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**Subject: UC Health Affiliations Phase II (Systemwide)
Report 2024-14**

Audit & Management Advisory Services (AMAS) has completed a review of UC Health Affiliations (Systemwide) as part of a Systemwide UC Health Affiliations Phase II Audit, under the direction of the University of California (UC) Office of the President (UCOP) Office of Ethics, Compliance, and Audit Services (ECAS). This report supplements a Systemwide UC Health Affiliations report (attached).

Background

In July 2021, the Board of Regents approved Regents Policy 4405: Policy on Affiliations with Healthcare Organizations that Have Adopted Policy-Based Restriction on Care, which governs affiliations between health care organizations that have policy-based restrictions on care and the University, including UC Health's academic health centers and health professional schools. The Regents Policy requires that UC providers at affiliates with restrictive policies are able to offer patients a choice in reproductive and other types of care; expands and protects the options for UC providers and patients at covered affiliates; and gives UC providers and patients ways to address barriers to providing the full spectrum of evidence-based care that come from covered affiliate policy-based restrictions on care. The Regents Policy and an accompanying Systemwide Policy (Systemwide Policy) providing more detailed implementation direction are intended to protect the ability of UC clinicians and trainees working at those organizations to provide evidence-based, appropriate care to all patients. The final deadline to amend all agreements subject to Regents Policy 4405 was December 31, 2023. All agreements that were not compliant with Regents Policy 4405 by December 31, 2023 were to be terminated.

On September 22, 2021, the Office of the President issued the interim Systemwide Policy to implement the requirements of Regents Policy 4405 (Interim Policy: Affiliations with Certain Healthcare Organizations). The purpose of this policy was to establish standards for affiliation with organizations with policy-based restrictions on care that protect and advance the University's values, as well as its commitment to inclusion, diversity, equity, and accountability, and ensure such Affiliations do not compromise the University's commitment to evidence-based care for all patients.

To promote complete and consistent application of the policy requirements at each location, UC Health convened a working group comprised of representatives from each UC health center. This group coordinated with sub-groups, committees, leadership, and individuals at each location to implement and operationalize measures within the policy.

In 2023, a Systemwide Phase I Audit¹ was conducted to evaluate location progress implementing the requirements in Regents Policy 4405 and the accompanying interim Systemwide Policy. The results of the review for UC San Diego Health (UCSDH) were that UCSDH had implemented several aspects of these policies and incorporated the required language into the one applicable agreement. However, certain actions related to the implementation of Regents Policy 4405 and the Systemwide Policy and associated monitoring practices were still outstanding, primarily in the area of performance metrics, and documented procedures to address UCSDH's implementation requirements for certain Regents Policy 4405 requirements had not yet been developed.

Audit Objective, Scope and Procedures

The objective of our review was a follow-up to evaluate UCSDH progress implementing the requirements in Regents Policy 4405 and the accompanying interim Systemwide Policy. This Systemwide review was performed based on an audit program provided by UCOP, and the same procedures were performed at all UC Health locations. The scope of this audit included verification that all applicable agreements have been appropriately amended with the December 31, 2023 deadline and assessment of the implementation of outstanding actions summarized in the Phase I audit. The monitoring and reporting on quality of care and termination of non-compliant agreements was out of scope for the Phase I audit and deferred to this planned follow up audit.

In order to achieve our objective, we performed the following:

- Reviewed the following:
 - Regents Policy 4405: Policy on Affiliations with Healthcare Organizations that Have Adopted Policy-Based Restriction on Care;
 - Systemwide Interim Policy: Affiliations with Certain Healthcare Organizations;
 - List of active and recently terminated health affiliation contracts;
- Interviewed the following:
 - UCSDH Senior Counsel and Paralegal, Office of Campus Counsel;
 - UCSDH Associate Dean for Affiliate & Industry Affairs / Director of Business Contracting;
 - UCSDH Chief Quality & Patient Safety Officer.
- Conducted inquiries with the following:
 - UCSDH Chief Administrative Officer, Care Management;
 - UCSD Associate Dean and Director of Undergraduate Medical Education, School of Medicine;
 - UCSD Associate Dean of Graduate Medical Education, School of Medicine;
 - UCSD Associate Dean for Experimental Education, Skaggs School of Pharmacy and Pharmaceutical Sciences; and
- Evaluated the processes, controls and documentation associated with the following policy requirements:
 - Due diligence, review and approval and monitoring of affiliation agreements;
 - Required contract language;
 - Communication to UCSDH patients, faculty, staff and trainees;
 - Processes for receiving, evaluating and resolving complaints or grievances;
 - Processes for transferring patients that require restricted services; and
 - Monitoring and reporting on quality of care.

