



**Executive Vice President  
for Health Affairs Update  
Mark F. Newman, MD**



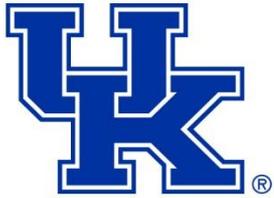
# Agenda

- Lexington Clinic Collaboration
- Electronic Health Record Transition



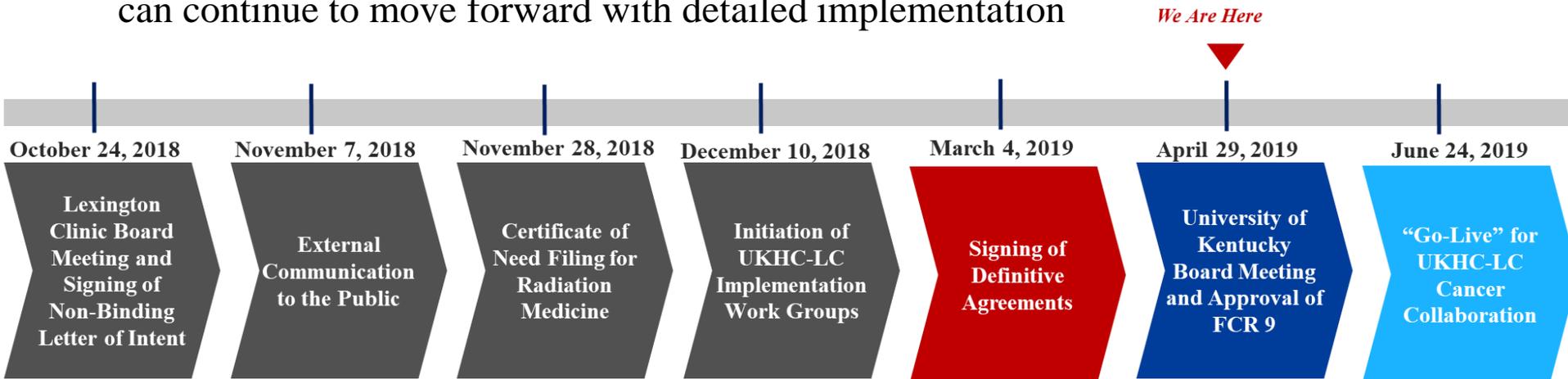
# Lexington Clinic Collaboration





# Timeline

- Definitive agreements encompassing this collaboration between Lexington Clinic (LC) and UK HealthCare (UKHC) were signed on Monday, March 4, 2019
  - Master Agreement
  - Management Services Agreement
  - Asset Purchase Agreement
  - Professional Services Agreement
  - Medical Oncology
  - Radiation Oncology
- With both parties now contractually committed to the collaboration, the work groups can continue to move forward with detailed implementation





