“While there are signs of a transformation at all levels of the organization, we won’t settle for anything less than being among the very best in the country.”

Michael Karpf, MD, Executive VP for Health Affairs

This annual report tells the story of how a shared vision of becoming a world-class academic medical center is quickly being realized at UK HealthCare. Such a far-reaching and permanent shift would not be possible without the enthusiastic commitment of caring individuals, collaborative partnerships and generous philanthropic support.

The achievements highlighted in the pages that follow are a testament to how UK HealthCare is surpassing expectations, and in the process, transforming people’s lives, their communities and the ways health care is provided.
Extraordinary Year of Growth Exceeds Expectations

Last year I challenged UK HealthCare to continue moving forward in the pursuit of transforming health care for the people of Kentucky. Our successes have far exceeded my expectations.

Our extraordinarily successful year began with the addition of Good Samaritan Hospital to the UK HealthCare system. As fiscal year 2007 drew to a close, Chandler Hospital was at full capacity with no more ability to expand. The much-needed space promised by the new patient care facility will not be available to us until 2010 (Emergency Department) and 2011 (intensive care and acute care rooms). With the addition of Good Samaritan and many of its fine physicians, we were able to grow our patient volume in 2008 by 20 percent.

In its first year as part of the UK HealthCare system, UK Good Samaritan went from utilizing about 50 percent of its capacity to utilizing greater than 75 percent. By the end of the year, half of the surgeries at Good Samaritan were being performed by UK surgeons. To date, nearly $16 million has been spent to renovate patient care areas and to add or replace diagnostic and other equipment. The staff and physicians at Good Samaritan are pleased, the patients are pleased, and we are pleased. Because of careful planning, we still have room to grow at Good Samaritan.

UK HealthCare has grown from 19,000 discharges just five years ago to nearly 33,000 discharges in FY2008. A 70 percent increase in clinical activity is just amazing; I do not know of any other health care organization in the United States that has had this much growth within the same timeframe.

While it is fundamentally important for us to continue to grow, we must be ready with appropriate staffing and systems to support the growth. In the coming year we will continue to push ourselves to serve even more of those who need our services.

Thanks to these gains, we have moved up from the 25th percentile in size of academic medical centers to approaching the 75th percentile. UK HealthCare now has the clinical breadth, depth and scope to legitimately hope to become a Top 20 public research institution.

As our clinical activity has grown, so has our academic activity. This year a record number of applicants sought admission to our medical school. Research efforts have expanded; National Institutes of Health funding for the College of Medicine topped $68 million in the 2007 federal fiscal year.
“A 70 percent increase in clinical activity is just amazing; I do not know of any other health care organization in the United States that has had this much growth within the same timeframe.”

Michael Karpf, MD, Executive VP for Health Affairs
STRONG FINANCIAL HEALTH

Financially, we are secure. UK HealthCare’s revenue grew to $716 million, with an operational gain in fiscal year 2008 of $48 million. We have made sure that we generate the appropriate bottom lines to support all of our endeavors by being efficient and improving the revenue cycle so that we are reimbursed appropriately for the services we provide.

Our high rate of growth has enabled us to plan and build the facilities we need to provide the kind of advanced subspecialty care an academic medical center can and must provide. This growth has also given us financial security, which is not found within all health systems around the country.

The $532 million financing of our new patient care facility is secure: $250 million was borrowed as planned and is being spent down. Our improving volumes and efficiencies enabled us to accumulate cash. We intend to finish the new hospital as planned while maintaining appropriate and responsible cash reserves. Like others, our endowment accounts have been negatively affected by the market downturn, but conservative financial planning and management has protected our ability to pursue our strategies and plans.

PHYSICIANS KEY TO GROWTH

This was another banner year for recruiting outstanding physicians to our faculty. Faculty retention and recruitment are key to UK HealthCare becoming the region’s preferred provider of advanced specialty care. The UK College of Medicine now has 710 full-time faculty—a 15 percent increase since 2004.

Pediatric cardiovascular surgeon Dr. Mark Plunkett is one example of the success we have had at physician
Since arriving from UCLA, he has transformed pediatric heart surgery at UK. Because of him, we will be a national pediatric heart center, doing procedures and operations we never imagined offering the children of Kentucky and beyond.

