



Commonwealth of Kentucky
Office of the Governor

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**Gov. Beshear's Statement on Proposed University of Louisville
Hospital Merger**

FRANKFORT, Ky. (Dec. 30, 2011) – “For the last several months, I have consulted with Attorney General Jack Conway, State Auditor Crit Luallen, officials from the University of Louisville and the proposed merger partners, health care and finance experts, and concerned citizens from across the Commonwealth on a proposal to merge University Hospital and Jewish Hospital & St. Mary’s Healthcare in Louisville with those owned or controlled by Catholic Health Initiatives in Kentucky, in order to create a statewide network of health care facilities.

University Hospital provides high-quality health care services, and I greatly appreciate their efforts to improve those services, improve the health status of Kentuckians and find ways to grow and expand the mission of the University health care system.

Significant legal and policy concerns have been raised about this proposed merger, including constitutional and public policy questions about the influence of a religious entity on a publicly-owned institution, especially regarding reproductive issues. In addition, if for some reason in the future the merger partners were forced to separate, the potential costs of that unwind could be significant and have a detrimental impact not only on University Hospital, but also on the taxpayers of this state.

However, most troubling to me is the loss of control of a public asset. University Hospital is a public asset with an important public mission, and if this merger were allowed to happen, U of L and the public would have only indirect and minority influence over the new statewide network's affairs and its use of state assets. Many of these issues have been raised and analyzed in a report from Attorney General Jack Conway, who recommends not going forward with the merger.

U of L and the other merger partners have worked hard to address the concerns that have been raised, and I appreciate those efforts.

However, after exhaustive discussions and research, I have determined that this proposed transaction is not in the best interest of the Commonwealth and therefore should not move forward. In my opinion the risks to the public outweigh the potential benefits.

I understand that the changing health care industry has caused significant challenges for both University and Jewish Hospital & St. Mary's Healthcare. I am committed to assisting both facilities in reaching our shared goals of providing quality care, especially to our poorest and most vulnerable citizens, as well as finding ways to ensure both facilities remain on strong financial footing. These hospitals provide critical services, and we stand ready to help them fulfill their missions and succeed in a changing health care economy.

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