



UL^{OF} Health

One Year of Health Care Excellence
Kentucky Legislative Update
October 2020

Serving All Citizens of the Commonwealth

Supporting the Commonwealth through jobs, economic development and access to health care

Patients served in all 120 counties

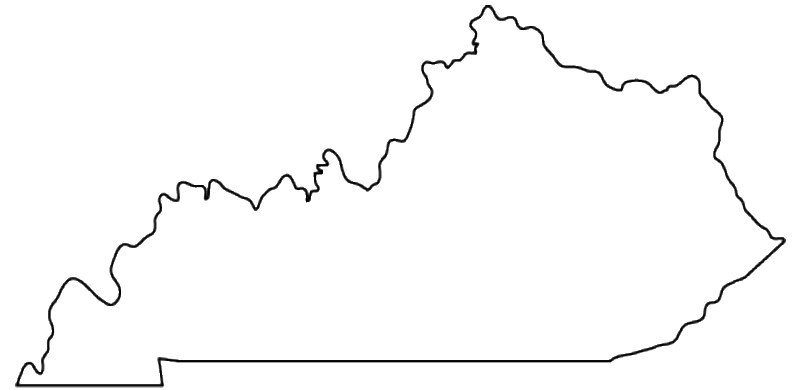
12,000 employees across health system

Kentucky's only dedicated burn center

One of only two Level One Trauma Centers serving Kentucky

One of only two Organ Transplant Centers serving Kentucky

Telemedicine reach across the commonwealth



2019: A Look Back

Context

- KOH Louisville-area assets on the market for nearly two years
- UofL engaged in conversations with KOH since December 2018; formally in negotiations since early 2019
- Walked away from negotiation in June 2019 believing that Jewish Hospital would likely remain open for 12-18 months



2019: A Look Back

Urgency

- KOH suspends Heart Transplant Program at Jewish Hospital
- Alerted that Jewish Hospital would announce closure in mid-August
- Key faculty begin to leave; mass exodus anticipated if Jewish Hospital closure announced



2019: A Look Back

Importance

- RI status and the research enterprise
 - \$96M funded research at School of Medicine
- Important revenue stream for UofL School of Medicine
 - Closure of Jewish Hospital would have a \$51M impact on UofL
- Vital educational venue with 68 residents and several teaching programs
- UofL's critical role in providing quality care and safety net services to Kentucky
 - 70,000 emergency visits at Jewish and Mary and Elizabeth hospitals

2019: A Look Back

August 2019:

UofL President Neeli Bendapudi and the UofL Board of Trustees recommended acquiring the Louisville-area assets of Kentucky One Health based on KEDFA loan and Foundation support.



Acquisition by the Numbers

\$10 million Purchase Price (including equipment and buildings)

\$19.7 million UMC Note Payable to CHI cancelled

\$40 million Legacy Foundation of Kentuckiana (\$10M/yr.)

\$10 million Jewish Heritage Fund for Excellence

\$35 million State-Funded Loan (50% forgivable, 1% interest)

FY 2020 Financial Position (8-month period)

	FY20 Actual	FY20 Budget
Audited Net Income	214,809,236	(10,596,570)
Non-cash adjustments:		
Foundation Commitment ⁽¹⁾	(34,192,636)	-
Gain on acquisition ⁽²⁾	(136,678,439)	-
Loan Forgiveness ⁽³⁾	(9,827,588)	-
Normalized Net Income	34,110,573	(10,596,570)
Two-Year Capital Investments	(140,000,000)	

Notes:

(1) Represents future donation commitments made by foundations for FY 2021-2023

(2) Represents value of property, plant and equipment above purchase price

(3) Represents difference between UMC loan balance at 10/31 and purchase price

FY 2020 Items of Note

Positive Impacts

+\$34.2M

Donor-restricted income

+\$136.7M

Gain on Bargain Purchase

+\$9.8M

Loan Forgiveness

Capital Investments

+\$140M

FY 2020 & 2021 Capital Budget

COVID-19 Impact

-\$93M

UofL Health negative impact due to COVID

\$3M

Net CARES Act Funding

Additional reserve of \$55M CARES Act funding not allocated to income

Turnaround Plan: Key Successes

FY 2020

Enhanced reimbursement from Federal Government facilitated by State

Insourcing Revenue Cycle and Business Office

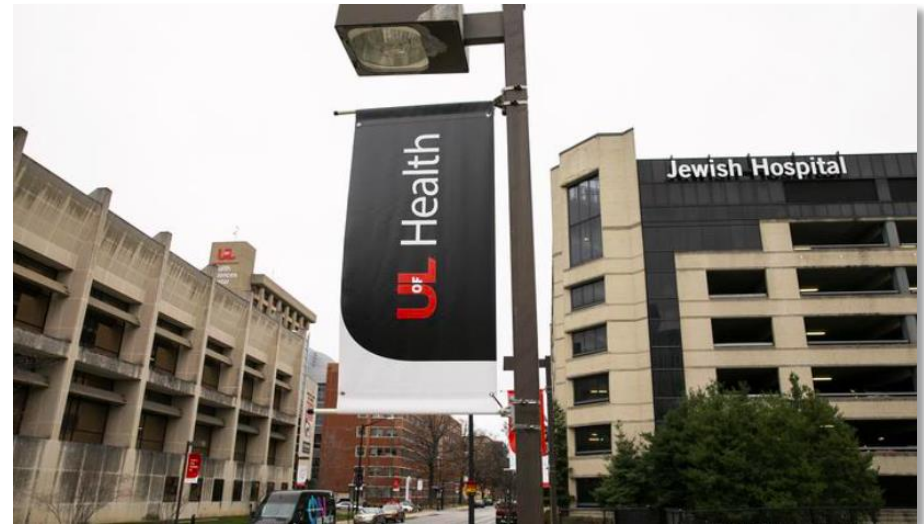
Reduction of Corporate Overhead

Capital investments including 3D mammography, IT MRI, Cath Labs, Robotics

FY 2021

Integration of Medical Group Physicians

Implementation of Electronic Medical Record (EMR) across system completed ahead of schedule.



Year One Ups and Downs

Pandemic Impact

Social unrest affecting downtown medical campus

Difficulty credentialing some insurance payers

Raised Leapfrog rating of Jewish Hospital from "F" to "C"

Recruited 43 new physicians into the community

Significant testing partner for Kentucky in fight against COVID

Expanded primary and urgent care sites into medically underserved areas



Looking Forward

Expand medical education programs across the community, to include with Peace and Mary & Elizabeth Hospitals

Continuation of significant capital investment (2021)

Meeting commitments of KEDFA loan:

- **Jobs**
 - Expanded beyond 5,880 requirement to 6,000
- **Enhancing Services to Medically Underserved:**
 - Development of Primary and Urgent care in West Louisville.
 - Planning for other developments.
 - 38% of patients served are Medicaid

Continue strengthening solid organ transplant program for Kentucky

Create a stable healthcare system with positive financial outcome





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