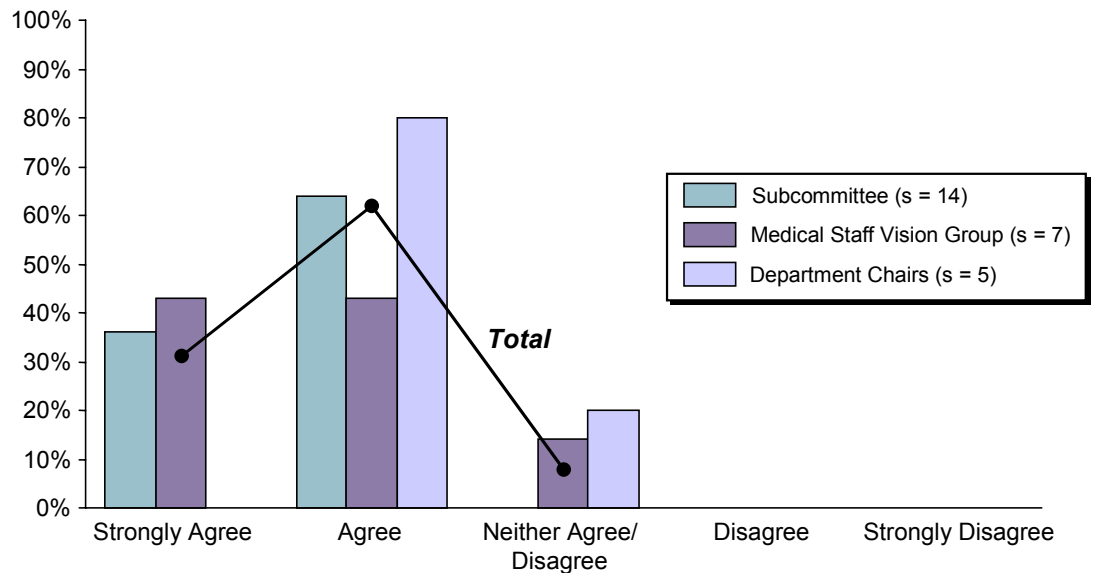




I. Our Purpose: Mission, Vision and Values

It is our **Mission** to use the strength, creativity and intellect of our integrated scientific community to advance the care of Kentuckians through excellence and innovation in health care, research and education. Our **Vision** is to solve the health care problems of Kentucky through an innovative, focused and interdisciplinary approach leading to national and international recognition. In advancing our purpose, we must refocus on our commitments to our **Values** of *Discovery* in our research, *Preparedness* in our education, and *Care* excellence in our clinical work.

In these pursuits, is our intent to achieve greater levels of recognition among the nation's top tier of public academic clinical enterprises, thereby contributing to enhanced levels of recognition for the University of Kentucky.



Comments:

- The word “solve” overstates our capability, should be “improve”
- “Preparedness” – I don’t think this is clear; it sounds like disaster preparedness
- Must focus on key problems
- Not sure about so much focus on education and research given it is for the “clinical” enterprise
- Our “intent” seems modest. Should it be an “intent” or goal?