# Key Milestones-Critical Path Items

**Project Goal: Enhance and expand outpatient cancer care and clinical trials to patients throughout Central Kentucky**

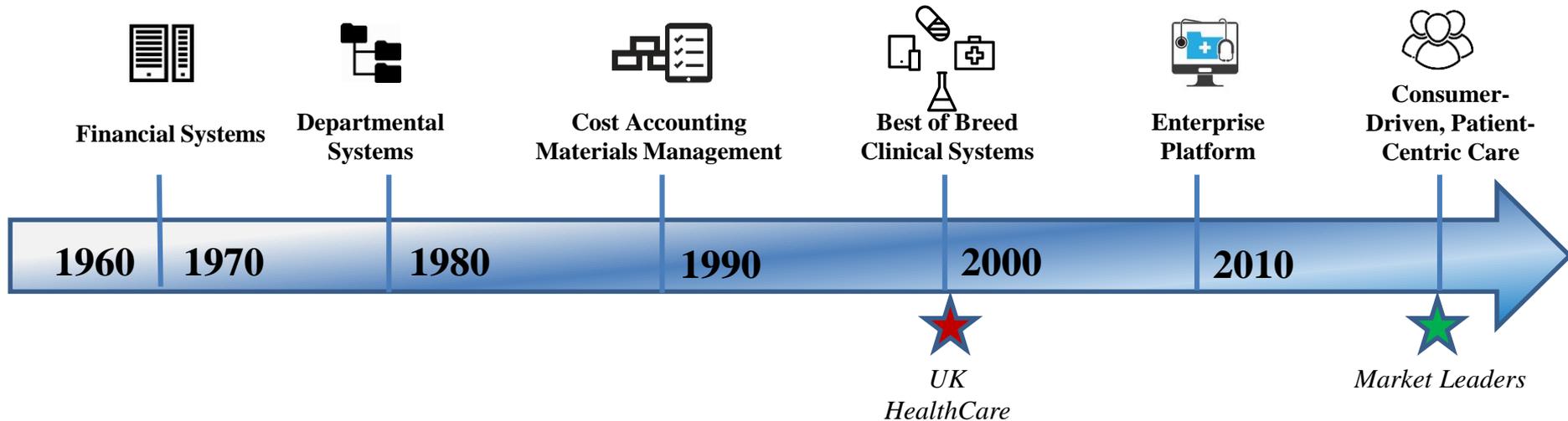
Work Group	Key Milestones  Critical Path Items	Status
Physician Work Group	<ol style="list-style-type: none"> <li>1. Patient navigation and care Coordination</li> <li>2. Chemotherapy order sets - coordination and alignment</li> <li>3. Implement virtual tumor board model</li> </ol>	In process
Clinical Operations	<ol style="list-style-type: none"> <li>1. Construction of segregated compounding area</li> <li>2. Documented work flows addressing chemotherapy order sets, administration and waste billing</li> <li>3. Initiation of clinical trials</li> </ol>	In process
Human Resources	<ol style="list-style-type: none"> <li>1. Post and hire nurse positions (transitioning from Lexington Clinic employment)</li> <li>2. Post and hire incremental support staff</li> <li>3. Develop onboarding process</li> </ol>	In process
Facilities	<ol style="list-style-type: none"> <li>1. Begin construction 1221 S. Broadway</li> <li>2. Finalize design and interior choices</li> <li>3. Complete construction (6/15/19)</li> </ol> <p style="color: red; font-weight: bold; margin-left: 150px;">FCR 9</p>	In process
Marketing and Communication	<ol style="list-style-type: none"> <li>1. Development of overall marketing plan strategy, timeline, and structure for collaboration               <ul style="list-style-type: none"> <li>• Mail patient notification letters (4/4/19)</li> <li>• Execute billboards (3/22/19)</li> <li>• Assess interior and exterior signage needs</li> <li>• Execute internal and external communication strategy</li> <li>• Determine launch event strategy</li> </ul> </li> </ol>	In process
Revenue Cycle	<ol style="list-style-type: none"> <li>1. Provider Enrollment and Credentialing</li> <li>2. Document workflows (scheduling, registration, authorization, charge capture, etc.)</li> </ol>	In process
Finance	<ol style="list-style-type: none"> <li>1. Assignment of cost centers for Lexington and Richmond locations</li> <li>2. Development of funds flow processes in accordance with contractual obligations</li> </ol>	In process



