



Louisville-Area Facilities:
Jewish Hospital, Sts. Mary & Elizabeth Hospital, Jewish Hospital Shelbyville,
Frazier Rehab Institute, Our Lady of Peace, Jewish Hospital Medical Center East,
Jewish Hospital Medical Center South, Jewish Hospital Medical Center Southwest,
Jewish Hospital Medical Center Northeast, VNA Nazareth Home Care

Physicians Only



TO: KentuckyOne Health Physicians
KentuckyOne Health Employees

FROM: Ruth W. Brinkley, President/CEO, KentuckyOne Health

DATE: November 21, 2012

RE: New partnership with University of Louisville, University Medical Center and James Graham Brown Cancer Center

We've had a whirlwind of activity as we worked with University of Louisville and the University Medical Center to announce that KentuckyOne Health was selected as their partner in a joint operating agreement (JOA). With the announcement behind us, Debbie Molnar will lead the integration effort, which is already under way. Full integration will occur March 1, 2013.

The request for proposal process was a 10-month undertaking conducted under the Commonwealth of Kentucky's stringent procurement rules and procedures. KentuckyOne's administration and Physician Leadership Council were actively involved in developing our proposal and in negotiations with the UofL, UMC and the state. The RRP process was competitive and involved one other bidder, Health Management Associates of Naples, Fla.

The future of health care is for providers to be part of regional networks of aligned and coordinated health care delivery systems that meet the demands — and improve the health — of the communities they serve. Our mission is built around audacious goals to improve health care in Kentucky; to partner with physicians to guide, govern and manage the system; and an unwavering commitment to a core belief of providing medical care for all of Kentucky's citizens, regardless of their ability to pay.

We know all too well the health challenges that Kentucky faces, from a significant shortage of physicians to a high incidence of disease. To meet those challenges head on, and provide quality care for all Kentuckians, Kentucky needs a premier, integrated health system. We firmly believe that KentuckyOne — together with a thriving University Medical Center — will be that system.

On Wednesday, Nov. 14, I joined officials from UofL and UMC for the announcement that, after the extensive and exhaustive RFP process, they had selected KentuckyOne Health as the health care partner to help them grow and succeed in the future. [Here](#) you'll find a fact sheet that outlines the terms of the JOA the parties have signed for a 20-year partnership. It is important to understand that the financial commitment that was made as part of the JOA is in addition to the commitment we have already made (and have begun implementing) when we announced the original KentuckyOne merger in January. That commitment has not changed.

According to UofL and UMC officials, KentuckyOne emerged as the preferred partner due to 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

Governor Steve Beshear and Attorney General Jack Conway joined us at the announcement. They endorsed the partnership and expressed their support for the state-run RFP process that led to the partnership. They are clearly excited for what this partnership means for the future health of the Commonwealth's citizens.

We heard and understood the concerns expressed during last year's merger effort.

While retaining core financial elements from previous discussions, this JOA is a vastly different structural approach that addresses the previous concerns. This is not a merger. It protects the state's ownership rights, preserves UMC's autonomy, and keeps the Center of Women and Infants (CWI) and NICU under the exclusive oversight of UMC. The agreement provides an equitable unwind provision should that ever become necessary.

Key elements of 2012 signed JOA as compared to 2011 proposed merger plan

2012 Signed JOA	2011 Merger Plan
\$95M UofL programmatic investment with KYOne input	\$200M UofL programmatic investment with no input from KYOne
Center for Women and Infants and NICU remains under UMC oversight; All current services provided	OB and NICU under KYOne oversight
No changes of assets ownership	Ownership/autonomy changes
JOA enables equitable unwind	Concerns about unwind provision
Medical staff at Jewish Hospital to remain independent from UMC medical staff	Medical staffs to combine, with UofL faculty as department leads
Up to \$15 M per year Statewide performance targets in growth, quality, research and education	Focus limited to Jefferson County
\$7.5 million per year in capital investment for technology	
\$70 million for critically needed IT infrastructure upgrades at UMC	

Overview of additional KentuckyOne Health programmatic investment allocation

Investment	Destination
\$105M	Programmatic investment over 3 years in Jefferson County with JHSMH employed and aligned physicians as well as independent physicians not currently aligned with KYOne. Of that \$105M, \$40M must be at former Jewish facilities in service line and academic development.
\$100M	Capital over 3 years for the former SJHS facilities

Above all, this collaboration will contribute to improving health care outcomes for the Louisville community and Kentucky through a shared mission focused on teaching and academics, charity care, and research and innovation. This partnership will create an integrated, comprehensive health system that will change health care for generations to come.

I look forward to sharing more information with you as the integration planning process gets under way, and to working with you to move ever closer to our shared vision of a healthier Kentucky.