Bringing respected pediatric subspecialists to UK has eased the minds of community pediatricians who were concerned about whether their young patients could be seen in a timely manner. By forging new relationships with referring pediatricians, we have seen a tremendous growth in the numbers of children coming to Kentucky Children’s Hospital (1,800 increase over previous year). Previously, many of these children would have been sent many miles away for their care, greatly inconveniencing their families.

BUILDING BRIDGES

When people need medical care, they generally want to stay close to home for as long as possible. It makes sense for their community hospitals and physicians to provide needed services to the greatest extent possible. But when specialized care is needed, UK HealthCare has taken steps to ensure easy and fluid access to all that our academic medical center has to offer.

We’ve continued to build strong relationships with regional rural health providers based on mutual respect and a clear understanding of how we can benefit each other. UK specialists see patients at several community hospitals that are a part of our UK-affiliated providers, including Ephraim McDowell Regional Medical Center (Danville), Harrison Memorial Hospital (Cynthiana), Rockcastle Hospital (Mt. Vernon) and St. Claire Regional Medical Center (Morehead). The Markey Cancer Center, Gill Heart Institute, Kentucky Children’s Hospital and the UK Transplant Center have each established formal networks with local hospitals and providers.

Greater than 50 percent of our patients come from more than 30 miles away. We are very much a growing referral center for the people of Kentucky.

RECOGNIZED FOR QUALITY

It was again a stellar year for national recognition of our focus on efficiency, quality, patient safety and service. Albert B. Chandler Hospital was among the Thomson Reuters 100 Top Hospitals™, receiving for the fifth time its National Benchmarks for Success award. We were the only major academic medical center in Kentucky to be ranked in the top 100.

The most recent list of Best Doctors in America® includes 106 UK HealthCare physicians—more than any other hospital in Kentucky. This number has grown from 64 physicians listed in 2005, and we believe that number will only continue to grow as the expertise of our faculty leads other doctors to seek them out for consultation and referral.

AN ATTITUDE OF GIVING

Developing a nationally recognized academic medical center requires the support of the community. This past year we have seen much evidence of a new interest in philanthropy at UK HealthCare. The new Makenna David Pediatric Emergency Center opened, thanks to Greg and Sheila David. Our new patient care facility will contain a chapel and other amenities made possible by philanthropy. Each heartfelt gift is appreciated because it shows a commitment to making us the hospital for all of Kentucky.

BUILDING FROM THE INSIDE

One might think the most exciting thing happening at UK HealthCare is the construction of our hospital of the future. But there is so much more happening at UK HealthCare. While there are signs of a transformation at all levels of the organization, we will not settle for anything less than being among the very best in the country. We now have a foundation strong enough to support our collective efforts to ensure the people of Kentucky never have to look beyond UK HealthCare for the finest medical care available.

Michael Karpf, MD
Executive Vice President for Health Affairs
UK HealthCare/University of Kentucky
UK Offers Hope for the Sickest of Patients

When Rebecca Boyd was two days old she was diagnosed with cystic fibrosis, a genetic disease that causes mucus to build up and clog the lungs, pancreas and other organs in the body. The tiny infant needed specialized care beyond what could be provided in her hometown of Pikeville or nearby hospitals. Her doctor sent her to UK HealthCare’s pediatric pulmonologist Jamshed Kanga, MD. Rebecca, now 23, grew up making regular visits to Kentucky Children’s Hospital and UK’s accredited cystic fibrosis center.
The resources necessary to support a transplant patient are extraordinary—generally only a large academic medical center can provide them. Pictured are a few of those who have cared for Rebecca in her lifetime.

“There was never a question about going any place else for my transplant.”

Rebecca Boyd, Double Lung Transplant Patient

When this chronic disease finally robbed Rebecca of her ability to breathe, a double lung transplant became her only option. The petite woman’s weight had dropped to 80 pounds. She could barely breathe. She pretty much lived in her bedroom, relying on her husband Justin to carry her wherever she needed to go.

Boyd was put on the transplant list in December 2007. On May 24, UK Transplant Surgeon Timothy Mullett, MD, replaced her diseased lungs with the healthy lungs of an organ donor. “When I woke up, I could actually breathe. Now I feel great,” she said.

