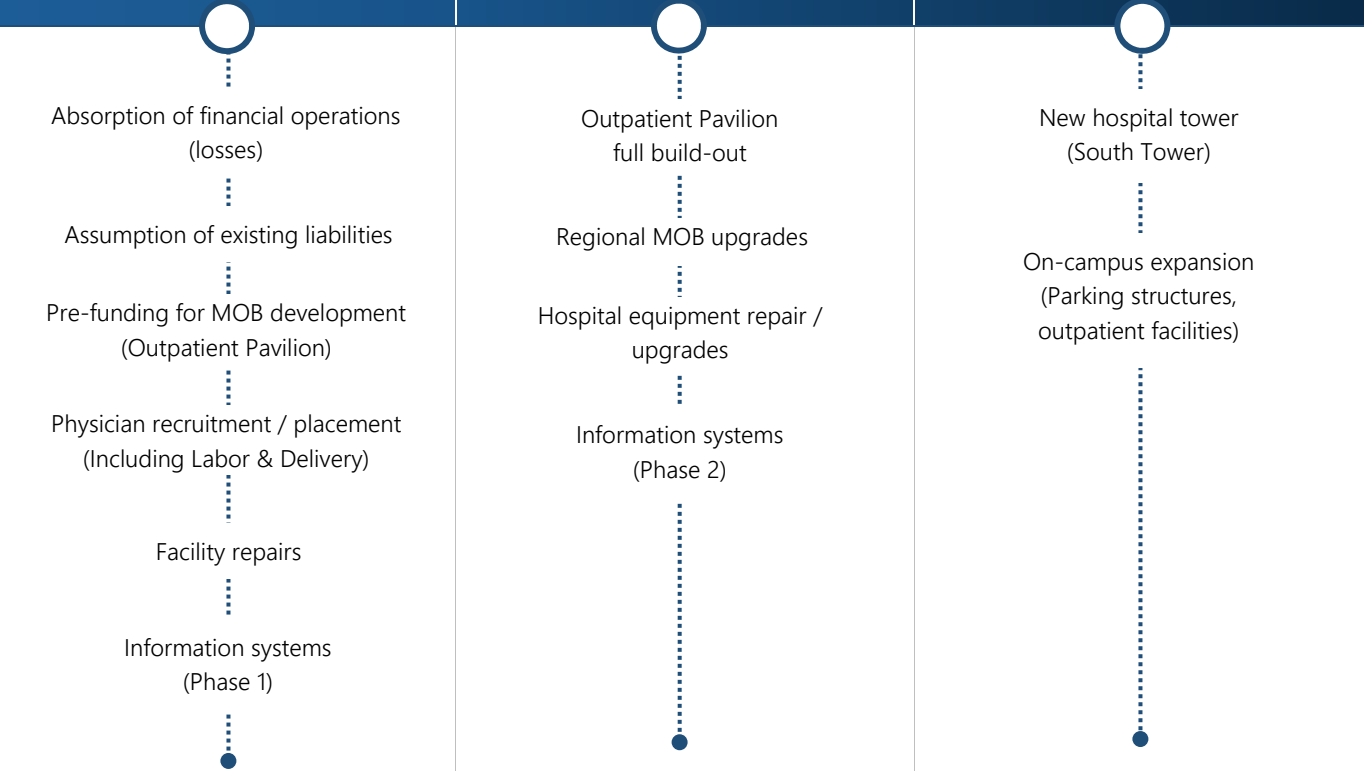
APPENDIX

INVESTMENTS

UC San Diego Health intends to make substantive investments throughout the District to deliver both short-term and long-term enhancements to healthcare delivery in North County. Immediate commitments include the assumption of financial operations to cover short-term losses while enhancing existing services and building new programs designed to accommodate the full range of clinical care for residents. A critical first step in securing those services is the placement and recruitment of physicians to supplement care in a convenient and accessible manner. If selected, UCSD has secured commitments from its Ob/Gyn physician leaders to seed the community with Women's Health providers to revitalize maternity care and labor & delivery services in the District.

With investments in physicians, facilities, information systems, and administrative personnel, UC San Diego Health intends to transform and revitalize care throughout the District to ultimately serve as the premier destination for healthcare in North County.

INVESTMENT TIMELINE

Short-Term (0-24 Months)	Mid-Term (2-3 Years)	Long-Term (4-10 Years)
 <ul style="list-style-type: none"> Absorption of financial operations (losses) Assumption of existing liabilities Pre-funding for MOB development (Outpatient Pavilion) Physician recruitment / placement (Including Labor & Delivery) Facility repairs Information systems (Phase 1) 	<ul style="list-style-type: none"> Outpatient Pavilion full build-out Regional MOB upgrades Hospital equipment repair / upgrades Information systems (Phase 2) 	<ul style="list-style-type: none"> New hospital tower (South Tower) On-campus expansion (Parking structures, outpatient facilities)
Estimated value of investments ³		
\$170 - 185M	\$70 - 90M	TBD


³ Estimates are based on preliminary review and historical investments at UC San Diego Health and intended to provide perspective on the size and scope of prospective commitments in capital and operating components. Actual investments are subject to substantive analysis and due diligence upon execution of an exclusive letter of engagement.

