



**August 22, 2013**

To: The Medical Staff of Kosair Children's Hospital

We have important and exciting news to share with you. Today, we are announcing that Kosair Children's Hospital and Kentucky Children's Hospital have signed a Letter of Intent to join forces through a joint venture partnership to better meet the health care needs and interests of Kentucky's children and their families.

Our goal is to develop a more comprehensive statewide children's hospital network that will improve care and enhance access to quality pediatric services throughout the Commonwealth.

Through this collaboration, our two hospitals will remain independent organizations that are jointly operated. The hospitals will continue to have separate medical staffs, medical staff bylaws and rules and regulations.

This is an exciting opportunity for our hospital, our patients and for the state of Kentucky. Our hospital is strong today, but health care is changing rapidly. Hospitals across the country are facing greater challenges than ever before. As a result, the need for closer collaboration of health care providers has become critical and a "best practice" among innovative programs.

By joining forces, Kosair Children's Hospital and Kentucky Children's can leverage our individual strengths to make sure every Kentucky family has access to top quality care for their children.

Some examples of potential initiatives to be developed by the children's hospitals working together include:

- Expansion and coordination of the recruitment, retention and placement of pediatric specialists at each children's hospital;
- Further developing a statewide network of perinatal and neonatal care providers – in collaboration with other state providers - to improve the care for high risk mothers and babies throughout Kentucky;
- Developing additional outreach clinics where feasible. This might include placing pediatric specialists at children's clinics across the state or establishing telemedicine clinics.

Norton Healthcare and UK HealthCare already have a history of collaborating to improve health care for all of Kentucky, as evidenced through our transplant program, obstetrics, pharmacy education, and our recent cancer care partnership. Today's announcement is a natural evolution of our partnership model and expands on each of these to benefit health care for our state's 1.1 million children.

We will continue to fulfill the obligations and opportunities of both children's hospitals relative to the important teaching, research and clinical service needs of the medical schools of the University of Kentucky and University of Louisville. In fact, we will look to expand such opportunities where possible.

Over the next three to four months, our leadership teams will work together with an independent consultant to develop the partnership plan and identify immediate clinical, operational and financial integration opportunities – this includes engaging physician leadership from both hospitals.

It is our intent that, with better coordination among our hospitals, you will have the opportunity to collaborate through a statewide children's hospital network in a way that supports your efforts and the care you deliver.

We understand that you may have questions about this partnership and how it may affect you. Working with our physicians will be paramount as we develop more detail around the best way to make this happen. We are in the process of creating appropriate avenues for physician involvement, we look forward to hearing your thoughts and answering your questions.

Attached is a copy of the press release that was just distributed which includes more details on the partnership with Kentucky Children's and the opportunities we'll be able to achieve together.

Thank you for your service to our patients, our community and this organization. It is because of your daily dedication that our hospital is as strong as it is today. We are truly excited about this opportunity.

Sincerely,



Thomas D. Kmetz  
Division President, Women's and Children's  
Services, and President, Kosair Children's Hospital



Steven T. Hester, M.D., MBA  
System Senior Vice President and  
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*For Immediate Release*

## **Kosair Children's Hospital and Kentucky Children's Hospital Partner to Advance Pediatric Care in Kentucky**

*--The Commonwealth's Two Children's Hospitals Sign Letter of Intent to Join Forces to Improve Healthcare for Kids--*

**LOUISVILLE, KY. / LEXINGTON, KY -- (August 22, 2013):** Kentucky's two children's hospitals -- Norton Healthcare's Kosair Children's Hospital and UK HealthCare's Kentucky Children's Hospital -- have signed an agreement to join forces to better meet the healthcare needs and interests of Kentucky's children and their families.

In the Letter of Intent recently signed by the leadership of both organizations, the new partnership will maximize the hospitals' combined resources to improve care and enhance access to quality services for kids throughout the state and ultimately improve the health of children throughout the Commonwealth. The two hospitals will remain independent organizations jointly operated through the collaboration.