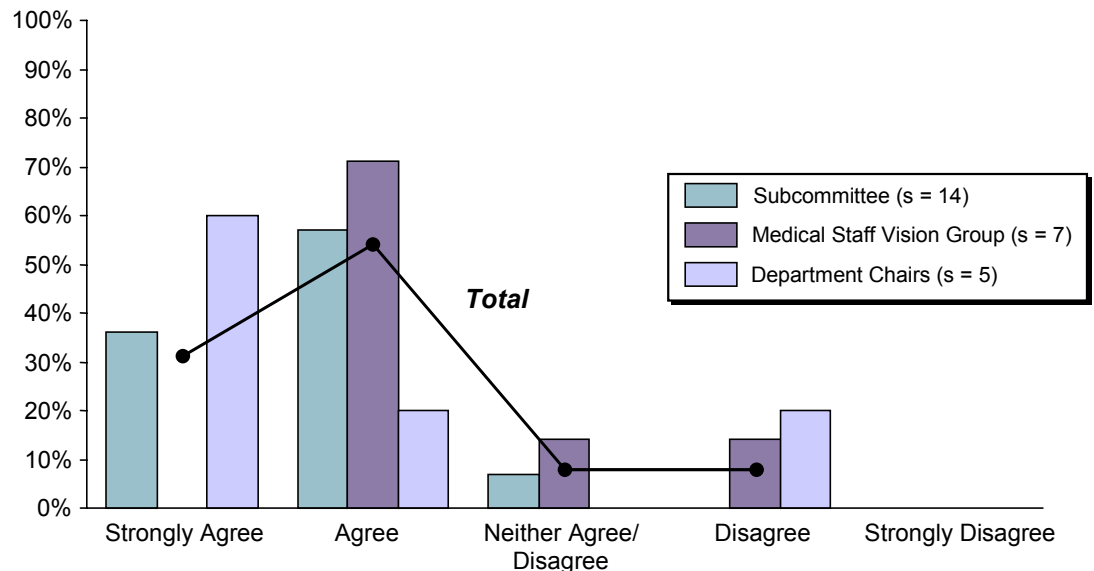


II. Our Situation: Market and Prospects

Four key assumptions and one key conclusion underpin our proposed initiatives for the clinical enterprise.

Assumption #1

We expect a *modest growth* in demand for our ambulatory and acute care services in the Greater Lexington market, and a smaller degree of growth from the broader outstate region. As an academic center, our greatest opportunities for growth and distinction reside in the complex higher acuity services in the largest areas of need for Kentuckians: cardiovascular disease, cancer, neurosciences, and musculoskeletal.



Comments:

- Demand for our ambulatory services will continue to grow as we treat the chronic diseases that affect Kentuckians. We cannot afford to focus only on “complex higher acuity” services because the reimbursement is not (cut off by fax machine). We should focus our energies on cardiovascular, cancer, NS and MS but cannot limit ourselves to the sickest.
- We are in no position to take advantage of these opportunities with clinical services such as cardiology being so poor.
- How about changing the wordage to “... Kentuckians: such as cardiovascular disease “
- Suggested change in wording: “... opportunities for clinical growth ...”
Another key differentiator that we should endeavor to exploit to a greater degree is that UK is the most significant supplier of trained health care professionals in the Commonwealth; somehow we must try to find a way to turn this perceived costly endeavor into a greater competitive advantage to both the clinical enterprise and to the University of Kentucky.



II. Our Situation: Market and Prospects

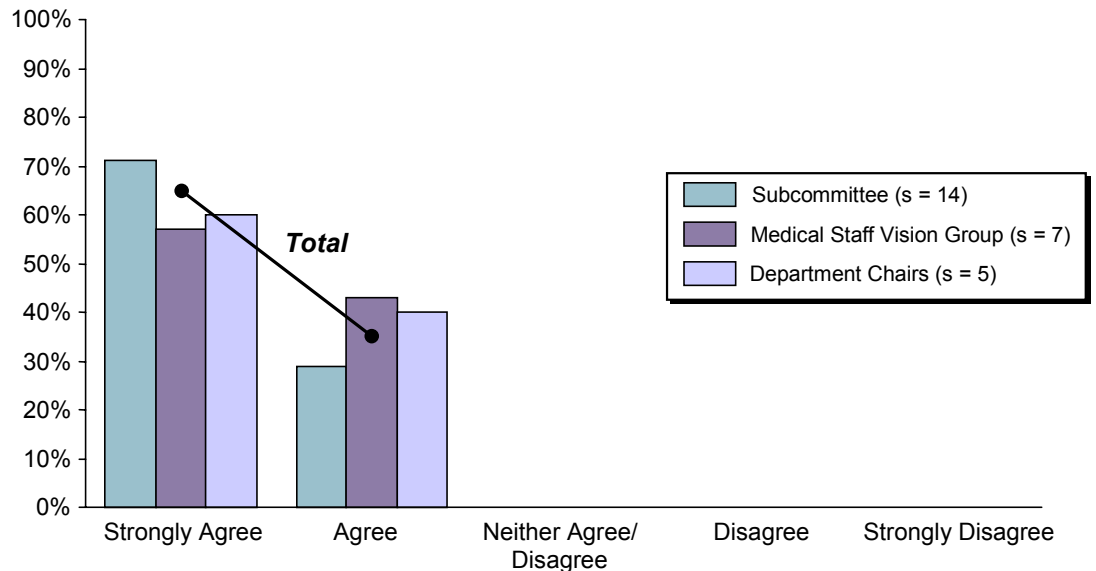
- Too limited. I think we should also tackle the issue of ensuring optimal outcome for all pregnancies. Why is Kentucky #1 in drug use during pregnancy? Why is our low birth rate near the worst in the nation? These problems are very worthy of attention too!



II. Our Situation: Market and Prospects

Assumption #2

We expect a *very difficult financial environment*, with payment for our services coming under major reduction pressure on the federal (Medicare), state (Medicaid), and local (commercial) levels. In addition to reductions in all of our “insured” populations, we expect dramatic growth in the uninsured as greater numbers of Kentuckians lose their health care coverage. Finally, we do not expect increases – and may in fact have decreases -- in direct funding we receive from the State of Kentucky and the University proper.