¹ UCOP ECAS Project No. P23A003: Systemwide UC Health Affiliations

Conclusion

Based on our review procedures, we concluded that UCSDH has implemented the key aspects of these policies that were evaluated in our review and incorporated the required language into applicable agreements. UCSDH currently has two agreements which are subject to the Regents Policy and the Systemwide Policy. In addition, we noted there are documented processes for the following:

- Addressing contracting with healthcare organizations with policy-based restrictions on care, and the due diligence, review and approval and monitoring of affiliation agreements;
- Communications to UCSDH patients, faculty/staff and trainees;
- Complaints escalation process for patients, faculty/staff and trainees, including, but not limited to, how the complaint will be identified, escalated and resolved;
- An established complaint escalation contact list with a planned process to identify, resolve, and escalate complaints and concerns related to the policies, should any be received.
- Patients transfers to a non-UC location that offers restricted care which includes UCSDH contact information for the patient with any concerns or complaints related to the transfer;
- Communicating out guidance on currently covered affiliates and updates to the list of health affiliations with policy-based restrictions to all appropriate parties responsible for compliance requirements.

During our review, an issue was noted across the UC system regarding requirements to report on quality indicators. Regents Policy 4405 requires each UCH location to submit an annual report providing quality monitoring data consistent with systemwide quality guidelines. The UC policy on Affiliations with Certain Health Care Organizations further specifies that each UCH location document the performance on standardized quality indicators of those covered affiliates that are licensed hospitals, and defined four quality indicators to be used in fiscal year 2023.

Although UCSD Health collected this data and reported it to UC Health as required, UCSD Health does not currently have a process for comparing the data to targets or benchmarks, likely because systemwide quality guidelines for this purpose have not been provided. Furthermore, the quality indicators selected by UC Health to fulfill this requirement are aggregate for the entire covered affiliate entity. However, some agreements with covered affiliates are for very specific service lines, or types of services. Therefore, the quality indicators may have a limited relationship to the services being provided pursuant to the agreement with the covered affiliate. This issue is addressed in the UCOP Systemwide Audit Report, and UC Health plans to obtain approval to remove the Systemwide Policy's requirement to monitor the quality of care provided at hospitals owned or operated by a Covered Affiliate.

Audit & Management Advisory Services appreciates the cooperation and assistance provided during the review. UC policy requires that all draft audit reports be destroyed after the final report is issued. If you have any questions regarding this report, please call me at (858) 534-1191.

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UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT
ETHICS, COMPLIANCE AND AUDIT SERVICES
INTERNAL AUDIT

SYSTEMWIDE UC HEALTH AFFILIATIONS AUDIT – PHASE 2
Project No. P24A001
June 2025

I. Executive Summary

Introduction

In accordance with the fiscal year 2023-24 University of California (UC) audit plan, the systemwide Office of Ethics, Compliance and Audit Services (ECAS) and the six campus locations with academic health centers (UC Davis, UC Los Angeles, UC Irvine, UC Riverside, UC San Diego and UC San Francisco) conducted the second phase of a systemwide audit to assess compliance with Regents Policy 4405: Policy on Affiliations with Healthcare Organizations that Have Adopted Policy-Based Restrictions on Care (Regents Policy 4405). ECAS and the internal audit departments at the locations with academic health centers performed this audit using a standard systemwide audit program.

Objective and Scope

Objective

Evaluate UC's compliance with Regents Policy 4405 and the accompanying systemwide Policy on Affiliations with Certain Health Care Organizations (the Systemwide Policy).