"This partnership represents a powerful and innovative union that will allow both hospitals to leverage each other's considerable strengths to do the most good for the children of Kentucky," said Dr. Michael Karpf, executive vice president for Health Affairs at the University of Kentucky.

The partnership brings together Norton Healthcare's Kosair Children's Hospital and UK HealthCare's Kentucky Children's Hospital in Lexington to serve the state's 1.1 million children.

"Our goal is to develop a more comprehensive statewide children's hospital network to make sure every Kentucky family has access to top quality care for their children," said Stephen A. Williams, CEO of Norton Healthcare, which owns and operates the Kosair Children's Hospital in Louisville. "Our combined leadership teams will craft a plan that advances health care, builds upon our legacy of service, and most importantly, honors our mission of providing the best possible care to the children of Kentucky. It is clear to both of our leadership teams that we must act now to make sure our children have access to the highest quality care -- in Kentucky -- for years to come."

Over the next three to four months, leadership teams from both hospitals, including clinical leaders and others will work with an independent consultant to develop the partnership plan and identify immediate opportunities and priorities. The health systems will also engage clinical leaders and physicians from both hospitals to shape the final plan. Importantly, both organizations will continue to fulfill the obligations and opportunities of their respective children's hospital relative to the important teaching, research and clinical services needs of the medical schools at the University of Kentucky and the University of Louisville. The planning team will review additional opportunities to expand services where possible.

### **The Opportunity**

“This partnership builds upon a history of collaboration between our two healthcare systems – including our cancer programs, transplant program, stroke network, obstetrics and pharmacy education – to improve care throughout Kentucky,” said Karpf.

Examples of potential initiatives to be developed by the children's hospitals working together include:

- Developing a unique model of care for the purpose of improving clinical care, reducing costs to patients and Kentucky, and maximizing services being provided as close to a patient's home as possible.
- Expansion and coordination of the recruitment, retention and placement of pediatric specialists to improve the availability of pediatric specialty services at each children's hospital.
- In collaboration with other state providers, further develop a statewide network of perinatal and neonatal care providers to improve the care provided to high risk mothers and babies throughout Kentucky, a project already announced by Kosair Children's Hospital and Kentucky Children's.
- Development of additional outreach clinics where feasible. This work may include bringing pediatric specialists to children's clinics across the state, or establishing telemedicine clinics.
- Develop a statewide system of care for all medically-complex pediatric patients, including high-cost cases for Kentucky's Medicaid patients.

### **The Challenges Today**

Health care is rapidly changing and hospitals across the country are facing greater challenges than ever before. As hospitals are preparing to meet the changes required by the Affordable Care Act, regional competition in pediatric care has been mounding. Kentucky's children's hospitals must also become more competitive to attract a broader base of patients.

The need for close collaboration among hospitals, physicians and other health care providers has become critical and a “best practice” among innovative programs across the country and we need to be doing the same here in Kentucky.

In a state where approximately 25 percent of the 4.4 million residents are children, leaders from both organizations believe that by joining forces the two hospitals can leverage their individual strengths and improve the health care available to children throughout Kentucky.

Improvement in child health is exactly what Kentucky needs. The Commonwealth has one of the highest rates of pediatric obesity in the nation as well as one of the highest percentages of children who smoke. Diabetes and asthma are also among the chronic pediatric diseases affecting Kentucky children at abnormally high rates, issues the collaboration between the state’s two children’s hospitals will address. Because Kentucky ranks among the worst in the country in terms of childhood poverty, Kentucky’s children may not be getting access to the health care they need.

“We are confident that both of our children’s hospitals will benefit from this partnership. But, more importantly, we know that Kentucky’s children will benefit under a more coordinated system of care.” said Dr. Steve Hester, chief medical officer, Norton Healthcare. “One of the many exciting elements of our partnership will be our ability to coordinate resources for the recruitment, retention and placement of top-notch pediatric specialists in order to improve and expand the availability of specialty services offered to kids in Kentucky.”