The changing fabric of UK HealthCare is improving quality and access to advanced specialty care for Kentuckians such as Rebecca Boyd. No longer a small academic medical center, UK HealthCare has become a large tertiary referral center for patients needing the most advanced care medicine has to offer. Complex patients can have confidence the best of medicine will be available close to home—right here in Kentucky.

For Rebecca Boyd, UK HealthCare was her first and only choice. “There was never a question about going any place else for my transplant.”
Outreach Puts Patients First

UK HealthCare has “put the ‘O’ in outreach,” said Steve Estes, CEO of Rockcastle Hospital and Respiratory Care Center in Mount Vernon.

Rockcastle Hospital is one of several community health providers partnering with UK HealthCare to bring specialty care closer to the patients’ homes, while making it easier to access advanced care at UK should it be needed. In addition to Rockcastle, some of the more active partners include Cynthiana’s Harrison Memorial Hospital, Danville’s Ephraim McDowell Hospital and Morehead’s St. Claire Regional Medical Center.

“Before UK’s concerted effort to partner with community hospitals, it was difficult to get specialty and subspecialty physicians to come to rural areas such as Mount Vernon,” Estes said. That meant patients had to travel elsewhere for specialized care not available in their community.

In its third year of partnering with UK, Rockcastle started first with a Markey Cancer Center affiliation, followed by formal arrangements with the Gill Heart Institute and then Kentucky Children’s Hospital.

“Our goal is to have a different specialist or subspecialist in the community daily;” said Estes, “it really helps break down that barrier to access to advanced care for that mom and dad who want to do their best for their sick child, but who can’t travel to Lexington to see a pediatric specialist.” With predictable schedules,
Rockcastle Hospital CEO Steve Estes (left) says area residents are happy to have UK specialists such as cardiologist Rick McClure, MD (center), and endocrinologist Suman Jana, MD (right), in their community.

“Our goal is to have a different specialist or subspecialist in the community daily; it really helps break down that barrier to access to advanced care for that mom and dad who want to do their best for their sick child, but who can’t travel to Lexington to see a pediatric specialist.”

Steve Estes, Rockcastle Hospital CEO

he added, “community doctors build relationships with the specialists, and they know when to count on those doctors being available to see a patient in need.”

Estes said he now hears from patients who say that not having to travel to Lexington for chemotherapy treatments or other types of care has “made all the difference in their quality of life.”

UK’s outreach initiative is creating a virtual network of community-based health care providers spanning a population of more than 2 million people. Within this network, patients receive the most appropriate care in the most appropriate place. That means staying close to home near family and friends for as long as possible, coming to Lexington only when the services of an academic medical center are needed. This is good for the patient, and community health care providers also benefit as they are often major economic drivers in their communities.

UK’s outreach efforts have helped in other ways as well. “At our monthly medical staff meetings, we’ll have a UK medical education component that is absolutely outstanding; doctors no longer need to leave to get their continuing education,” said Estes. Training for doctors and hospital staff is also offered on the UK HealthCare campus.

By taking advantage of UK’s purchasing agreements with national vendors, Rockcastle was able to buy a 64-slice CT scanner at a deeply discounted price.

“We would not have this type of technology if we did not have UK’s partnership. If this diagnostic tool picks up one more precancerous lesion or an evolving heart attack, that’s a benefit to this community and our patients.”
Lexington pediatrician Katrina Hood, MD, remembers how it used to be when she and her colleagues were reluctant to refer their young patients to UK doctors they didn’t know or trust. They only sent their sickest children to UK when advanced specialists were needed, admitting children with less critical needs to other area hospitals.

Then two things happened: UK started monthly Pediatric Roundtable meetings to bring community physicians together with faculty physicians, and liaisons from UK began working with area doctors to identify and resolve concerns about patient care.

“Before, there was very little effort to bridge understanding and communication between the private and academic physicians,” said Philip Bernard, MD, UK’s medical director of transport and outreach. “Now we listen to their concerns and take action to resolve those concerns. We’ve also increased their understanding of what we can do, and we also have a much better understanding of what they can do.”

Dr. Hood found the changes so encouraging that she began to work with Dr. Bernard and others to find ways to “make UK a better, more personalized experience.” Her commitment led to her being named the first chief of community pediatrics.