Scope

The scope of this audit included the design and implementation of the processes and controls UC has established to comply with Regents Policy 4405 and the Systemwide Policy.¹ Specifically, the processes, controls, and documentation associated with the following policy requirements:

- Identification of affiliation agreements
- Inclusion of required contract language
- Communication to UC patients, faculty, staff, and trainees
- Processes for receiving, evaluating, and resolving complaints or grievances
- Monitoring quality of care metrics and reporting required information to the Regents
- Composition of the Joint Clinical Advisory Committee and fulfillment of its responsibilities

Additionally, the scope included verification that management has appropriately remediated the internal control deficiencies and opportunities for improvement identified in the first phase of this audit conducted pursuant to UC's fiscal year 2022-23 audit plan.

Audit fieldwork was conducted at the UC Office of the President and at all six campus locations with academic health centers (UC Davis, UC Los Angeles, UC Irvine, UC Riverside, UC San Diego and UC San Francisco).

Background

In July 2021, the Board of Regents approved Regents Policy 4405, which governs affiliations between the University—including UC Health's academic health centers and health professional schools—and health care organizations that have policy-based restrictions on care.² Regents Policy 4405 expands and protects healthcare options for UC providers and patients at covered affiliates, requires that when providing care at affiliates with restrictive policies UC providers have the ability to offer patients a choice in reproductive and other types of care, and establishes methods for UC providers and patients to address barriers to the provision of the full spectrum of evidence-based care. Appendix A at the end of this report provides the full text of Regents Policy 4405.

¹ The final deadline to amend all agreements subject to Regents Policy 4405 was December 31, 2023.

² <https://regents.universityofcalifornia.edu/governance/policies/4405.html>

On September 22, 2021, the Office of the President issued an interim systemwide policy with more detailed direction on how to implement the requirements of Regents Policy 4405 (Interim Policy: Affiliations with Certain Healthcare Organizations) and on November 30, 2023 the Office of the President issued a final version of this systemwide policy.³ The purpose of this policy is to establish standards for affiliations with organizations that protect and advance the University's values, and ensure such affiliations do not compromise the University's commitment to evidence-based care for all patients.

Phase One Audit Results

This subject was previously audited pursuant to the UC fiscal year 2022-23 audit plan. At the completion of the prior audit's fieldwork, Internal Audit observed that UC Health and the UC academic medical centers had taken actions to implement Regents Policy 4405. However, Internal Audit also observed that at that point UC Health had not finished developing some templates and establishing certain requirements, primarily in the areas of communication and performance metrics, and thus implementation was inconsistent between locations.

Further, campus internal audit departments observed opportunities for improvement in local internal controls related to Regents Policy 4405 at certain academic medical centers. These observations are described in the fiscal year 2022-23 systemwide report on this subject.⁴

Overall Conclusion

We found that UC Health has generally put in place processes to implement the requirements of Regents Policy 4405 and the Systemwide Policy. However, we identified two areas—described in Section II—where UC Health should clarify or provide additional guidance and support to the Academic Health Centers and some areas—described in section III—in which the Academic Health Centers should improve their internal controls and processes.

The systemwide observations and associated recommendations and management corrective actions are described in detail in this report. Additional details about the observations at each location are provided in reports produced by those location's Internal Audit departments. The Internal Audit department at each location will also monitor and assess the corrective actions implemented at its respective location.

³ <https://policy.ucop.edu/doc/5000698/AffiliationHealthcareOrganizations>

⁴ https://auditreports.ucop.edu/?action=public_ar_display&id=46789fb039ba0b01

II. Systemwide Observations

A. Quality Indicator Monitoring

The Systemwide Policy states that “each UCH location must monitor the quality of care provided at a licensed hospital owned or operated by a Covered Affiliate related to services provided by UC Personnel or Trainees, consistent with existing systemwide quality guidelines for UCH affiliations generally.” As described later in this report, all the academic medical centers reported required quality metrics for covered affiliates to UC Health, but stated that they do not evaluate those metrics. For example, they have not defined thresholds for what constitutes acceptable performance as measured by the metrics. If these metrics are not evaluated, UC might refer patients to a Covered Affiliate whose quality of care differs significantly from that of a UC facility.

Recommendation to UC Health:

UC Health should either update the Systemwide Policy language regarding quality monitoring data to align with Regents Policy 4405 or facilitate the alignment of local processes at the Academic Health Centers with the Systemwide Policy’s current language which requires the monitoring of data related to the quality of care provided at hospitals owned or operated by a Covered Affiliate.