Comments:

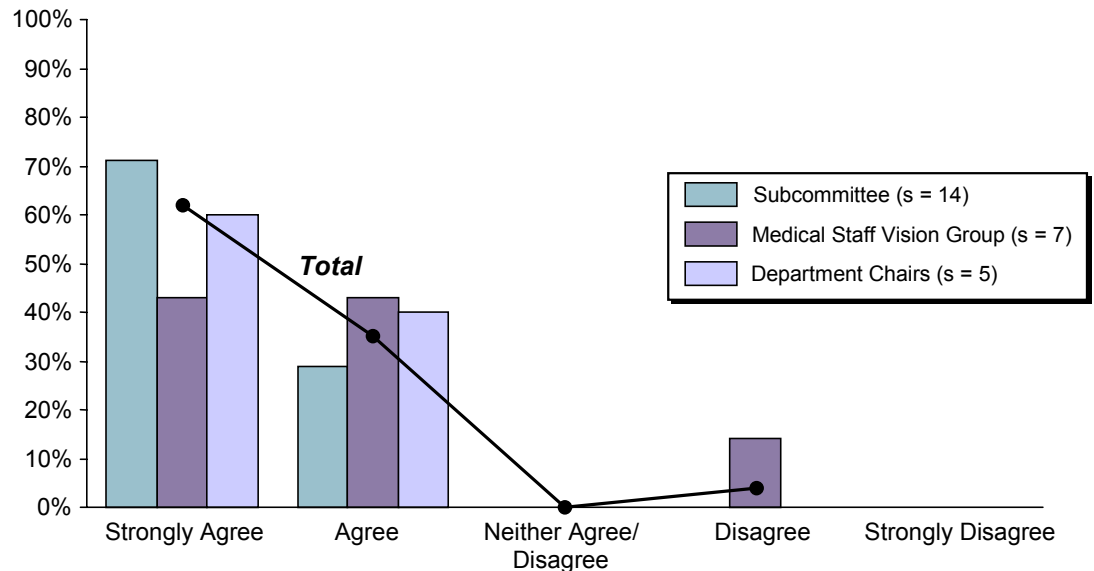
- Commonwealth of Kentucky instead of State of Kentucky
- Fluid environment constantly changing
- If our uninsured population increases, we will surely have difficulty providing (cut off by fax machine)
- While I agree, we need to clearly express that we won't “stand by idly” and just accept any of these cuts



II. Our Situation: Market and Prospects

Assumption #3

We expect *escalating levels of competition* for insured patients from our larger local “community” hospitals – Central Baptist, St. Joseph – both of whom are as large and sophisticated as our own clinical enterprise, and both of whom can provide generally higher levels of patient service quality at lower costs. Our trend of losing market share to these institutions must be reversed or our rapidly dwindling capacity to provide services at quality volume thresholds and our financial wherewithal to sustain our enterprise will be exacerbated.



Comments:

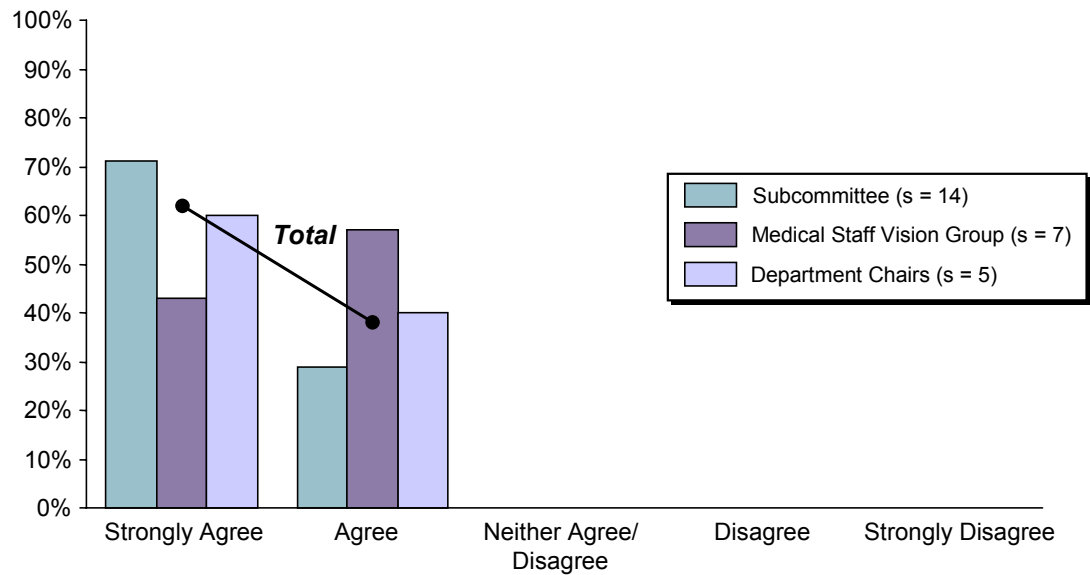
- Competitors not as “sophisticated” in all areas and I question whether their quality is necessarily better; however, UK does need to address this!
- The last sentence in the above assumption does not read well – the sentence needs to be reworked
- Need to more equally “share” the no-insurance patients
- Must begin payer mix changes immediately; more docs off campus to where these patients live in Lexington
- Rural facilities are also trying to keep business in their local market