Some of the problems tackled include making it easier to get appointments and to admit patients to Kentucky Children’s Hospital. The specialists are better about getting back to the pediatrician with information about their patients; the pediatricians can even check on a patient’s status and get immediate results for diagnostic tests done at UK from their own computers, using a private Web-based service available only to referring physicians. If there is a problem with a patient’s...
“I think we have made effective changes; now we know the doctors at UK and feel comfortable sending our patients over to them, knowing they are going to come back to us.”

Katrina Hood, MD, Chief of Community Pediatrics

Lexington pediatrician Katrina Hood, MD, UK’s first chief of community pediatrics, helps improve patient care at Kentucky Children’s Hospital by sharing her concerns and ideas, as well as those of her colleagues.

care, the doctors can call a physician liaison to get prompt assistance. A dedicated physician-to-physician phone line, UK-MDs, makes it easy to arrange a consultation. Doctors are also being asked for ideas on how to design UK programs and services.

Dr. Bernard believes the biggest change is that academic and community physicians are “now on the same team, and we’re all taking care of that patient. That means patient outcomes are improved.”

“I think that we have made effective changes,” said Dr. Hood. “Now we know the doctors at UK and feel comfortable sending our patients over to them, knowing they are going to come back to us.”
When all is said and done, health care is “a human endeavor,” said Richard Lofgren, MD, chief clinical officer and vice president for healthcare operations. “It’s about taking care of a scared person who is sick; it’s about respect, clear communication and concern about patients as people.”

With unprecedented growth propelling UK HealthCare toward being one of America’s Top 20 medical centers, it would be easy to lose sight of the personal side of health care. That’s why much attention is being given to embracing a culture of service.

Today, UK HealthCare has an entire department dedicated to customer service, its staff working alongside clinicians, managers and administrators to help patients and their loved ones navigate a complex and sometimes confusing medical system. Customer service staff find answers to questions and work to assure that expectations of quality care are met or exceeded. Yet, it would be a mistake to think a single department is solely responsible for customer service.

Customer service—respectful, personalized patient care—is the responsibility of every UK HealthCare employee.

Developing that environment of service requires attention be given to the employees who will provide that service. A large-scale initiative began in 2008 to educate UK HealthCare’s 10,000 employees on expected standards of behaviors—how to do the right things for patients and other customers, as well as for each other. In the coming months, even more attention will be placed on the staff, making sure that a stellar workforce has the tools and support needed to provide the exceptional care UK HealthCare expects for all of its patients.

“We are continually striving to provide the best service, for both the patient and the employee,” said Dr. Lofgren. “We want to be the big academic center with a warm heart, blending medical advances with the compassion and warmth of the human touch.”
“We want to be the big academic center with a warm heart, blending medical advances with the compassion and warmth of the human touch.”

Richard Lofgren, MD, Chief Clinical Officer and VP for Healthcare Operations
innovative in implementing ideas to improve patient care. “I think patients now know that they are going to get cutting-edge care and that should bring them a sense of comfort.”

When anesthesiologist Daniel Goulson, MD, joined UK more than a decade ago, “it was an organization not driven in a particular direction, therefore it seemed chaotic.” Now, chaos is simply the result of being busy as the center has reached its maximum capacity. “It feels like we are going in a particular direction and that type of chaos is a lot easier to accept,” said Dr. Goulson, CAS medical director.

Sanford Archer, MD, a head and neck surgeon, finds the changes “phenomenal.”

The excitement and anticipation that comes from making a shared vision of excellence a reality is re-energizing UK HealthCare physicians and staff. Throughout the health care system, new attitudes are driving day-to-day changes. Long-time employees in the UK Center for Advanced Surgery (CAS), Chandler Hospital’s dedicated outpatient surgery center, have a good vantage point from which to see and experience the shifting culture.

“I was a bit leery when we set such bold goals, but now it feels much better to have a goal and to know that we are accomplishing that goal,” said Lara Blake, RN, CAS clinical education, quality assurance and safety coordinator. Blake, who has been with UK 26 years, said that staff is now encouraged to be
“It used to be the hospital was on one side of the street and the doctors were on the other side; now we are one big happy family, we interact incredibly well together.”

Sanford Archer, MD, head and neck surgeon

It used to be the hospital was on one side of the street and the doctors were on the other side,” said Dr. Archer, a 20-year UK veteran. “Now we are one big happy family, we interact incredibly well together.”

