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For Immediate Release

Norton Healthcare Asks Court to Declare U of L Threats against Kosair Children's Hospital to be Without Legal Basis

Louisville, KY – (September 6, 2013): Earlier today, Norton Healthcare, the not for profit health system which owns and operates Kosair Children's Hospital, filed suit to establish that U of L has no legal right to evict Norton from the children's hospital it built and owns, and to seize the building for itself.

U of L's threats to evict Norton and seize the building followed U of L's protests over Norton's discussions with UK HealthCare on how the Commonwealth's two children's hospitals might work together to improve the scope, quality and access to health care for Kentucky's 1.1 million children.

Immediately following the announcement of the non-binding Letter of Intent to create a partnership between Kentucky's two children's hospitals, U of L served a "notice of breach" to begin the process to evict Norton from its own hospital unless talks with Kentucky Children's Hospital stopped. Norton made several subsequent offers to negotiate with U of L if they would rescind the notice of breach that threatened to disrupt medical care for thousands of children. Those offers were declined, forcing a situation where negotiations could only begin with a looming threat to the quality of care provided by Kosair Children's Hospital. "We could not in good faith negotiate under those circumstances," said Stephen A. Williams, CEO, Norton Healthcare.

Norton has invested \$500 million in constructing Kosair Children's Hospital and in making significant improvements over the years. The hospital was built on land owned by the Commonwealth, but for which Norton paid the full value in the form of a donation to the University. The land is leased for 149 years, for the purpose of serving the interests of the Commonwealth and to *make available* the hospital for the programs and use of U of L School of Medicine.

“We highly value the relationship between Kosair Children’s Hospital and U of L,” said Williams. “We have no intention to diminish it, and we will continue to meet our obligations to U of L. But in the rapidly changing world of health care, Kentucky’s two children’s hospitals need to find ways to further work together. Now is not the time for U of L to begin a monopoly on providing all physician services at Kosair Children’s Hospital, to demand \$24 million we don’t owe, or if we don’t agree, to try to have us evicted from the children’s hospital we own. Norton Healthcare respects the many private practice pediatric physicians who have contributed to the success of the children’s hospital and continue to do so, as we appreciate the U of L physicians. U of L has never had exclusivity at the hospital and exclusivity is not what’s best for the Commonwealth’s children.”

U of L’s highly charged and emotional threats are without legal standing, and they create a cloud of uncertainty that threatens to disrupt the medical care for Kentucky’s children. “Norton has urged U of L leaders to withdraw their notice of breach and join Norton in a constructive dialogue to address mutual concerns in a manner that best serves the interests of all children in the Commonwealth,” said Williams. “Even though U of L’s threats are without basis, Norton has provided assurances it would address their concerns.” To date, U of L has been unwilling to withdraw their notice of breach and Norton has been forced to turn to the courts to resolve these unsubstantiated, baseless and harmful distractions.

Norton is hopeful of a prompt resolution by the Court. “While we await the Court’s clarification, we will continue our focus on providing the high-quality pediatric care the community and the Commonwealth have come to expect from us. We are confident that the community pediatricians, specialists, the U of L faculty, and all the Kosair Children’s Hospital family of care providers are committed to that as well,” said Steven Hester, MD, chief medical officer of Norton Healthcare.

“Norton Healthcare’s Board of Trustees and management want to get past these distracting antics as quickly as possible so we can all move forward to improve the health care for all of Kentucky’s children by having both of the state’s children’s hospitals working together, with physicians from U of L and UK medical schools and other health care professionals across the Commonwealth,” noted Williams. “There are so many opportunities to positively impact children’s health care in Kentucky. We should be all pulling together, not apart, on behalf of the children that each of our organizations has a mission to serve.”

About Norton Healthcare

For 127 years, Norton Healthcare’s faith heritage has guided its mission to provide quality health care to all those it serves. Today, Norton Healthcare is a leader in serving adult and pediatric patients throughout Greater Louisville, Southern Indiana, the state of Kentucky and beyond. The hospital and health care system is the Louisville area’s third largest private employer, providing care at more than 140 locations throughout Greater Louisville and Southern Indiana. The Louisville-based not-for-profit system includes five Louisville hospitals with 1,837 licensed beds; seven outpatient centers; 12 Norton Immediate Care Centers; more than 12,000 employees; some 630 employed medical providers; and approximately 2,000 total physicians on

its medical staff. Norton Healthcare has been recognized as one of the best places to work in Metro Louisville, the state of Kentucky and nationally. Norton Healthcare and Humana were among the first nationally, and the only ones in Kentucky, asked to create, operate and study the Accountable Care Organization (ACO) model through the prestigious Brookings – Dartmouth ACO Pilot Project. More information about Norton Healthcare is available at [**NortonHealthcare.com**](http://NortonHealthcare.com).

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