II. Our Situation: Market and Prospects

Assumption #4

We expect to have to *replace our aging facilities* over the balance of the decade, and further expect to have to *finance such replacements with our own resources*. Our current levels of retained capital in the hospital and medical school, and the projected profitability of the same, are insufficient to generate the necessary \$500 million to accomplish this, requiring we receive additional funding and/or improve our profitability and access to debt capital.



Comments:

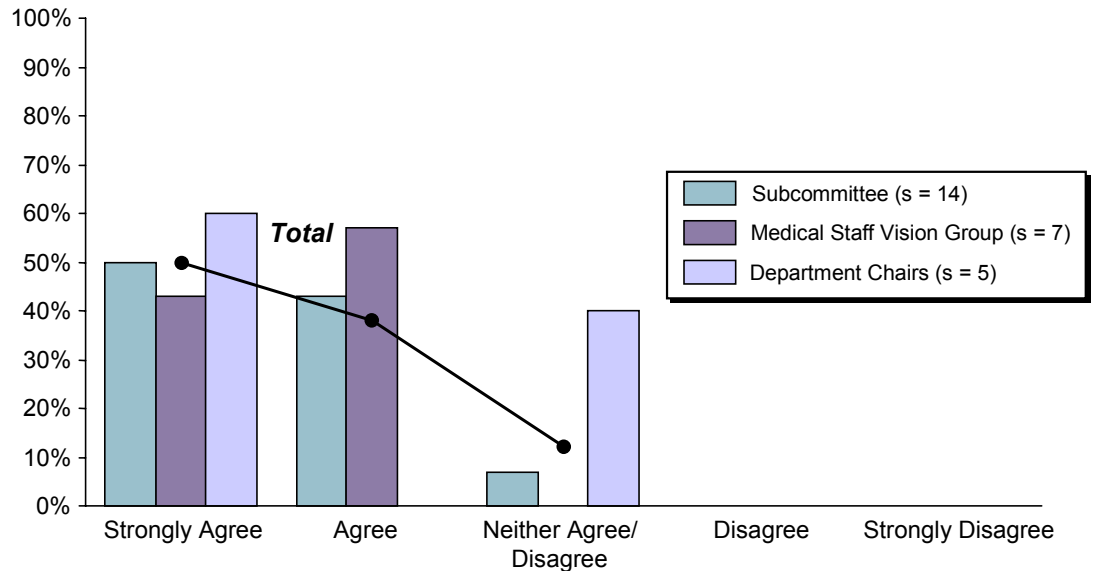
- In “assumptions” involve faculty dissatisfaction as a symptom of problem
- We need to be creative and seek partners in this undertaking



II. Our Situation: Market and Prospects

Conclusion

Within this environment, our clinical enterprise is *not* positioned to be the leader in Lexington, let alone the nation, and no significant forward progress will be possible without *bold and sweeping changes* in our strategy and culture.



Comments:

- Without “bold and sweeping changes” is the key
- Specify “bold and sweeping changes”
- Change alone isn’t the answer without better focus and payer mix change
- I would think the last may need to be inverted – culture and strategy. In fact, if the culture doesn’t change, the strategy will be words on paper.
- Begin to emphasize the need for focusing on programs that align vision
- Suggested change in wording – “... sweeping changes in our strategy, culture and organizational structure.”
- “bold and sweeping changes” is undefined. In and of themselves they are insufficient to allow us to become leaders.