### **Partnership Details**

Key hospital leaders, physicians and others representing the two children’s hospitals will work together to develop specific plans for the coordination and integration of clinical services and operations. Examples include:

- Clinical integration, which includes clinical guidelines, patient care protocols and incorporating best practices. Other programs will enhance the availability, effectiveness, safety and quality of care provided for the two hospitals’ patients and pediatric providers.
- Operational integration, with a focus on the pursuit of joint opportunities for the teaching, research and clinical services of the schools of medicine at UK and U of L with a shared goal and commitment to establishing the children’s hospitals as pre-eminent pediatric academic medical centers.
- Financial integration that allows us to engage in collaborative decision making around financial and resource commitments to achieve cost efficiencies.

The hospitals will continue to have separate medical staffs, medical staff bylaws and rules and regulations.

### **Evolution of Collaboration**

Norton Healthcare and UK Healthcare first announced plans to expand previous collaborations on statewide health care initiatives in 2010. Existing collaborative programs at that time included a

transplant program that directed Louisville adult transplant candidates to UK HealthCare for surgery yet provided follow up care at Norton Audubon Hospital in Louisville. There were also existing programs to address the shortage of obstetricians and pharmacists in the state. More recent collaborations have focused on heart disease and development of a stroke network and cancer.

Last month, Norton Cancer Institute and UK's Markey Cancer Center revealed plans for working together to bring more advanced treatment options and opportunities for clinical trials to Kentucky patients as a result of UK's designation as a National Cancer Institute (NCI). This partnership has opened the door to more expanded cancer research programs in Kentucky, while stimulating more robust teaching programs for future physicians and caregivers.

The partnership announcement today expands on this – as well as our other collaboration models – to benefit health care for children.

### **About Kosair Children's Hospital**

Operating 271 beds and recognized as one of the top children's hospitals in America, Kosair Children's Hospital is located in the downtown Louisville Medical Center. It is the region's only full-service, free-standing pediatric hospital, and the only hospital in Kentucky offering a pediatric trauma center. Kosair Children's Hospital provides a complete range of services for children, including pediatric intensive care and one of the nation's largest intensive care nurseries for newborns.

Kosair Children's Hospital serves as the pediatric teaching facility for the University of Louisville School of Medicine. As part of this partnership with the University of Louisville and its commitment to teaching and research, the hospital offers special programs for cancer; heart, lung, kidney and infectious diseases; respiratory ailments; neurology and neurosurgery; general pediatric surgery; orthopaedics; diabetes; psychiatry; plastic surgery; and infant/pediatric heart, kidney and bone marrow transplants. Because of the hospital's special mission, all care is provided by professionals specially skilled in the care of children.

Kosair Children's Hospital received the prestigious Magnet designation for excellence in nursing care from the American Nurses Credentialing Center in 2007. Kosair Children's Hospital is one of the top children's hospitals in the United States as ranked in U.S. News Media Group's editions of America's Best Children's Hospitals since 2009. More information is available at [KosairChildrensHospital.com](http://KosairChildrensHospital.com).

### **About Kentucky Children's Hospital**

Established in 1957, the medical center at UK is one of the nation's finest academic medical centers and includes the University's clinical enterprise, UK HealthCare. The 569-bed UK Albert B. Chandler Hospital and Kentucky Children's Hospital, along with 256 beds at UK Good Samaritan Hospital, are supported by a growing faculty and staff providing the most advanced subspecialty care for the most critically injured and ill patients throughout the Commonwealth and beyond. UK Chandler Hospital includes the only Level 1 Trauma Center for both adult and pediatric patients in Central and Eastern Kentucky. In addition, UK HealthCare recently opened one of the country's largest hybrid operating rooms and the first of its kind in the region. While our new patient care pavilion is the leading health care facility for advanced medical procedures in the region, our talented physicians consult with and travel to our network of affiliate hospitals so Kentucky citizens can

receive the best health care available close to their home and never need to leave the Bluegrass for even some of the most complex subspecialty care.

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