



Physicians Only



University Medical Center and University of Louisville Announce Partnership with KentuckyOne Health

LOUISVILLE, November 14, 2012 – The University Medical Center (UMC) and the University of Louisville (UofL) announced today that they have entered a partnership that brings together University Hospital and the James Graham Brown Cancer Center with KentuckyOne Health. The agreements for the partnership have been signed by the partners along with Governor Steve Beshear.

This new collaboration with KentuckyOne Health is essential for University Hospital | James Graham Brown Cancer Center to continue its core mission as an innovative academic medical center and a vital regional safety net hospital that provides the highest level of care to all patients. This partnership will maintain local control of the hospital. Additionally, it enables the University of Louisville to continue to recruit and retain the best faculty for its health schools, which are critical as the pipeline of future generations of doctors, nurses, dentists and caregivers.

“Our Joint Operating Agreement ensures that we not only maintain our current academic and medical services, but that we have the financial resources and statewide network to continue to expand and innovate those services for the future,” said UMC President and Chief Executive Officer Jim Taylor. “This venture will put us at the forefront in our field to create an aligned organization that has both the breadth and depth to address the coming challenges of health care reform.”

This agreement comes as a result of a thorough, year-long effort to find a partner that fits the needs of UMC, UofL and the Louisville community, using the Commonwealth procurement process, recommended by Gov. Beshear and Attorney General Jack Conway. Their input and support were essential for this partnership to proceed.

All current UMC policies for women’s health, end-of-life care and its pharmacy remain unchanged. UMC will continue to manage and operate University Hospital’s Center for Women and Infants (CWI). All women’s health services will continue to take place at CWI, at the same location and provided by the same people as today. This includes the full range of reproductive services.

“Kentucky’s strength is its people, and the health of our people is a critical element and every aspect of our future, from quality of life to economic competitiveness,” said Kentucky Governor Steve Beshear. “I congratulate the University of Louisville and others who have worked hard to create a partnership that benefits and protects our citizens’ health.”

According to UofL and UMC officials, KentuckyOne emerged as the preferred partner due to key strategic alignments in several key areas, including:

- Mission Alignment

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 - o 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
 - o Shared vision for statewide clinically integrated physician-led network
- Historical Collaborations
 - o 60-year history of academic and research partnership, including current partnerships in cardiovascular, transplant and physical medicine and rehab
- Culture
 - o Non-profit physician-led culture focused on high quality care and employee satisfaction

Highlights of the partnership include:

- \$543.5 million of investment during the first five years, expanding to \$1.394 billion over 20 years; including,
 - o \$75 million annually for academic and program investments and another \$95 million over the first three years for key service lines and departments;
 - o \$70 million for critically needed IT infrastructure upgrades at UMC;
 - o \$15 million for discretionary spending by UofL for each of the first three years, targeted on statewide health efforts; and
 - o \$3 million will be dedicated for research annually and \$7.5 million per year in capital investment for technology.

“Above all, this collaboration will continue to improve health care outcomes for the Louisville community and Kentucky through a shared mission focused on teaching and academics, charity care, and research and innovation,” said Ruth Brinkley, KentuckyOne Health CEO. “This partnership will create an integrated, comprehensive health system that will change health care for generations to come.”

KentuckyOne Health has committed to maintaining University Hospital’s current levels of charity care and community involvement. This will be accomplished with the ongoing support of the Quality and Charity Care Trust (QCCT) agreement and supplemented by hospital operations. UMC provides roughly \$20 million in indigent care services each year over and above any source of reimbursement from QCCT and other sources.

“This new relationship expands our resources into a state-wide network,” said Dr. James Ramsey, president of the University of Louisville. “That allows our students to have additional training opportunities and our faculty to be able to extend access to clinical trials to more people who may benefit while at the same time, extending the research opportunities.”

“The University of Louisville Health Sciences Center is an essential pipeline for the next generation of health care providers. This partnership enhances our academic and research mission at a critical time when our Commonwealth faces a shortage of 3,000 doctors in less than 10 years,” said Dr. David L. Dunn, executive vice president for Health Affairs, University of Louisville. “Our new academic affiliation with KentuckyOne Health will also help the University of Louisville recruit and retain highly sought-after faculty as we translate research into new and innovative treatments and care for our patients and community.”

Work on the partnership will begin immediately with an implementation on or before March 1, 2013.

Terms of the Partnership:

The partnership will be structured as a joint operating agreement between UMC and KentuckyOne in which KentuckyOne will oversee most of the day-to-day operations. UMC will retain ownership of its assets and will operate the Center for Women and Infants (CWI).

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

“My staff and I reviewed the final term sheet and it appears to address the concerns raised in our December 2011 report. The University followed the request for proposal process and entered into a joint operating agreement that did not transfer ownership of a state asset,” said Attorney General Jack Conway. “Moreover, the executive branch of the Commonwealth of Kentucky retains authority to oversee the new agreement. It also appears that the same health services will continue to be available on-site at University Hospital. This partnership will help University Hospital secure financial stability, protect care for the indigent and continue the excellent research and teaching that is conducted at our hospital.”

More information about the new partnership can be found at: <http://www.university-hospital.org/partnership>

Women’s Health Services:

UMC heard and took action on the concerns raised by the community. UMC made clear from the start of negotiations that the scope of women’s health services would not be diminished. Those services will take place at the CWI, at the same location and by the same staff.

UMC will retain \$17 million for UMC to operate the CWI and continue all services currently offered there. The CWI is already self-sustaining and with this funding, those services will grow and benefit through the continued oversight, and funding, by UMC. CWI will also undergo approximately \$15 million in physical upgrades and renovations.

The clinical programs and services currently available at UMC will not change as a result of this partnership, including women’s reproductive health, pharmacy and end of life services. Existing Commonwealth law prohibits elective abortions at University Hospital.

Employee insurance will include coverage for reproductive services and related prescription medicine, as required under federal law.