III. Our Recommendations

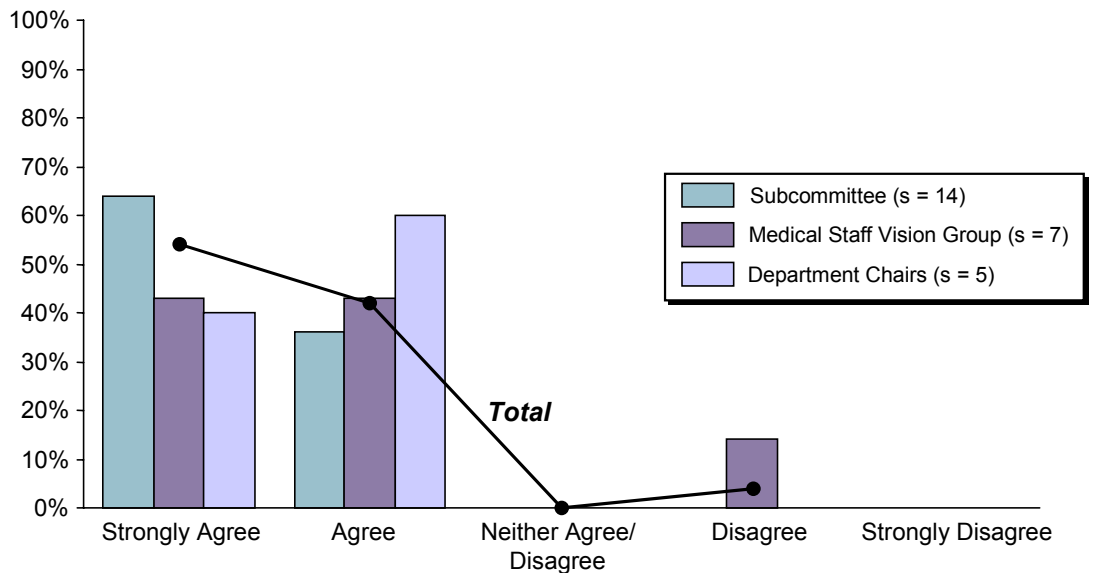
Our successful pursuit of the recommended Mission and Vision, resulting in advancement of UK’s clinical enterprise and national recognition of the same, requires we adopt and vigorously implement the following four (4) core recommendations.

Recommendation #1

We must (re)focus our resources into those clinical program elements where excellent and sustainable results are possible. This does not necessarily imply the elimination of clinical program elements, but such outcomes should not be ruled out in those areas defined to be unsustainable. The majority of leading public clinical enterprises do not provide a full spectrum of clinical programs, nor do they have the financial resources to do so. This includes many larger and better-financed institutions such as University of Washington, University of Colorado, University of Alabama, and University of California, San Francisco. Those program elements not provided directly are made available through partnerships and alternative delivery networks. UK is hardly an exception to this reality, and if we wish to advance our organization and our results, we must pursue vigorous reconsideration of our current “do it all” strategy. We must also consider alternative organizing approaches to achieve our program objectives, e.g., service lines.

Success metrics: Completion and implementation of fully funded business plans for the identified priority clinical program elements.

Responsibility: Faculty and administrative leadership of the Schools and Hospital.





III. Our Recommendations

Comments:

- Yes and investment should be substantial, even to the point of not achieving a margin from operations in the near future, with the goal of sustained margins in the long term
- It depends on who decides which areas to focus on. If we have too narrow a focus, education will suffer. The endpoint may be that we look more like a vocational school than a university medical center.
- Suggested changes to wording:
 - “... those areas defined to be unsustainable that are not absolutely essential to our educational mission.”
 - “... alternative organizing approaches to break down existing silos, capitalize on our unique educational and research resources, and maximize the interdisciplinary potential to achieve our program objectives ...”
- I think this clearly identifies that some won't survive
- Strike references to other universities
- It is a matter of degree and again consideration of balance in terms of our educational and research missions as well



