



University of Colorado Hospital

UNIVERSITY OF COLORADO HOSPITAL  
MEMORIAL HEALTH SYSTEM  
RFP RESPONSE

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A TRANSFORMATIONAL  
HEALTH PARTNERSHIP

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**EXECUTIVE SUMMARY**

## INTRODUCTION

The University of Colorado Hospital (UCH) and its partners are honored by the invitation to respond to this Request for Proposals to serve as a strategic partner in operating the Memorial Health System (MHS). We understand and respect the health system's long-standing role as a vital resource to the City of Colorado Springs and the Pikes Peak region. We resonate with and support MHS's mission: "to provide the highest quality health care by creating an outstanding health system where patients heal and people thrive." And we agree that the evolving health care environment will require strong, flexible, mission-aligned partners that are accountable to their local communities and, at the same time, have the size and scale necessary to afford substantial new resource investments and create operational efficiencies. With this in mind, we are very pleased to present this proposal, which offers MHS and the people of Colorado Springs an exciting opportunity to participate in a bold new strategic partnership with a long-term vision for transforming health care delivery and education for the benefit of Colorado and all its citizens.

## WHAT WE OFFER



## STRATEGIC BENEFITS:

Four of Colorado's most prominent non-profit institutions - UCH, the Poudre Valley Health System (PVHS), the Children's Hospital Colorado (CHC) and the University of Colorado (CU) - have created a strategic partnership which will provide world-class health care, education, and research while expanding Colorado's workforce and stimulating economic development. As part of this strategic partnership, UCH and PVHS are creating a new operating company, "The University of Colorado Health System." In our response to this Request for Proposals, we invite MHS to become the fifth collaborator in this exciting venture. If Colorado Springs selects our partnership to work with the City to operate the health system, MHS would become the third participating health system and Colorado Springs the system's clinical and educational hub for southern Colorado.

Like Memorial, UCH and our current partners have a long and distinguished history of delivering patient-centered, high quality medical care to Colorado citizens. We share MHS's stated values: to operate with compassion, integrity, quality, respect, and teamwork. Through this proposal, we offer a vision for developing a strategic statewide partnership that will transform health care delivery, proactively respond to environmental changes, and provide long-term benefits to our local communities, the State, and all Coloradans.

In addition to mission alignment, the partners of The University of Colorado Health System bring to this relationship national reputations for excellence in quality, specialty care, nursing, and academics. This is demonstrated by: UCH's national #1 ranking for quality, PVHS's receipt of the presidential Malcolm Baldrige Award for Quality, CHC's national top 5 ranking among children's hospitals, numerous top ten rankings for specialty care by U.S. News and World Report, multiple nursing Magnet Designation Awards for all three hospitals, and the University of Colorado School of Medicine's national number 5 ranking for primary care and number 27 ranking for research among all medical schools nationwide.

The executive teams of all four current partners are exceptionally accomplished and nationally recognized. Their vision for Colorado's future is undergirded by very strong operational and financial management. UCH, PVHS, CHC, and the Anschutz Medical Campus have all experienced unprecedented growth and success under the direction of their present leaders. We have learned that synergy between a high functioning health system and a nationally-recognized medical school can be a powerful stimulus for clinical excellence, financial stability, and program growth. The wealth of new projects and programs currently under development on the Anschutz campus is a testament to this stimulus effect.

Our goal is to include MHS and Colorado Springs as integral participants in this dynamic, statewide partnership. Together, we can build a stable, flexible health care system that will bring world class care to our patients and serve as an ongoing source of pride for the citizens and leaders of our communities and the State.