Management Corrective Action

As part of the audit, it was identified that the systemwide policy included language on quality data monitoring that was outside of the scope of Regents Policy 4405. In collaboration with stakeholders, UC Health obtained approval to align language on reporting on quality data in the Systemwide Policy with that of Regents Policy 4405. Accordingly, UC Health locations will continue submitting quality data annually to the UC Regents.

UC Health stated that it implemented this corrective action during the course of the audit. Internal Audit will validate the implementation through its standard corrective action follow-up process.

B. Communication to UC Faculty, Staff, and Trainees

Regents Policy 4405 states that “Each University location contracting with healthcare organizations that have adopted policy-based restrictions on care must develop and implement a process to inform UC patients, faculty, staff, and trainees [...] that such referrals or assignments are voluntary.” Systemwide UC Health provided the academic medical centers communication templates for faculty, staff, and trainees.⁵ The communication templates generally address the elements required by Regents Policy 4405 and the Systemwide Policy, including informing trainees about the process for requesting reassignment to another location. However, the communication templates do not disclose that such assignments are voluntary for UC faculty and staff. Thus, some faculty and staff may not know that an assignment to an affiliate with policy-based restrictions on care can be declined.

Recommendation to UC Health:

UC Health should facilitate the implementation of Regents Policy 4405’s requirement to establish a process to inform UC faculty and staff that assignments to healthcare organizations that have adopted policy-based restrictions on care are voluntary.

⁵ Communications to UC patients were assessed at each location and the observations related to those communications are described in the section III of the report related to observations at Academic Health Centers.

Management Corrective Action

To comply with Regents Policy 4405, UC Health will draft a model communication to be provided to all newly hired UC faculty and staff. The model will communicate the elements required by Regents Policy 4405—including that assignments to Covered Affiliates are voluntary. UC Health will then collaborate with the Academic Health Centers to ensure that this communication is incorporated into each location's onboarding processes.

III. Academic Health Center Observations

The following opportunities for improvement were observed during local internal audit fieldwork at the academic health centers. As a standard part of their processes, the internal audit departments at each of the campuses with an academic health center will conduct follow up work to monitor and verify the implementation of corrective actions addressing these observations.

A. Affiliation Agreements

One location determined that two affiliation agreements were executed before the affiliation checklist and accompanying documentation—which help ensure compliance with Regents Policy 4405 and the Systemwide Policy—were reviewed and approved by the Chancellor designee.

One location noted that an element in the required checklist was not selected although it should have been. Despite the procedural oversight the agreement included the necessary element.

One location determined that management does not maintain a current cumulative list of active covered affiliate agreements. Such a list is useful for performing a number of functions, such as monitoring quality data and identifying relevant complaints, and for reference when organization names differ from parent organization names.

One location determined that the UC Health Fiscal Year 2022-23 Report on Covered Affiliations listed an incorrect department for one agreement, and that the information reported to UC Health through 12/31/23 listed incorrect departments for five agreements.

Communications

Two locations noted that although a process has been developed to inform patients about the known restrictions on care at health care facilities when they are referred or transferred, certain elements present in the model communication template approved by UC Health were not included in the communications disseminated at the campus level.

The missing elements at one location were as follows:

- A complete list of the covered affiliate facilities with restrictions on care (because this communication is provided to all discharged patients)
- Information on how patients receiving care at covered affiliate facilities can share concerns or complaints regarding access to care

The missing element at the other location was:

- A complete list of the covered affiliate facilities with restrictions on care (because this communication is provided to all discharged patients)

Three locations determined that although a policy and a standard communication was created for dissemination to patients, about restricted care at the covered affiliates that they were transferred to, the policy was not being followed, and the information was not provided to all patients.

One location noted that a notice regarding working at covered affiliates was provided to existing health personnel, but in some departments new personnel did not receive this notice.

Complaints

One location noted that its current policy does not include a requirement to maintain a record of complaints and actions taken. Such a requirement would be useful to help ensure the completeness of the annual report summarizing complaints or grievances received.

One location noted that further detailing the roles, responsibilities, and criteria to be used during the complaint process could help relevant individuals better understand and fulfill their functions. Specifically, it determined that one individual was not aware that they were designated to receive complaints regarding this subject, another was not clear about relevant complaint types and which organizations were covered affiliates, multiple individuals may not be aware of which entities are relevant, some individuals did not indicate that they would report relevant complaints in accordance with the internal process, and one individual designated to receive complaints was not the individual listed in the internal process document.