# **Electronic Health Record Transition**



# Evolution of Information Technology (IT) in Health Care



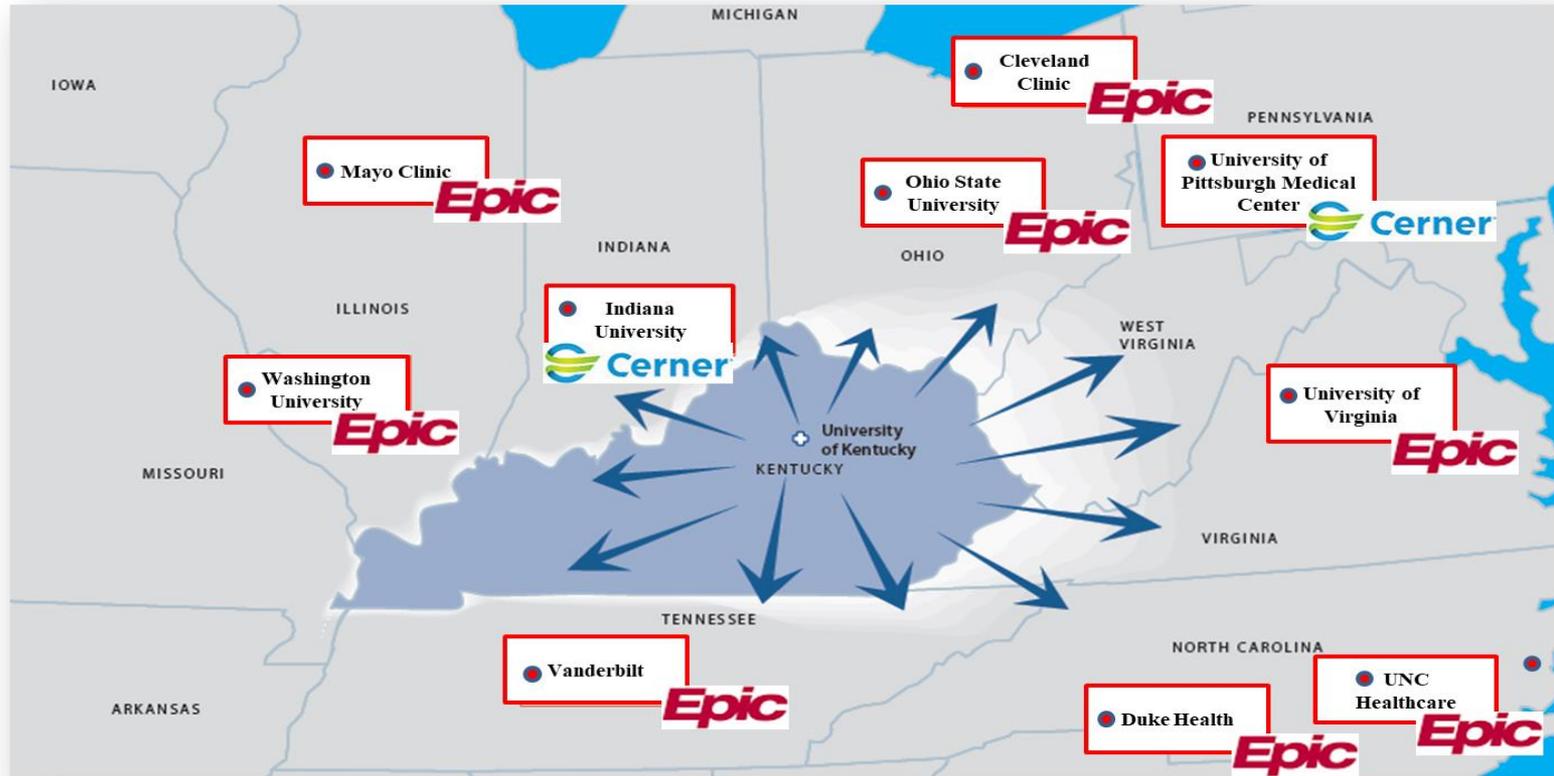
Organizational viability is dependent on remaining competitive in the market place by using a Digital Ecosystem

**UK HealthCare is falling behind**





# Marketplace



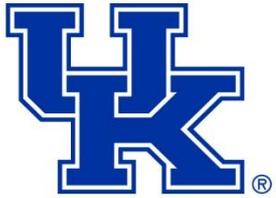
- 20 of the Top 20 Academic Medical Centers, according to *U.S. News and World Report*, use Epic as their EHR
- The Department of Defense and the Veteran's Administration are implementing Cerner as their EHR
- 10 of the Top 10 Children's Hospitals, according to *U.S. News and World Report*, use either Cerner or Epic



