



Frequently Asked Questions about University Medical Center and University of Louisville partnership with KentuckyOne Health

1. Please tell me more about the new partnership.

The partnership among University Medical Center (UMC), the University of Louisville (UofL) and KentuckyOne Health will expand and enhance the services of University of Louisville Hospital and the James Graham Brown Cancer Center. Under the partnership, all clinical policies and procedures will remain unchanged and UMC will retain ownership of all of the assets.

This partnership melds academic medicine, community-based care and national management expertise, placing University Hospital | James Graham Brown Cancer Center at the heart of a statewide care network and expanding patient access to more complex care throughout Kentucky. It also extends educational, training and research opportunities throughout the state.

Under our partnership, UMC and KentuckyOne Health have entered a joint operating agreement to operate and invest in the hospital and cancer center, putting the organization on a firm footing financially and enabling it to continue its role within an innovative academic health center and a vital regional safety net hospital.

UofL and UMC will enter into an academic affiliation agreement with KentuckyOne Health. This agreement ensures the continued training and education of the next generation of health care providers. At the same time, the agreement provides UofL the resources necessary to recruit and retain the highest quality faculty who serve as teachers, researchers and clinicians.

2. How will the new partnership benefit University Medical Center and University of Louisville?

Most importantly for UMC, it will have long-term financial stability through this partnership which will help improve and expand services while ensuring that all clinical policies and procedures will stay the same. Because of the symbiotic relationship between the teaching hospital and the academic health center, UofL also has the financial stability to ensure it can continue teaching the next generations of caregivers at its health schools as well as pursuing additional research endeavors. Specifically, the partnership has committed to the following:

Highlights of the partnership include:

- \$543.5 million of investment during the first five years, expanding to \$1.394 billion over 20 years, including:
 - \$75 million annually for academic and program investments and another \$95 million over the first three years for key service lines and departments;
 - \$70 million for critically needed IT infrastructure upgrades at UMC;

- \$15 million for discretionary spending by UofL for each of the first three years, targeted on statewide health efforts;
- \$3 million will be dedicated for research annually and \$7.5 million per year in capital investment for technology.
- The partnership also provides necessary support for academic pursuits with the University of Louisville to train doctors, nurses and other caregivers as well as for efforts to expand research programs and to translate that research into tomorrow's treatments and cures.

3. Why was KentuckyOne Health selected to be the partner?

The new collaboration is essential for UMC to continue its core mission as a non-profit entity providing the highest level of care to all patients, including the poor, the at-risk and the uninsured. KentuckyOne Health is committed to sharing UMC's mission of charity care, research and innovation and teaching and academics.

KentuckyOne is the best partner for UMC and UofL based on key strategic alignments in several key areas, including:

- Mission Alignment
 - Shared commitment to meeting patient and community health care needs, furthering the potential of the UofL Health Sciences Center, proven commitment to innovation, and charity care.
- Vision of Success
 - Shared vision for statewide clinically integrated physician-led network
- Historical Collaborations
 - 60-year history of academic and research partnership, including current partnerships in cardiovascular, transplant and physical medicine and rehab
- Culture
 - Non-profit physician-led culture focused on high quality care and employee satisfaction

4. When will the partnership become operational?

The agreement is effective immediately. Integration planning and activities will start immediately with full integration to occur on or before March 1, 2013.

5. How is this partnership different from the merger that was attempted previously?

First, this partnership is a joint operating agreement; it is not a merger or an acquisition. University Medical Center will retain full ownership of all of the assets of University Hospital | James Graham Brown Cancer Center. There will be no transfer of assets.

6. How has University Medical Center and the University of Louisville addressed the questions posed by the Louisville Board of Health in 2011?

First, we heard the community and did not start conversations with any potential partner who did not allow us to maintain all of our current services, including those related to women's health.

Second, UMC retains control of University Hospital's Center for Women and Infants (CWI). All of the services offered at the Center will continue to grow and benefit through the continued oversight, and funding by, UMC.

The CWI is where we offer a broad array of diagnostic, treatment and after-care services that female-specific health issues require. The CWI at University Hospital is the statewide leader in Kangaroo Care, a mode of care for newborns that promotes infant health, nursing, and parent-baby bonding. All current services offered at the center will stay the same and will continue to be managed by UMC. CWI also is the primary site for the UofL women's health educational and training programs for its medical students and residents.

UMC will retain \$17 million to operate the CWI and continue all services currently offered there. The CWI is already self-sustaining and with this additional funding, those services will grow and benefit through the continued oversight, and funding, by UMC. UMC will retain \$17 million to operate the CWI and continue all services currently offered there, plus another \$15 million that has been earmarked for further upgrades for that department.

Third, all current University Medical Center policies for end-of-life care and pharmacy will stay the same.

Finally, there can be no movement of services that puts in danger the academic accreditation of any program.

In 2011, we received questions from the community through the Metro Louisville Board of Health, mostly regarding the provision of women's health services as they would be offered in the 2011 proposed merger. We have revisited those questions and answered them in light of our new arrangement.