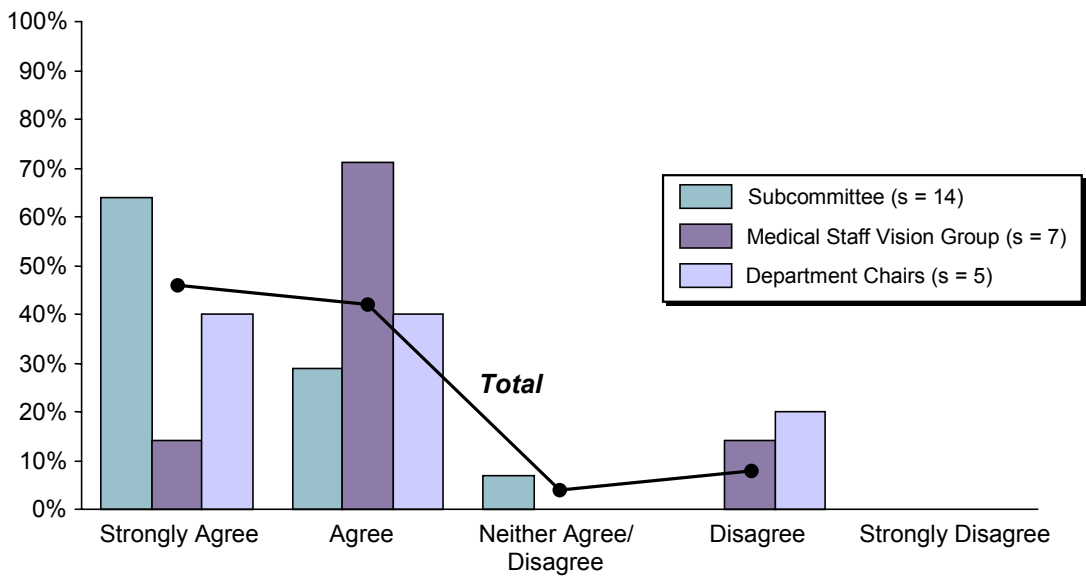
III. Our Recommendations

Recommendation #2

Our resource focus must be in those areas where UK can bring large and excellent programs to the fore: cardiovascular, cancer, neuro, and high-technology interventional and diagnostic work. These are not only some of the areas of greatest need for Kentucky, but also represent areas in which sophisticated academic centers such as UK can best apply our academic advantages. It is worth noting that not a major academic center in the country has achieved their standing without exceptional services in these areas – not a one. A clinical area such as cardiovascular is the financial cornerstone at leading teaching hospitals and their relevant academic counterpart departments across the country, and also plays a comparable role at UK, current unrealized potential notwithstanding. Focus in such areas does not imply we will provide every single programmatic element possible, only that a significant and successful service is critical to accomplishing our defined task.

Success metrics: Confirmation of these priorities, and completion and implementation of successful supporting business, recruitment, and facility redevelopment plans.

Responsibility: Faculty and administrative leadership of the Schools and Hospital.





III. Our Recommendations

Comments:

- We have a long way to go in at least 3 of these 4 areas. We need reinvestment in faculty and equipment.
- The sentence beginning with “A clinical area such as cardiovascular” is poorly worded
- Specific examples (cardio, cancer, etc.) should be left out
- Add commentary about our emphasis on the major health problems in Kentucky
- More specific on Kentucky’s needs
- Wording awkward in sentence beginning “It is worth noting ...”
- Very limited outlook



III. Our Recommendations

Recommendation #3

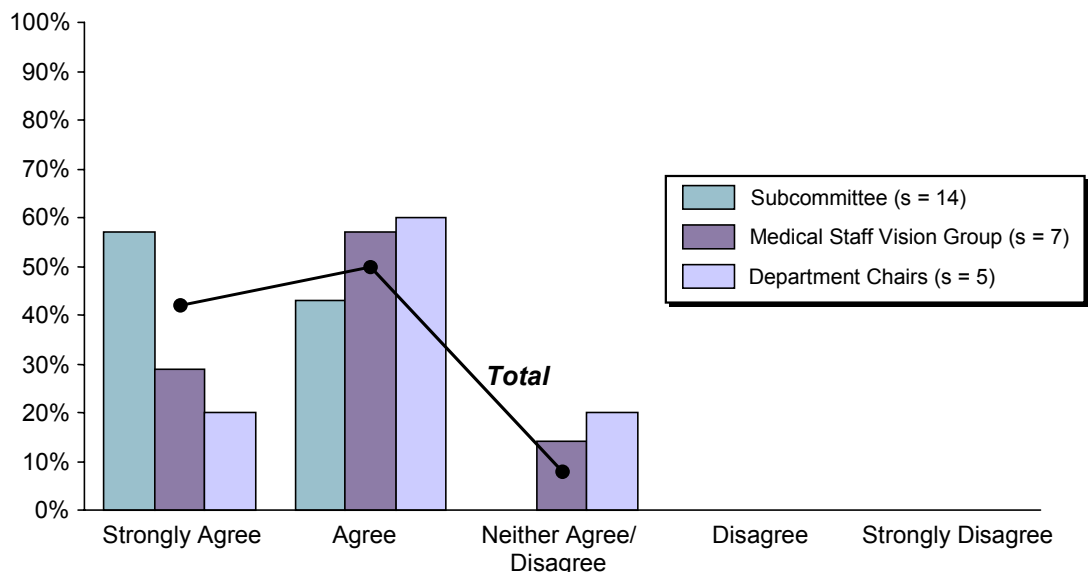
We must complete an initial and ongoing “top-to-bottom” prioritization process(s) to confirm these areas of emphasis and better understand our areas of weakness. Such a process(s) must be rooted in criteria, and these must support the advancement of clinical excellence and sustainability within the context of our Mission and Vision. We further recommend the following criteria be adopted to guide this process. These criteria are not assumed equal, nor do we expect any given priority program that is identified to meet all of them at equivalent levels:

