

ECR 1

Office of the President
February 19, 2021

Members, Board of Trustees:

RATIFICATION OF EXECUTIVE COMMITTEE APPROVAL
OF JOINT VENTURE BETWEEN THE UNIVERSITY OF KENTUCKY
AND KING'S DAUGHTERS HEALTH SYSTEM

Recommendation: that the Board of Trustees ratify the following action taken by the Executive Committee on behalf of the Board of Trustees of the University of Kentucky at the Committee's special meeting on January 29, 2021:

The Executive Committee's approval of its support for the joint venture between the University of Kentucky and King's Daughters Health System (KDHS) and directs the President and Beyond Blue, its affiliated corporation, to take the necessary steps to implement the transaction.

Background: The University of Kentucky's academic medical center and clinical enterprise, UK HealthCare, is an integral part of UK's flagship institution. Established in 1957, the academic medical center includes UK Albert B. Chandler Hospital, Kentucky Children's Hospital, and UK Good Samaritan Hospital, with nearly 1,000 beds combined. Its growing clinical faculty and staff provide advanced subspecialty care for the most critically injured and ill patients throughout the Commonwealth with an increase in the number of patients served from roughly 19,000 discharges in 2003 to more than 40,000 discharges in FY 2021. This growth occurred in part due to the development of over 200 clinical outreach sites across the Commonwealth, as well as the signing of over 50 clinical affiliation agreements with other hospitals to extend the efforts of the Markey Cancer Center, Gill Heart & Vascular Center, Solid-Organ Transplant Center and Stroke Care Network.

Additionally, the university, through its management of Eastern State Hospital on behalf of the Kentucky Cabinet for Health and Family Services, provides a full range of psychiatric inpatient services while extending treatment that allows patients the opportunity to return to their communities.

Most recently, the university entered a joint venture in 2018 with Optum/Surgical Care Affiliates for an ambulatory surgery center in Lexington, Kentucky, expanding the university's ambulatory care services to better serve and provide quality healthcare services to the citizens of the Commonwealth in lower cost settings.

Similarly, the university entered a clinical partnership in 2019 with the Lexington Clinic, to collaboratively deliver medical oncology and radiation oncology services to the residents of Fayette, Madison and surrounding counties.

The joint venture between the University of Kentucky and KDHS will: (1) strengthen and improve access to high-quality, affordable healthcare services in north eastern Kentucky, Ohio and West Virginia; (2) ensure that the healthcare needs in north eastern Kentucky continue to be met; (3) reduce the costs of providing health care through operational efficiencies; (4) improve care coordination between the two clinical enterprises; (5) develop the capabilities to respond to the evolving healthcare landscape in the Commonwealth; (6) create a relationship with sufficient flexibility for future strategic initiatives, as appropriate; and (7) preserve and grow the abilities to provide sustainable patient focused care in the Commonwealth pursuant to models and initiatives developed by the university.

In this instance, the Executive Committee acting on behalf of the Board, believed it was in the best interests of the university to take the action described above. Accordingly, the Executive Committee held a special meeting on January 29, 2021 and took the action described above.

Governing Regulation II.E.2.a(2) authorizes the Executive Committee of the Board to exercise oversight of the financial and business interests of the university and possess the same powers as the Board of Trustees during periods between meetings of the full Board of Trustees.

KRS 164.190 and Governing Regulation II.E.2.a(4) requires the Executive Committee to submit to the Board of Trustees at each meeting, for the latter's consideration and approval, a complete record of the proceedings of the Executive Committee. The Executive Committee thus submits this ECR 1.

Action taken: Approved Disapproved Other _____