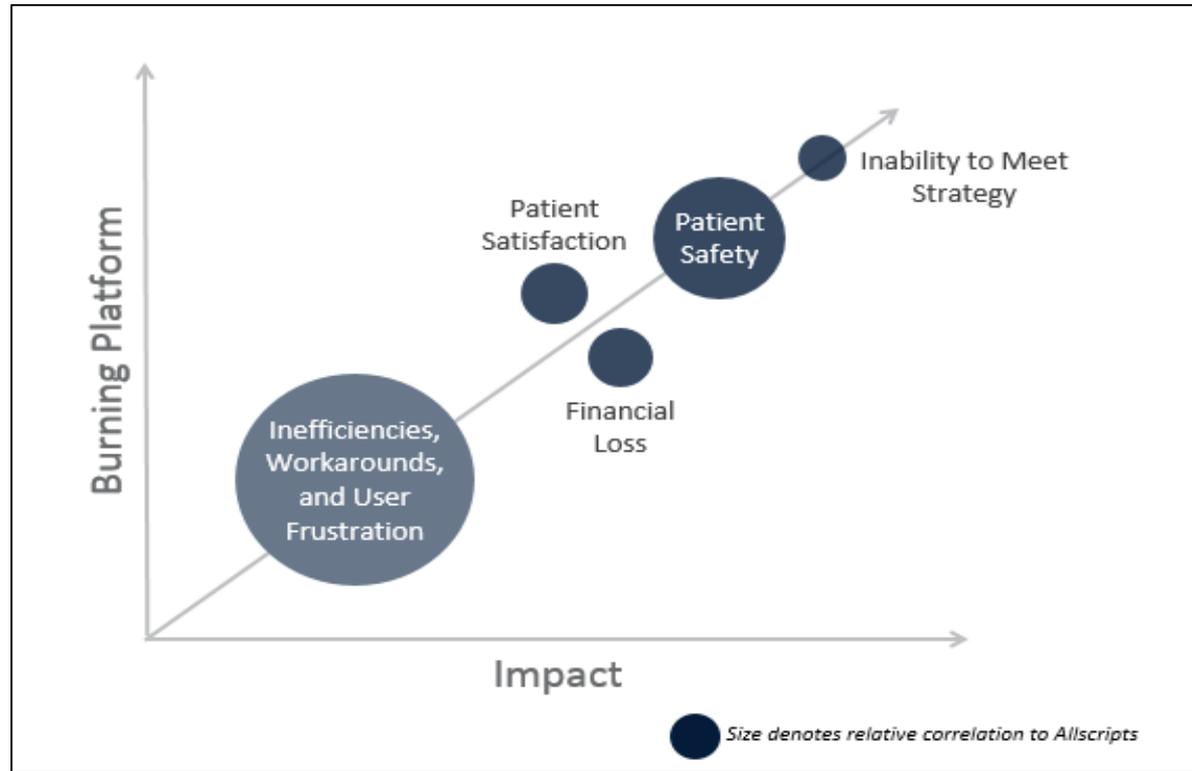
# Vendor Financial Viability

As the EHR is a key enabler of the organizational strategy, selecting a viable vendor partner is important to the future of UK HealthCare

Vendor Name	Years in Business	Dun & Bradstreet (D&B) Viability Score	Dun & Bradstreet Credit Score Summary	Dun & Bradstreet Financial Stress Score Percentile
Allscripts	33 Since (1986)	<b>Moderate to High Risk*</b> <i>*Per D&amp;B, businesses ranked with a seven have a 27% probability of becoming no longer viable</i>	<b>High Risk**</b> <i>**Per D&amp;B, 51% of companies with this rank paid bills severely delinquent</i>	<b>High Risk of Severe Financial Stress</b>
Cerner	40 Since (1979)	<b>Low Risk</b>	<b>Low Risk</b>	<b>Low Risk of Severe Financial Stress</b>
Epic	40 Since (1979)	<b>Low Risk</b>	<b>Low Risk</b>	<b>Low risk of Severe Financial Stress</b>



# Voice of the UK HealthCare Customer



*“It is not a matter of if, but WHEN to replace Allscripts as the EHR vendor”*

Source: 2015 report created by Divurgent



# Impact Analysis

**There are four  
key areas where a  
single integrated  
EHR platform  
enables notable  
advances**

1.

Patient Safety

2.

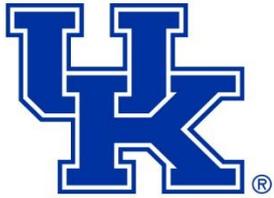
Cybersecurity

3.

Interoperability

4.

Value-Based Care and  
Analytics



# Impact Analysis

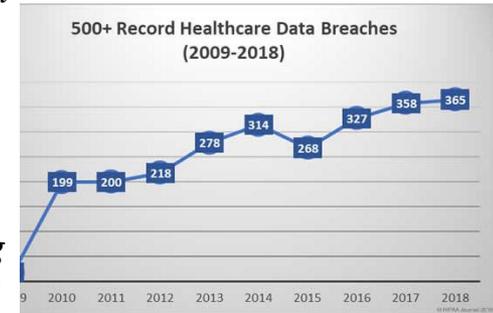
## Patient Safety

*A single EHR platform enhances patient safety:*

- *Delivering a **consistent patient experience** across sites and locations of care (single registration and scheduling system)*
- ***Single data entry** across the continuum of care leveraging ONE database*
- *Key **clinical data standardized** and available for clinician reference at all points of care*

## Cybersecurity

- *UKHC has more than 160 systems (large attack surface)*
- *New EMR would consolidate more than 80 systems into one system, reducing the attack surface by over 50%*



## Interoperability

Seamlessly access and use data

Portray a longitudinal picture of health

Help researchers deliver cutting-edge treatments

- *Leading EHR vendors **easily enable data sharing** between health systems and registries*
- *The leading EHR vendors participate in Carequality and Commonwell, the two leading networks*

## Value-Based Care and Analytics

*Robust analytic capabilities, built-in artificial intelligence, and machine learning enable **timely, accurate reports** and **predictive analytics** to support population health and value based care*

### Enterprise Data Management

*Transformation of Data*

*Predictive Analytics*

*Enhanced Outcomes*



# We Have Reached a Point of Urgency

A vertical blue arrow pointing downwards, with circular nodes at each major time period. A green star is positioned to the left of the 2019 node.