- *Market demand and growth*, particularly in those clinical areas of most unique need within Kentucky;
- Clinical areas providing UK with the greatest opportunities for national *recognition and preeminence*;
- Clinical program elements with the best prospects of not *only sustainable reimbursement* for our faculty and hospital, but offering opportunities for us to strengthen our bottom-line earnings capability;
- *Competitively attractive* programmatic areas, where we can expect reasonable prospects of success both locally and regionally;
- Areas in which we can expect to produce a *high quality proposition*, e.g. where we can develop the necessary volumes, do so at affordable levels of investment, etc., and;
- Areas core to our *educational and research mandates*, and which cannot be otherwise provided effectively via external clinical partnerships.

This process must convene immediately and be completed in short order such that recruiting, development, and budgeting decisions can be informed in a timely fashion.

Success metrics: Definition and completion of the initial process, with prioritization of all major clinical program elements with recommendations for the disposition of each.

Responsibility: Faculty leadership group (similar to the “Faculty Vision Group”), supported by the administration of the Schools and Hospital, and endorsed by the leadership of the University.





III. Our Recommendations

Comments:

- Can't do "in short order" because of education/research impact
- "Top-to-bottom" should be "comprehensive." I think faculty leadership should provide input but that recommendations should be vetted through administration.
- I'm not sure that "faculty" can accomplish without definite commitment by administration
- Suggested change in wording to the third bullet: "...to strengthen our mutually beneficial bottom-line earnings..."
- I agree with concept but not responsibility. "Groups" such as "Faculty Vision Group" have a limited perspective. Departmental Chairs and others need to be involved. Wide representation.



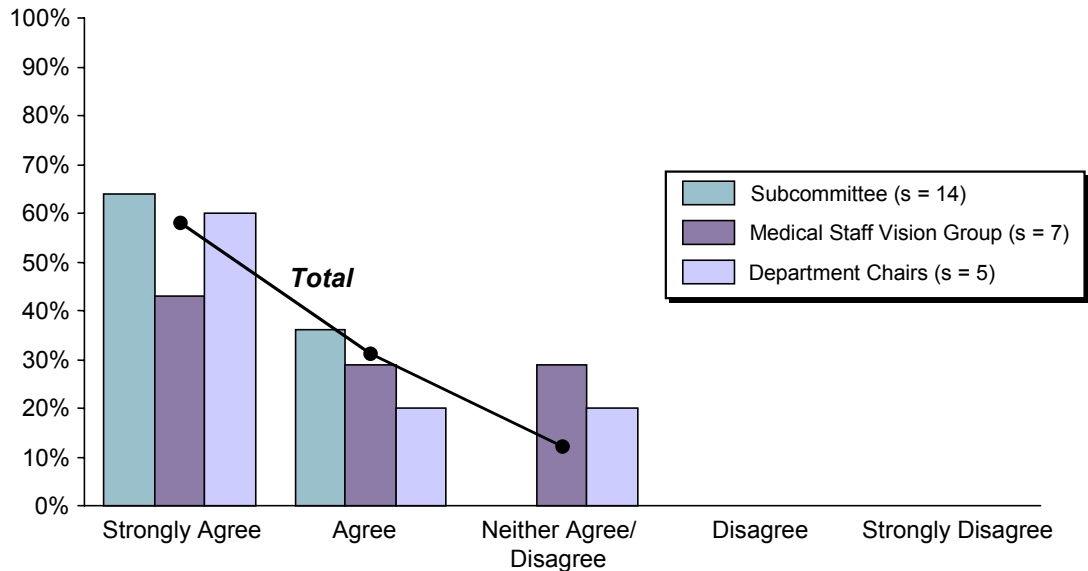
III. Our Recommendations

Recommendation #4

We must redevelop our clinical facilities and capacity such that our ability to attract our “fair share” of, and balance, all patient reimbursement sectors -- Medicare, Medicaid, Commercial, Uninsured -- is enhanced. Currently, we are less competitive for commercial patients than is sustainable and uncompetitive for Medicare patients than is desirable. On the flip side, we serve a heavily disproportionate share of Medicaid and Uninsured populations. Our share of this is not financially sustainable without greater participation from the region’s other not-for-profit hospitals who have comparable missions to take care of Kentuckians regardless of their ability to pay. To enable a sustainable re-balancing of our clinical business at UK, we recommend redefining our faculty, staff, and facility capacities over the short term to levels we conclude are financially sustainable. Over the longer term, we recommend evaluating redevelopment of our hospital and faculty practice, or elements thereof, at alternative locations conducive to successfully attracting a more balanced mix of patients.