## FINANCIAL BENEFITS:

As part of this proposal, we are making a very large direct financial commitment to MHS and the City of Colorado Springs. Our financial proposal includes a total economic consideration of \$1.79 billion, which is based in part on a \$400.0 million enterprise value of Memorial Health System. The proposed payment structure includes a significant upfront contribution of \$50.0 million, continuing payments to the City or the City's designee, a large and ongoing commitment to invest in Memorial's infrastructure, as well as mechanisms to relieve both Memorial and the City from their current debt and unfunded pension liabilities. Moreover, UCH commits at least \$3 million per year for at least 20 years towards making the CU Colorado Springs Medical School Campus a reality.

In addition to these direct financial contributions, we expect our proposed strategic collaboration with the Medical School and the University of Colorado to have very positive effects on the Colorado Springs economy through job stability, expansion of educational opportunities, and acquisition of new clinical trial and research dollars. To compare: the Anschutz Medical Campus, which only started to develop in 1996, directly employed 8,112 people in 2010, representing some \$718 million in wages, salaries and benefits. Campus institutions also brought in over \$400 million of clinical trial and research grants last year alone. A recent study of the Anschutz Medical Campus showed that the campus has a total State economic impact of \$2.05 billion through direct campus expenditures and indirect effects.

In addition to direct lease payments, infusion of capital dollars, and margin sharing, the enhanced opportunities for employment, development, research, and collaboration will serve to benefit both the City and the surrounding areas. In evaluating and comparing offers, it is essential to consider not only upfront dollar investments but also the long-term and indirect impacts of your chosen strategic partner. We are convinced that, in the long-run, our proposal will have the overall most positive economic impact and community benefit for MHS and the Colorado Springs community.

## COMMUNITY BENEFITS:

Our primary desire is to sustain and build Memorial Hospital System as an essential community and regional asset. To that end, our proposal provides for local governance, flexibility to respond to the evolving marketplace, continuous enhancement of health care facilities, and economic stability and financial success. We are committed to reinforce Memorial's historic role both as a powerful economic engine for the City and as an important source of care for patients throughout the region.

Among the economic goals outlined in this proposal are job creation and resolution of the retirement concerns of the Memorial staff. Educational goals include expanding the reach of the University of Colorado-Colorado Springs and developing a new branch of the University of Colorado Medical School in the City. Finally, our goals involve plans to capitalize on our existing partners' experience and expertise to address the needs of the un- and under-insured.

We recognize that choosing a partner to operate the Memorial Health System involves much more than financial

and legal considerations. This process is about preserving a critical community resource in a way that honors and enhances Memorial's stated mission and vision: to provide the highest quality health care by creating an outstanding health system where patients heal and people thrive. Our partnership embraces this mission and vision.

To realize this vision, we understand the need to extend our thinking beyond simply delivering high quality medical care and toward promoting the health of the entire community. In our proposal, we outline plans to work with local agencies to support and expand their existing activities. We also describe new resources that we will bring to the table, including partnerships with National Centers and Centers of Excellence in Health and Wellness, Diabetes, Depression, Suicide Prevention, Substance Abuse, Child Abuse, Traumatic Brain Injury and Post-Traumatic Stress. We are also excited about our ability to make a significant contribution to the community through education, training and workforce development for the medical, nursing, and other health professions.

Deploying our partnership's extensive resources to better serve the active duty and retired military personnel in the Colorado Springs service area is high on our priority list. Our extensive clinical, training and research work in both the physical and mental sequelae of trauma make us particularly well-suited to this task. We are also well positioned to work with the community to address service gaps and supplement the military network of care. We are the largest TRICARE provider in the State, a part owner of TriWest Healthcare Alliance, and the official network administrator for TriWest in Colorado.

We know that sound management and a passionate commitment to patients and community can coexist and thrive within a single health care organization. Our partner PVHS won the Malcolm Baldrige Award for Quality, presented by the U.S. President, for achieving this balance in Northern Colorado. We believe that, through the University of Colorado Health System partnership, MHS can realize similar success as a model for business leadership and community involvement in the Southern Colorado region.

