

**U. T. Board of Regents
Additional Item
November 18, 2003**

1. **U. T. Medical Branch - Galveston: Authorization to enter into lease agreement with City of Austin to operate a health facility for women**

RECOMMENDATION

The Chancellor concurs in the recommendation of the Acting Executive Vice Chancellor for Health Affairs and the Vice Chancellor and General Counsel that authorization be given for U. T. Medical Branch - Galveston to execute a lease agreement, in substantially the form attached, with the City of Austin (City) to operate a health facility for women (to be known as the U. T. Medical Branch-Austin Women's Hospital) located on the fifth floor of the City-owned hospital known as Seton/Brackenridge Hospital.

BACKGROUND INFORMATION

The City of Austin has asked U. T. Medical Branch - Galveston to consider contracting to lease and operate the Austin Women's Hospital. The Austin Women's Hospital is a 12-bed acute care hospital facility within the Seton/Brackenridge Hospital facility.

An ordinance approved by the Austin City Council authorizes the City's negotiation, execution, and delivery of the lease agreement with U. T. Medical Branch - Galveston (including the assignment of inventory).

U. T. Medical Branch - Galveston has a long history of addressing the needs of the medically underserved and in managing a hospital with particular emphasis on serving the special needs of women and children.

U. T. Medical Branch - Galveston currently operates 39 Regional Maternal and Child Health Clinics. The services U. T. Medical Branch - Galveston would provide through the Austin Women's Hospital would be the same as those performed throughout its hospitals and clinics and by other health care systems in this state.

Most recently, U. T. Medical Branch - Galveston presented its plan for an Austin-based U. T. Medical Branch - Galveston Obstetrics/Gynecology residency program, and operating the Austin Women's Hospital will be essential to the development of this program.

The lease arrangement contains the following:

- U. T. Medical Branch will lease the fifth floor of the main Brackenridge Hospital building along with equipment located in the Austin Women's Hospital.
- U. T. Medical Branch will provide obstetrical, gynecological, and women's reproductive health services for the City's female residents, and care for their newborns.
- A primary term of five years.
- U. T. Medical Branch - Galveston will realize revenue each year from Medicaid reimbursements for hospital services.
- The City will also pay U. T. Medical Branch - Galveston a contractually agreed upon amount per month to operate the Austin Women's Hospital. Payment amounts will be renegotiated each year, with a minimum amount payable to U. T. Medical Branch - Galveston. Operational costs include such things as hospital staffing, ancillary services, pharmacy, supplies, and physician services.
- The City will be responsible for lease build-out costs and will provide equipment and inventory necessary for initial operation of the hospital.
- U. T. Medical Branch - Galveston will be responsible for contracting with and credentialing physician groups to provide physician and medical director services.