

May 12, 2017

All internal stakeholders of KentuckyOne Health:

An Important Message from Ruth Brinkley

In 2012, KentuckyOne Health came together and created an innovative health system. We established a vision to bring wellness, healing and hope for everyone in the Commonwealth, including the underserved. Our approach was bold, combining diverse local legacy institutions to become the largest health provider in Kentucky.

Through you, our dedicated employees and physicians, we have achieved many accomplishments. Together we have helped break down barriers to care in our communities; introduced advanced treatments and new models of care; supported growth and opportunities for our employees and physicians; and led outreach in our communities to make our neighbors, friends and families stronger and healthier.

Throughout our success, we have also acknowledged that there have been significant challenges to our integrated vision and our long-term success. The environment in which we operate today is very different from when we first came together. Continued change and great uncertainty in the health care industry have strained our financial health. Reimbursement rates, in many cases, do not fully cover the high-acuity care we deliver. Access to financial investment has been constrained, limiting our ability to invest across our broad footprint.

Market forces have evolved to the point that operating KentuckyOne Health in its current structure is unsustainable.

The Next Evolution

Today, we announce the next evolution of our approach to care and a new structure of KentuckyOne Health. Our decision is to narrow our focus of operation to a smaller, more localized footprint centered on central and eastern Kentucky. In doing so, we are confident in our ability to continue our focus on quality patient care, and continue to invest in opportunities for growth and overall health and wellness.

Facilities of the new structure of KentuckyOne Health will include Our Lady of Peace, Flaget Memorial Hospital, Saint Joseph Hospital, Saint Joseph East, Saint Joseph Jessamine, Saint Joseph Mount Sterling, Saint Joseph London, Saint Joseph Berea, along with KentuckyOne Health Partners Clinically Integrated Network and KentuckyOne Health Medical Group provider practices in central and eastern Kentucky and Bardstown.

All other sites of care in the current KentuckyOne Health structure, predominantly facilities in Louisville, will be transitioned to new owners and operators. Work is underway to identify future owners who will be better positioned to deliver on the same priorities for quality care, employee engagement and community support. KentuckyOne Health will continue to care for patients and deliver services at all facilities and provider practices throughout this transition.

Facilities currently in this transition plan are Jewish Hospital, Frazier Rehab Institute, Sts. Mary & Elizabeth Hospital, Medical Centers Jewish East, South, Southwest and Northeast, Jewish Hospital Shelbyville, Saint Joseph Martin and KentuckyOne Health Medical Group provider practices in Louisville and Martin.

Great care and consideration have been taken over several months to evaluate the evolution of our organization, and ultimately make this difficult, yet necessary decision. We have received insight from KentuckyOne board members, community leaders, experienced

business consultants and Catholic Health Initiatives leaders and board members.

I know that this announcement brings a great many questions for you, and all our employees, physicians, patients and community partners. Town hall meetings will be held in your local facility and communication will continue to provide updates and listen to your individual questions.

Transition Plans and Commitments

There is a tremendous amount of work underway to navigate this transition. Throughout the process, we are committed to several key considerations to support our patients, our employees and our communities:

- Maintain safe, quality care and access to health services for all patients and their families. Delivering safe, quality patient care will always be our number one priority.
-
- Maintain engagement with our employees and physicians, easing the transition process and shaping opportunities for the future. People are what make an organization successful. We will work hard to ensure ongoing opportunities for employment and growth for all our team members and minimize disruption through the ownership transition.

Our goal in the timing of this transition is to be very deliberate while moving quickly to secure a decision on the future owners and operators of these facilities. We are working with a nationally-recognized partner specialized in transitioning health care organizations, and utilizing resources of Catholic Health Initiatives (CHI).

Continued Focus on Wellness, Healing and Hope

The vision to bring wellness, healing and hope to all is true and it is strong. KentuckyOne Health must evolve its structure so that we can allow for continued delivery of that vision in central and eastern Kentucky, and allow another health provider better equipped to meet the needs of the market be successful in the Louisville area.

Communicating to the individuals we serve, particularly our employees and physicians, is very important throughout this transition process. We will provide additional information as it is available and listen to and answer your questions.

I realize this is a significant change in the structure and future of KentuckyOne Health. Whether you work in a facility remaining in KentuckyOne Health or transitioning to new owners, patients in Kentucky continue to need our care. Our top priority is to ensure that this care will continue during and after the transition.

We are truly grateful for the many contributions and support brought by you and your colleagues. Thank you for your ongoing commitment to health and wellness across Kentucky.
Regards,

Reed W. Stidley