Quality Indicators

One location determined that one quality indicator provided in the UC Health Annual Report was not calculated correctly.

All six locations noted that currently there is no procedure for evaluating quality indicators. However, they also noted that there is no guidance from the systemwide level on how to evaluate these indicators, and that such guidance would be helpful.

As described in Section II (Systemwide Observations—page 4), UC Health obtained approval to remove the Systemwide Policy’s requirement to monitor the quality of care provided at hospitals owned or operated by a Covered Affiliate, as this requirement is not present in Regents Policy 4405.

Appendix A

Regents Policy 4405

1. Advancing the University's Public Mission. Prior to approving or executing any new or renewed affiliation with a health organization that has adopted policy-based restrictions on care (a "covered organization"), the sponsoring location must: (i) document the rationale for the affiliation, including any anticipated benefits or risks to the University's education, research, and service missions and to the broader patient community; and (ii) verify that access to policy-restricted services such as abortions, contraception, assisted reproductive technologies, gender-affirming care, and end of life care will be maintained or improved as a result of the affiliation. Under no circumstances may such an organization be granted responsibility or authority to operate or manage any University facility or program on behalf of the University.

2. Documenting Adherence to University Policies and Standards in all Affiliation Agreements. Agreements with covered health organizations must recite the University's role as a public entity and commitment to non-discrimination and evidence-based care; and must require all parties to comply with all federal and state anti-discrimination laws, including Cal. Civ. Code § 51 (prohibiting discrimination on the basis of sex [including pregnancy and childbirth as well as gender, gender identity, and gender expression], race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, citizenship, primary language, or immigration status), and to offer any procedure or service they choose to provide at their respective facilities or through their respective employees on a non-discriminatory basis. The University may not enter agreements with provisions that purport to require the University or its personnel or trainees to enforce or abide by policy-based restrictions on care including, but not limited to, religious directives, or that include any "gag clauses" interfering with their ability to counsel all patients on their treatment options. The University must retain the option to terminate such agreements if the University determines in its sole discretion that continued performance would be incompatible with its policies or values or that the affiliate has breached its promises to not restrict University providers' freedom to advise, refer, prescribe, or provide emergency items and services without restrictions, including any necessary items and services to any patient for whom referral or transfer to another facility would risk material deterioration to the patient's condition.

3. Strengthening Patient and Provider Protections. Each University location contracting with healthcare organizations that have adopted policy-based restrictions on care must develop and implement a process to inform UC patients, faculty, staff, and trainees: (i) about such restrictions at sites to which they may be referred or assigned; (ii) that such referrals or assignments are voluntary; and (iii) and that information about alternative sites for care, practice, and training will be provided upon request. Each location must also develop a process to transfer patients who need restricted services to a UC or other location where the services can be provided. Processes for receiving, evaluating, and resolving complaints or grievances must also be developed and implemented.

4. Ensuring Reporting and Transparency. Each University location (including the Office of the President with respect to systemwide or multi-campus agreements) must provide an annual report to the Regents Health Services Committee: (i) listing all new or renewed arrangements with covered organizations; (ii) summarizing complaints or grievances received from patients,

students, faculty, and staff, as well as their resolution; (iii) providing quality monitoring data consistent with systemwide quality guidelines; and (iv) reporting on any identified noncompliance with the above standards. The first report, due in June 2022, must list all current arrangements with such institutions.⁶

5. Implementation and Accountability. The President shall issue a systemwide policy to implement these requirements after consultation with the chancellors and representatives of the Academic Senate and UC Health. One year after implementation of that policy, the Office of Ethics, Compliance, and Audit Services shall conduct an audit of an appropriate sample of then-current contracts with covered affiliates to ensure their compliance with such policy. Thereafter, the frequency and scope of audits shall be determined by ECAS in consultation with the chairs of the Audit & Compliance Committee and the Health Services Committee. The University shall not enter into any new affiliation that fails to meet these requirements after July 1, 2021; any existing affiliation that does not meet these requirements must be amended to comply with this policy or phased out no later than December 31, 2023.

NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

⁶ UC Legal has interpreted this requirement to mean current arrangements that have been amended or negotiated to be in compliance with policy.