## 2015: Divurgent Report

*“It is not a matter of if, but WHEN to replace Allscripts as the EHR vendor”*

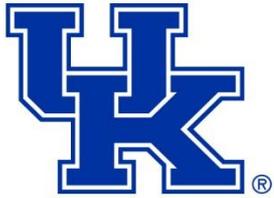
## 2017-2019: Organizational EHR Readiness

**2019 is a critical inflection point for the organization**

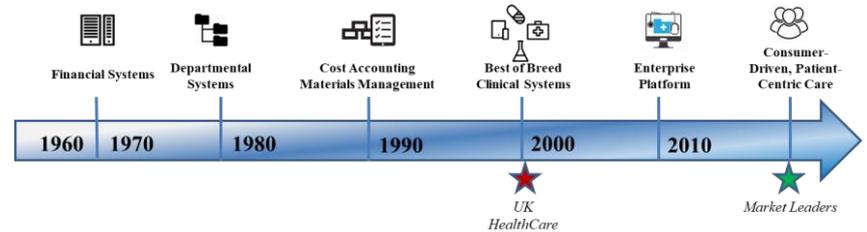
## 2019-2021: Existing EHR contracts will expire – burning platform

- *June 2020: Strategic Technology Alliance Agreement (master Allscripts agreement)*
- *September 2020: Certified EHR Technology and FollowMyHealth (patient portal)*
- *December 2020: EPSi (financial budgeting) and dbMotion hosting*
- *March 2021: Care Management*

## 2021+: UK HealthCare must meet consumer driven requirements and continue driving toward national recognition as a top 20 academic health center



# The Time is Now



**The Platform  
Is Not  
Sustainable**

The current Best of Breed systems no longer substantially support UKHC's vision and a **tipping point has been reached**

## Vendor Selection Engagement Summary

 <b>1500+</b> Staff	 <b>500+</b> Providers
<b>115</b> Core Working Members	<b>5072</b> Vendor Evaluations compiled during vendor demo week
<b>43</b> Selection Steering Members	<b>2100+</b> Requirements written as part of the Request for Proposal (RFP)

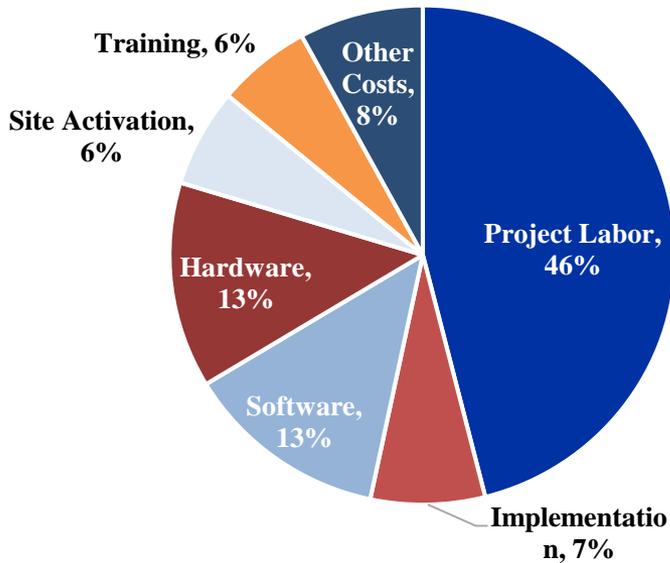
**The  
Organization Is  
Ready**

The EHR vendor selection project has generated tremendous **organizational engagement and momentum** toward a new EHR