Success metrics: Completion, approval, financing, and initial implementation of a plan for redeveloping the hospital and faculty practice.

Responsibility: EVP, supported by the faculty and administration of the Schools and Hospital, and endorsed by the leadership of the University.



Comments:

- There is nothing wrong with our location, per se. We have allowed our faculty to become over-used and rundown. Even beyond the physical plant, we don't (cut off by fax machine)
- If alternative locations are used, coverage and taxation by UK faculty should be defined. For example, if UK laboratory is not used, pathology department may not be able to attract sufficient income to be viable. How will other sites



III. Our Recommendations

be taxed? Viable laboratory, pathology and radiology departments are vital to success of many programs and faculty cannot usually attract their own patients. We must make it possible for such departments to stay strong even with outside practice locations – ability to get/retain specimens/patients from outside or set up outside locations (which often take considerable capital expenditures).

- Include some statement about planning for referrals, distribution of fair share and process for making the change
- Relationship between faculty and hospital needs to be enhanced
- Redevelopment should begin NOW off campus!
- We can't do it all. Why can other regional hospitals close their doors to the no/poor reimbursement payments and we have to expend large amounts to care for these patients and receive little?



Other Comments:

- Recommendation #5 – Organizational and cultural changes
- My greatest concern in this process is walking away without commitment to culture change at the leadership level. I'm not sure how this document can impact a move to collaborate organization, but our survival depends on the process that lead to that.
- Recommendation #5 – To achieve the above aim we must develop a structure which enables mutual investment between the College of Medicine, physicians and the hospital
- I would recommend additional input from executive council/faculty
- You did an excellent job of representing the opinions and discussion of the group
- I think these reflect a great start toward a new approach to the strategizing about the future of UK clinical enterprise
- I have concerns that “alternative practice locations” will dilute the academic mission and decrease the impetus to solve practice and service issues at the UK hospital
- I firmly agree that we need to focus. We must see many patients of moderate acuity in the four strategic areas, as well as high acuity patients. We need to streamline practice in and out of the hospital to be more attractive to our greater Lexington area.
- In order to be successful the way business is conducted should be examined carefully. A fifth recommendation should read as follows: *The University of Kentucky Medical Enterprise will develop a culture of collaborative practice, both clinically and operationally. The clinical business will be led by physicians and non-physicians utilizing a team approach. Leadership teams will set the standards for how we conduct business and ourselves. As noted in the Vision statement: Above all, every member of our team must be provided the same concern, respect, and caring attitude within the Medical Center that they are expected to share with every patient.*
- Taxation is a major issue which is not specifically mentioned.
- In a state where there is only a \$0.03 tax on tobacco, no helmet law, heavy use of recreational drugs and misuse of prescribed pain medications, one institution is not going to be able to change the health/risk behavior of a population. The state legislature/politicians are going to have to change laws to improve the overall health of the citizens. These laws will then need to be enforced. The University of Kentucky needs to be much more active at the state level to improve the laws, and secure additional funding to improve the health of the citizens of Kentucky.
- I was not here at the time that the special “groups” were formed. That process seems to have excluded people who should and want to be involved, e.g., Department Chairs. The issues outlined in this draft have significant impact on clinical departments and the Chairs’ abilities to balance the important missions of clinical care, education, research and service. This draft also does not mention one word about what I understand to have been



Overall

voiced frustration of many faculty members, that is heavy taxation and fees. Again, while I was not here during this interval, we have lost many clinical physician faculty members. To regrow the faculty and research prominence, we must be able to support the faculty and lessen their financial burdens. Cost shifting should be minimized. We are not (I believe) losing faculty members because of our facilities, lack of vision, etc., but because those who have borderline commitment to true academic practice feel that they can't do any academics and function "like they are in private practice," however, with the downside of salaries that are lower because of the costly environment they practice in. Overall, I think it should be our goal to attract and retain superior physicians in all areas. By doing so, I don't believe we have to "give up" on market share in any area, but resources and support must be committed. I am 100% committed to helping our institution recover and achieve preeminence. I would love to be involved in a process such as this one that has been ongoing. Thanks for asking my thoughts.