

THE UNIVERSITY OF MICHIGAN  
REGENT'S COMMUNICATION

ACTION REQUEST

Subject: Washtenaw Community Health Organization Interlocal Agreement Renewal

Action

Requested: Approval of the renewal of an Interlocal Agreement for the Washtenaw Community Health Organization

Background:

The Washtenaw Community Health Organization (WCHO) was created by Washtenaw County and the Regents of the University of Michigan in an agreement dated August 3, 2000. The agreement expires August 1, 2010 and all the parties to the agreement are committed to renewing it before the agreement expires.

The WCHO's stated purpose is as follows: "The County and the Regents through the UMHS desire to continue the Organization for the purposes of promoting integrated health care and coordinating the joint delivery of mental health, substance abuse, developmental disability, and primary and specialty health care services for certain indigent and low income special needs populations as defined by the Mental Health Code and Medicaid eligibility guidelines and other programs."

The WCHO agreement is an "interlocal agreement" under the Urban Cooperation Act (UCA). While the UCA primarily contemplates the creation of interlocal agreements among local governmental units like counties and township, a provision in the Mental Health Code allows an interlocal agreement between a county and an institution of higher education.

Since there was no automatic renewal provision in the original agreement, the University and the County must reapprove the agreement in its entirety and submit it for approval to the Governor and the Michigan Department of Community Health (MDCH). Therefore, once the Regents and the County have approved and executed the renewed agreement, we must send it to the Governor, the Attorney General's office and the MDCH for review.

Substantive Changes in the Revised WCHO Agreement are as follows: (These changes to the WCHO agreement represent the consensus of Washtenaw County, the UMHS and the WCHO. The Michigan Attorney General's office and the Michigan Department of Community Health have informally agreed to these changes.)

1. A provision granting the WCHO Board the power to manage certain M-CARE funds has been deleted because the University sold M-CARE and funds from that health maintenance organization no longer flow to the WCHO. (formerly §3.2.9)
2. The following provision has been added to section 3.3: "Obligations and liabilities incurred by the Board on behalf of the Organization do not constitute obligations or liabilities of parties to the Agreement," to confirm that obligations and liabilities of the WCHO do not pass to the parties.

3. The number of Board members constituting a quorum has been reduced from nine to seven of the 12 member Board.
4. Article Four addresses fiscal administration. In the original agreement, it listed the various funds that Washtenaw County and the University would contribute to the WCHO. This list has been condensed and reduced because the UMHS no longer contributes any funding to the WCHO, nor does it share financial risk. (§4.1)
5. The Term section has been revised. Under the revised agreement, the term will automatically renew for additional ten year terms. The original agreement made no provision for renewal. The parties retain the ability to terminate the agreement without cause upon issuing a one year written notice.

The resolution from the Regents must also authorize respective individuals to sign the agreement. As presently drafted, the agreement will be signed by Ora Hirsch Pescovitz, M.D., the EVPMA and UMHS CEO, on behalf of the Regents, and by Rolland Sizemore, Jr., the Chair of the Washtenaw County Board of Commissioners. After the agreement has been signed by both parties, it will be sent to the Attorney General for submission to the Governor's office and the MDCH for formal approval.

I recommend that the Regents approve the revised Interlocal Agreement and authorization for its signing.

Respectfully submitted,



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Ora Hirsch Pescovitz, M.D.  
Executive Vice President for Medical Affairs  
Chief Executive Officer, University of Michigan Health System

June 2010