7. Will UMC continue its mission of charity care through the new partnership?

Yes. Our new partnership will ensure that our charity care will continue. UMC provides more indigent care than any other hospital in the state and this partnership is committed to maintaining the same charity care policy as exists today. This will be accomplished with the ongoing support of the QCCT (Quality and Charity Care Trust) agreement, and supplemented by hospital operations. (University Medical Center provides roughly \$20 million in indigent care services each year over and above any source of reimbursement, including QCCT.) When appropriately funded from the state and metro governments, QCCT ensures care for all Louisville Metro citizens, and those from other areas in need of specialty care for trauma, oncology, stroke and high-risk obstetrics.

Our commitment includes care for the poor, the at-risk and the uninsured. The depth of this commitment is evident in year-over-year increases in the levels of quantifiable community benefit, which includes charity care. Together, the organizations provided more than \$270 million in community benefit, including indigent care, in 2009.

8. What happens in emergency cases of patients who come into University Hospital?

Emergencies will continue to be handled as they are today in University Hospital's pioneering, world-class emergency department and Level 1 trauma center.

a) How will the partnership affect end-of-life care?

UMC's end-of-life care policies will stay the same. Physicians will continue to inform patients about all available options for end-of-life care. "Do Not Resuscitate" (DNR) orders will be honored. Patients' advance directives (e.g. living wills, health care surrogate designations, durable powers of attorney) will be honored.

b) How will incidents of rape and sexual assault be handled?

The procedures for care and treatment of rape victims are the same at UMC and KentuckyOne Health. Rape victims who present to the emergency department are offered the services of a Sexual Assault Nurse Examiner, a credentialed nurse on-call 24/7 to conduct an examination and collect forensic evidence and law enforcement is notified. The delivery of whatever care is necessary – including the provision of emergency contraception – will continue as it does today.

9. How does the new partner complement UMC and University of Louisville's expertise?

KentuckyOne is already a well-known local entity and UMC will receive access to a much-needed statewide network at a time when the health care world is rapidly evolving. Together, we will offer each other shared best practices, resources, and expertise in quality, physician integration, operations and more. Additionally, the partnership opens up additional training opportunities for future generations of health care providers at the University of Louisville. Also, UofL receives critical academic and research support that will enable it to continue its momentum for developing innovative treatments for diseases. Additionally, UofL gains more opportunities to bring clinical trials to more areas of the state, thus providing more advanced medicine to more people in the Commonwealth.

10. Rather than finding a new partner, was it possible for the University of Louisville to absorb UMC?

Unfortunately that was not a workable solution. If University of Louisville absorbed UMC, it would not provide the hospital the statewide health care network needed in this rapidly evolving environment. As the Affordable Care Act takes effect, hospitals, physicians and other health care providers are forming Accountable Care Organizations to provide more holistic care for patients and Medicare reimbursements will be focused on that kind of care. Additionally, to effectively participate in such a system and not face receiving lower reimbursement levels as well as fines for non-compliance, it would require a \$70 million investment in IT infrastructure over the next three years, funds UMC does not have to allocate to infrastructure alone.

11. Why couldn't the University Hospital remain a stand-alone institution?

UMC must have a partner to help put the hospital on a firm financial footing and continue its core mission as a safety net hospital and to continue its role as an innovative academic medical center. Our financial advisers, including the independent firms Dixon Hughes Goodman and

Cain Brothers, have warned that the hospital will start running a deficit next fiscal year. More and more hospitals have developed successful partnerships with the private sector and the status quo for UMC is simply unsustainable. The full operational review conducted by Dixon Hughes Goodman is available on the University Hospital website.

12. Why is this partnership so important for the University of Louisville?

The relationships within an academic health center are inextricably linked. A thriving primary teaching hospital is imperative to have a thriving academic and research enterprise. This partnership is absolutely critical in helping the University recruit and retain top faculty. It provides funding to ensure the best education and training programs for our doctors, nurses and other health care providers. The investment in research programs will ensure the University is able to expand its research efforts into broader areas and is on the leading edge of developing tomorrow's treatments and cures.

13. Please explain the selection process and the negotiations.

At the request of the Governor and Attorney General, University Medical Center and the University of Louisville used the Commonwealth's Request for Proposal (RFP) process. It began with an open call for the best, highest bids. A public meeting was then held to provide information to the public and potential bidders as well as to answer questions. As in any request for proposal process that uses the competitive negotiation avenue for fulfillment of the RFP, we then entered private financial negotiations to get the best possible terms from the parties. Once those terms were negotiated and an agreement reached, the specifics were released to the public. Negotiations were confidential per state procurement law.

14. What role will the University of Louisville Physicians play in the new partnership?

University of Louisville Physicians serves as medical staff of University Hospital and countless patients as well as train medical students and residents in scores of specialties each year. While the physician group is not part of the partnership, they – and their patients and students – will benefit from the expanded access to training sites, new sources of funding for clinical activities, and access to updated IT systems.

15. What regulatory and church approvals are required?

The Governor and the Secretary of the Finance and Administration have executed the new Academic Affiliation Agreement and the necessary amendments to the existing Lease. KentuckyOne Health has kept all relevant parties, including the Archbishop, apprised of negotiations.

16. Will University Hospital employees be provided health insurance coverage for contraceptives?

Consistent with federal law, UMC and KentuckyOne Health employees will have insurance coverage for contraceptives and will be able to fill them at the University Hospital pharmacy. Our partnership with KentuckyOne Health allows us the flexibility so that if there is a change in federal or state law, we can quickly work to address the change and ensure services and coverage continue.

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