

Hospital plans appraisal of its operations

Study to target University's future

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University Hospital's governing board announced Thursday that hospital operations will be reviewed to address questions about their "strengths and vulnerabilities" raised during debate over a proposed merger.

A consultant will be hired to conduct the review, overseen by a committee that will include state and local government representatives, as well as

hospital board members.

Although the subject matter isn't final, the review could examine how University Hospital compares with other academic hospitals in both financial performance and how many indigent patients it treats, said Bob Rounsavall, board chairman of University Medical Center Inc., the hospital's operator.

He said the review also may explore whether the hospital needs a partner to

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ensure its future, as University officials maintained in supporting the proposed merger with Jewish Hospital & St. Mary's HealthCare and Lexington-based St. Joseph Health System.

"We simply need to assess all avenues," Rounsavall said in an interview. "We need to see how we can do without (partners), we need to see how we can do with different partnerships — you can't rule anything out at this point."

Gov. Steve Beshear rejected the proposed merger in late December, saying it would jeopardize the state's control of a public asset.

University Hospital was built with state funds and receives substantial state funding to treat patients who are poor and uninsured.

It is the Louisville area's safety-net hospital and the main teaching hospital for the University of Louisville School of Medicine.

Days after Beshear's decision, Jewish & St. Mary's and St. Joseph announced they were merging without University Hospital, leaving University facing an uncertain future.

Officials said the hospital

needs substantial funds to grow, but can't raise them without being allied with a larger company.

Hospital officials pleaded for increased state funding, saying University provides millions of dollars more in indigent care than it gets in state and local funding for the task, and will face new burdens from health reform.

But some state officials said UMC, which recorded nearly \$13 million in profits in 2010, doesn't need more aid.

Rounsavall said he doesn't know if the question of partnering will be included in the coming review, but he said the consultant's report could be valuable if UMC ultimately seeks an alliance.

"Those that we might be talking to with regard to different types of arrangements need to know all the many things that we do well, and there are many of those," he said. The report could provide documentation of that, he said.

Rounsavall declined to say whether University has reopened discussions with KentuckyOne Health, the entity formed by the Jewish-St. Joseph merger, or any other health care company.

The review, expected to be completed by April, will include

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the operations of the James Graham Brown Cancer Center, which is adjacent to the hospital and also is operated by UMC.

Rounsavall, chairman of the committee, said he expects it to hold its first meeting in the next couple of weeks and hire a consultant quickly.

He said he expects the review will include how the hospital's percentage of uninsured patients — more than 20 percent, officials have said — compares with other regional teaching hospitals, such as at the University of Kentucky and Vanderbilt University.

"If we have a much higher indigent caseload ... I think it's important to understand that,"

Rounsavall said. "We've got to understand how we stack up to our peers."

The nine-member committee includes Louisville Metro Council President Jim King; Ellen Hesen, chief of staff to Mayor Greg Fischer; state Economic Development Secretary Larry Hayes; and Dr. David Dunn, U of L's executive vice president for health affairs. The other members are UMC board representatives Gerry Anderson, Dale Boden, Joan Coleman and Charlie Johnson.

Fischer "thinks it's healthy for the hospital to look at its future, because it's in a difficult situation," mayoral spokesman Chris Poynter said.

"If this can help bring some answers and put it into perspective, he thinks it's a good thing. ... We want to make sure that there is a safety net for the future for indigent care in our city."

Beshear said in a statement that he appreciates UMC's undertaking the review of the hospital and cancer center.

"These institutions are valuable assets with significant strengths, and I am confident that the review will reveal ways to continue improving those assets," he said.

The committee's meetings will be open and the consultant's

report will be made public, UMC said.

That will be in contrast to the organization's past stance about public disclosure in many cases. UMC refused to release documents related to its proposed merger, arguing that it was a private corporation and not a public institution, and filed a court appeal when Attorney General Jack Conway ruled that UMC was a public body.

Rounsavall said UMC decided to make the review public "because that's the best way to tell the story."

He said many people misunderstand UMC and its complicated role as both a teaching facility and a safety-net provider, and he hopes the review will change that.

"Some people would say that that we make a lot of money and should not have any problem; other people would say, 'How can you give away \$20 million or \$30 million of uninsured services and stay in business?'" Rounsavall said.

"I think the answer is someplace in between. And it's just not quite as simple as you might think."

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