UC SAN DIEGO HEALTH PHYSICIAN NETWORK

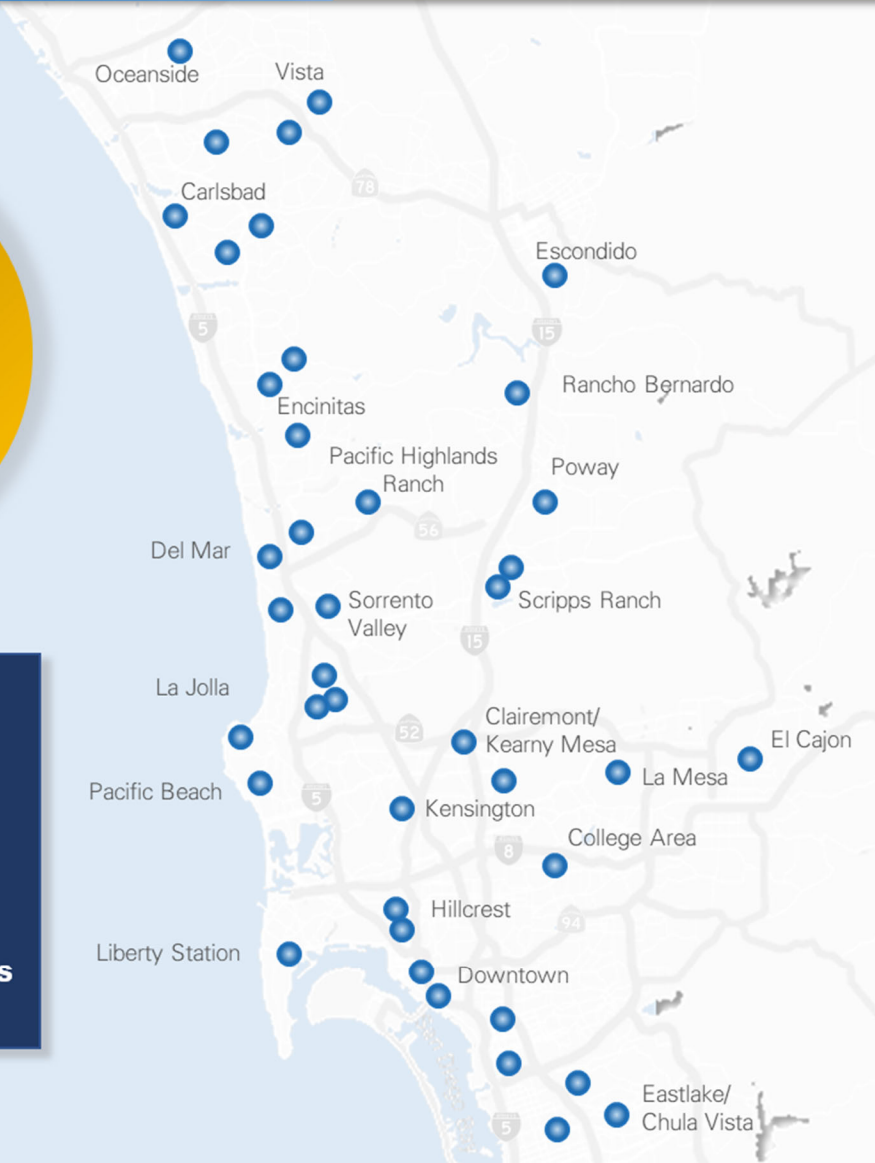
In addition to the 1,000+ employed physicians in the UC San Diego Health Physician Group, UCSD also maintains an expansive affiliated network, **UC San Diego Health Physician Network**, covering most of San Diego and surrounding counties. Providers affiliated with UCSD retain their independence and gain access to UCSD payer contracts (both HMO and PPO) as well as many other benefits including a fully hosted Epic EHR platform, emerging technologies, branding and marketing, enhanced referral and care coordination pathways, and CME opportunities.


PHYSICIAN NETWORK OVERVIEW

969 Providers	68 Medical Groups	506 Epic Users	150+ Locations
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Primary Care





**More Doctors,
More Locations**

Find a primary care physician in our trusted network by visiting health.ucsd.edu/providers

health.ucsd.edu/primarycare
