



October 13, 2021

Dear Appropriations and Revenue Budget Review Subcommittee on Human Resources,

UofL Health is looking forward to discussing our progress at the November 16th Appropriations and Revenue Budget Review Subcommittee on Human Resources. In compliance with HB99 Section 4, we are required each year to provide an annual report to the Interim Joint Committee on Appropriations and Revenue “detailing the status of the KEDFA loan for as long as the loan is in effect.”

While we will be providing details at the November meeting, we are happy to report that fiscal year 2021 continues to show progress as the health system continues to develop. At this point, the annual audit has not been approved by our Board of Directors, but we expect to report improving financial results for our second year of operation. We will also be reporting that UofL Health continues to live up to the promises made when the legislature supported this loan. As spelled out in the loan document, we continue to exceed agreed-upon employment and wage levels. As certified in calendar year 2020, UofL Health has employed 6,545 Kentucky residents (exceeding the 5,880 requirement), and the average wage is \$63.57 (exceeding the \$35.00 per hour requirement).

We should note that before being purchased, the KentuckyOne Health Louisville facilities were losing \$50 million per year. After UofL Health acquired these facilities, the acquisition directly saved 5,500 jobs with a payroll of more than \$300 million while generating an economic impact of approximately \$482 million.

The outbreak of COVID-19 had the potential to be disastrous for UofL Health. In the spring of 2020, the health system experienced a 40% decrease in admissions and a 66% decrease in surgeries due to government-mandated emergency preparedness and response requirements along with incurring additional operating and capital expenses. As a result, UofL Health projected net revenue losses at that time of approximately \$150 million and an increase in expenses of approximately \$100 million for the same time period.

However, with support from the State and Federal governments, UofL Health was able to receive critical supplies and COVID-19 provider relief funds to cover COVID expenses and lost revenues. Notwithstanding, in spite of this global pandemic, UofL Health financially managed efficiently, expanded services providing over 125,000 vaccines, provided high quality health care to the medically underserved communities in Kentucky, and continued our mission of accepting all patients in need and our mission as a “safety net” hospital focused on teaching and research.

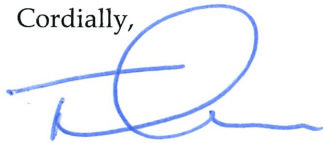
As it specifically relates to the \$35 million KEDFA loan, a majority has been spent on capital items related to the conversion of UofL Health information technology systems. Three of the former KentuckyOne hospitals did not meet meaningful use criteria, while the remaining facilities’ information technology systems had not been updated in years. In addition, there were several critical equipment needs that had to be immediately addressed due to patient safety concerns. Below is a detailed list of the specific expenditures:

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Mary & Elizabeth Hospital	Remaining balance Cath Lab	1,876,021
Mary & Elizabeth Hospital	Microscope	31,639
Marty & Elizabeth Hospital	ProVation Endoscopy System	172,000
Jewish Hospital	Establish Geropsychiatric Unit	1,400,000
Physician Medical Group	Establish Virginia Avenue Clinic	575,742
Jewish Hospital	Four Heart/Lung bypass machines	569,196
Jewish Hospital	Surgery Power equipment replacement	1,288,069
Jewish Hospital	Monarch Robotic Nav. SystemBronchoscopy	300,000
Frazier Rehabilitation Institute	Expansion of 10 beds	950,000
Mary & Elizabeth Hospital	Establish Detox Unit	91,160
Shelbyville Hospital	Air Handling Unit	563,220
Mary & Elizabeth Hospital	Computer scanners	236,000
Shelbyville Hospital	EKG	13,614
Shelbyville Hospital	Rehab Renovation	49,660
Medical Center South	EKG replacement	13,614
Jewish Hospital, Mary & Elizabeth Hospital, Frazier Rehabilitation Institute, Peace Hospital, Shelbyville Hospital and Medical Center South	Replace IT - EMR	13,496,001
same	Computer replacement/remediation	1,232,640
same	IT Conversion servers, Wireless, switched. 3M Migration Misc. IT	3,000,000
Jewish Hospital	Redevelopment of Epilepsy Monitoring unit	1,300,000
Jewish Hospital	Added ECMO machines	366,420
Jewish Hospital	Roof Replacement	399,506
Jewish Hospital	Computer Carts and scanners	800,000
Jewish Hospital	XVIVO System	250,000
Jewish Hospital	Cath Lab Cryo Machine	135,000
Frazier Rehabilitation Institute	Frazier - Market Street location	225,000
Mary & Elizabeth Hospital	Chiller Rebuild	193,056
Mary & Elizabeth Hospital	Water main replacement	74,250
Peace Hospital	Computer Carts and scanners	236,000
Peace Hospital	Replace Duress system	73,495
Shelbyville Hospital	Power Tool replacement	234,964
Mary & Elizabeth Hospital	Power Tool replacement	791,746
Mary & Elizabeth Hospital	TEE Cleaner	38,000
Medical Center South	Replace Chiller	77,490
Medical Center South	Added ERBE Surgery Unit	40,034
Medical Center Southwest	Replacement Diagnostic Ultrasound	93,259
Physician Medical Group	Conversion from Allscripts to Epic EMP for Physician Groups	3,813,204
Total		\$35,000,000

There have been several other exciting developments at UofL Health this past year that we look forward to discussing with you. This includes the recruitment of twenty-one providers in rural and underserved communities, opening up access to UofL Health. We have opened an ICU in Shelby County, added an urgent care plus in West Louisville, and plan to add beds in Bullitt County. We are continually thankful for the support of the legislature in securing these needed funds. With your support, UofL Health will continue to thrive and serve the health care needs across the Commonwealth.

Cordially,



Tom Miller
Chief Executive Officer
UofL Health