# Cost Summary: Implementation Period

**Estimated EHR Implementation Cost**  
**\$315,000,000**

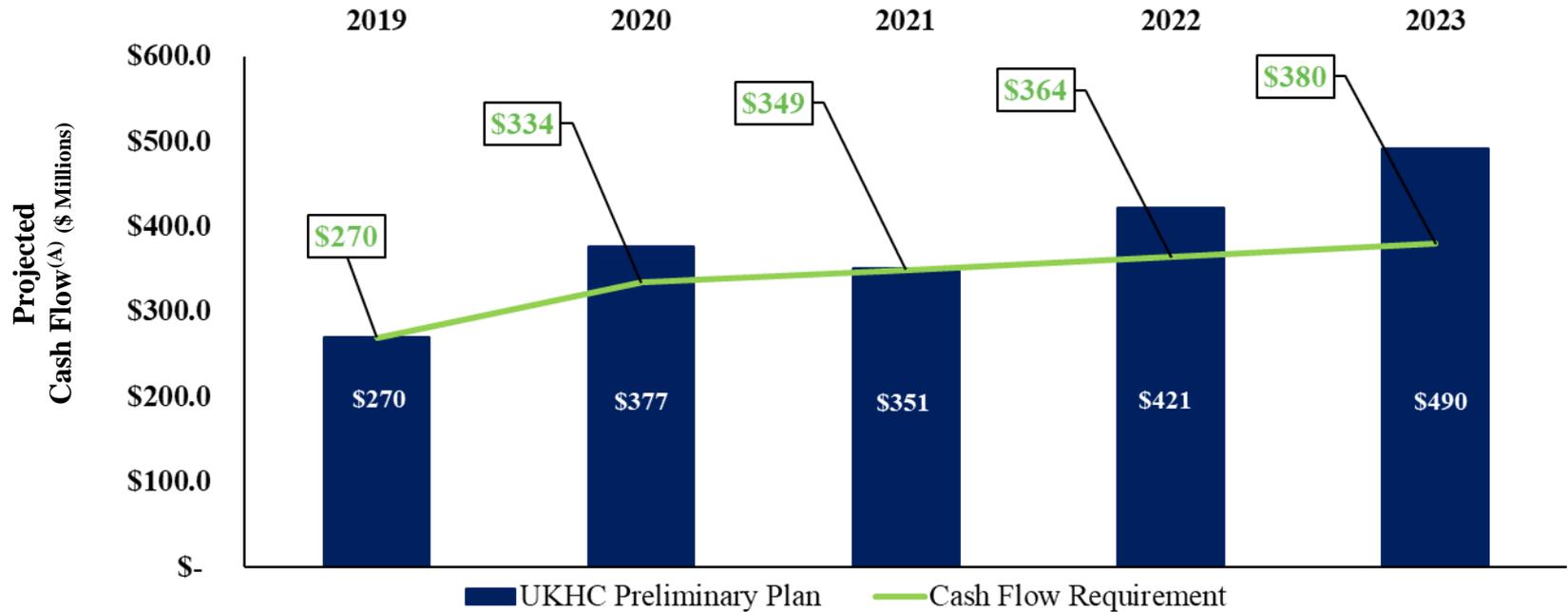


Cost Summary - Implementation Total Cost of Ownership, No Offsets		
Category (including contingency)	(Million)	% of Total
Project Labor	\$145	46%
Implementation	\$23	7%
Software	\$41	13%
Hardware	\$42	13%
Site Activation	\$20	6%
Training	\$19	6%
Other Costs	\$25	8%
<b>Total – US Dollars</b>	<b>\$315</b>	<b>100%</b>

Implementation period is defined as FY19-21. It includes three months of pre-implementation planning, 21 months of implementation, and three months of post-live support.



# UK HealthCare's Preliminary Cash Flow Projections



Cash Flow<sup>(A)</sup> Gap

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Note(A): Cash flow defined as net income plus depreciation and non-operating Enterprise Investment Request payments



# EHR Implementation Costs and Finance Committee Recommendation (FCR) Request

Below is the estimated cost for the **EHR implementation**. The implementation period is defined as May 2019 through June 2021.

**Estimated EHR Implementation Cost –  
Total Cost Outlay**

**\$315,000,000**

*Includes 15% contingency on capital costs and 10% contingency on operating costs*

The FCR requests the Board to approve the initiation of the project with up to \$280M of costs to be capitalized. These costs, which will be incurred during the implementation stage, may include hardware, software, external professional services, and internal personnel.

**FCR Request**

**\$280,000,000**



**Approval of FCR 10  
Replace UK HealthCare IT Systems 1  
(Single Enterprise Electronic Health  
Record) Capital Project**



Questions?