## WHAT MAKES US DIFFERENT

We recognize that a broad array of public and private health care organizations have expressed interest and are likely to present competing proposals to enter into a strategic partnership with the City to operate the MHS. However, we believe that the UCH consortium's commitments and strategies, as outlined in this proposal, offer the best opportunity to fulfill the City's goals. The University of Colorado Health System's proposal is unique for the following reasons:

- UCH and its partners share the community- and patient-centered vision, mission and values of the Memorial Health System. This includes long-standing and immutable commitments that will continue over time to the education, health and well-being of the citizens of Colorado.
- UCH, PVHS, CHC and The University of Colorado are Colorado-owned and operated non-profit organizations. We understand and embrace the City leaders' interest in maximizing the health, safety, welfare and economic vitality of Colorado Springs and its residents.
- Our partners deeply understand the importance of, and have extensive experience in, caring for all community residents, regardless of their cultural backgrounds, disabilities, professions, age, or income status.
- Our affiliation with each of the University of Colorado campuses, including the Anschutz Medical Campus and the Colorado Springs Campus, provides El Paso County with unrivaled opportunities for world-class clinical programs, clinical trials and research, education and workforce development and life sciences-stimulated economic growth.
- Our proposal, in collaboration with the University of Colorado School of Medicine (CU SOM) and the University of Colorado–Colorado Springs (UCCS), sets forward a plan with accompanying financial support for developing a branch Medical School campus in Colorado Springs.

- Our proposal brings with it the expertise of the Children’s Hospital of Colorado, one of the top children’s hospitals in the country, and PVHS, a national model for regional health care service delivery.
- We offer an unequaled understanding of populations served by MHS. As the largest TRICARE provider in the State, part-owners of TriWest, and the official TriWest network administrator for the State of Colorado we are particularly well-positioned to serve the military and their families. In addition we have extensive experience serving all privately insured patients, Medicare and Medicaid populations.
- UCH and its partners offer a long, proud history of innovation, flexibility, fiscal responsibility and stability, and quality management that has produced great achievements regardless of the current economic climate or health care environment.
- The proposed University of Colorado Health System has the potential to create a strong, flexible health care system that builds on the strengths of its partners by integrating the State’s best community hospital systems (MHS and PVHS) with the State’s nationally recognized academic hospitals (UCH and CHC) and the highly ranked University of Colorado multi-campus educational system and health science schools.

We are confident that while other bidders may be able to offer some pieces of what we are offering, we are proposing an overall package and vision that will have unrivalled benefits for MHS and the people of Colorado Springs.

## IN CLOSING

This is a time of rapid change in health care. Delivery systems are trying to deal with the dialectical tension between the importance of honoring local priorities and maintaining community oversight, and the opposing pressure to develop a system with the size and breadth to have market clout and operational efficiencies. We strongly believe that the creative partnership outlined in this proposal accomplishes both goals.

The strategies outlined in this proposal provide the City and people of Colorado Springs an opportunity to participate as the southern hub of a best-in-class, Colorado-based, diversified health system while maintaining local control, identity and brand. The strategic partners in this proposal bring mission and values alignment along with impressive infrastructure supports and a substantial financial commitment to MHS and the Colorado Springs community. Notably, we are able to offer a long-term commitment to support the health, safety and welfare of the citizens of Colorado Springs and the Pikes Peak Region.

This proposal also provides enhanced connections with the University of Colorado that will increase the educational and health care work force, attract research and clinical trials, and stimulate the regional economy. In addition to a closer affiliation with the State’s only academic medical center, we are making a commitment and providing resources to develop a branch University of Colorado School of Medicine Campus in Colorado Springs.

It is our sincere desire to have the opportunity to work with MHS and Colorado Springs to further develop and implement this vision of health care in Colorado. We believe that this dynamic, statewide partnership will be positive and transformative for all involved - an ongoing triumph for the Memorial Health System, its University of Colorado Health System partners, and the people of Colorado Springs, the region and the State.