Being asked to help design the CAS to better improve both the surgeon and the patient experience was a welcome turning point in enterprise practice, he noted.

The innovative design as well as a staff dedicated to the patient’s experience has paid off. Surgical tech Jo Sexton has spent 19 years in UK operating rooms, first in the hospital’s main surgical suite—and now at the CAS. “We’ve always taken good care of our patients, but now we have more things in place for them to feel more comfortable. We get lots of letters from patients and families telling us about what good care they got.” Surveys consistently place the CAS in the 90th percentile nationally in patient satisfaction.

After 20 years, UK’s Chief of General and Vascular Surgery Patrick McGrath, MD, sees a “huge change in mindset—the place is much busier, there is an emphasis on getting things done, on taking care of patients.” As a result, recruitment of top-notch surgeons has gotten easier. “People sense there is an atmosphere of growth, that this is an exciting place to be now.”

Peri-anesthesia nurse Pamma Townsend, RN, agrees. “The building of the new hospital lets us know that leadership is looking towards the future and there is a vision for the hospital; I know it makes us all proud to work here.”
Acquiring the Talent and Capabilities to Rival the Nation’s Best

Part of being a Top 20 academic medical center is having the depth and breadth of clinical expertise to provide the most advanced, complex medical care. Successful recruitment of stellar medical staff provides the “underpinning to our philosophy that no matter what type of health care problems you have, you don’t have to leave Kentucky to get the care you need,” said Jay Perman, MD, dean of UK’s College of Medicine and vice president for clinical affairs. “You can come to UK HealthCare.”
Bold and aggressive moves that have hardwired excellence into the heart of UK HealthCare have helped with recruiting key faculty. All but one of the vacancies in medical leadership positions are now filled, said Dr. Perman. In the past year, notable recruits include M. Elizabeth Oates, MD, chair of diagnostic radiology, and Mark Plunkett, MD, chief of cardiothoracic surgery. Highly respected UK veteran, Phillip Tibbs, MD, was named chair of the new department of neurosurgery at year-end.

Now there are more than 710 full-time faculty in the College of Medicine, a 15 percent increase since 2004. The increase in faculty helps support UK’s research agenda, with 2007 funding from the National Institutes of Health totaling about $68 million.

“You now we are recruiting for very specific needs and that’s more difficult because there is a smaller pool of potential candidates,” said Dr. Perman. “For example, in cardiology, we need more electrophysiologists and a heart failure subspecialist, and we are mounting an enhanced heart transplant program; in neurosurgery we are recruiting for people who can treat vascular abnormalities; and we need additional pediatric radiologists.”

While the weak economy and housing market make it tougher to entice leading physicians, “once we get them to UK they fall in love with the medical campus and the community.” Recruited faculty are also intrigued by a governance structure that has created a spirit of collaboration at all levels of the enterprise—a rarity in traditional academic medical centers.

Bringing talented physicians to join a faculty that includes some of the nation’s best doctors also helps with recruiting applicants to UK’s medical school. There’s been a 125 percent increase in applicants over the last three years, and the scholastic quality of the students applying is now at its highest ever.

Attracting, keeping and training outstanding physicians at UK is necessary to continue building a solid base of clinical services as well as to further research initiatives. “It’s critical in fulfilling our mandate of becoming a Top 20 academic medical center.”

“You don’t have to leave Kentucky to get the care you need.”

Jay Perman, MD, Dean of the UK College of Medicine and VP for Clinical Affairs
“Truly great academic medical centers turn to the community for strong, strategic philanthropic support to help propel them into the future,” asserts Michael Karpf, MD, executive vice president for health affairs. “That’s the kind of support UK HealthCare is now getting from grateful patients, community leaders, businesses and area residents who appreciate the value of what we do and why we are important to the people of Kentucky.”

This budding culture of philanthropy is already having an impact. Commitments of the last fiscal year enabled UK HealthCare to increase the budget for the first phase of construction of the new patient care facility. Donor support is adding special features that will help make the new hospital a welcoming, comforting place for all. Construction of a new state-of-the-art auditorium for health education and performing arts, a chapel, large surgical waiting area, pediatric emergency center, as well as public art, have been accelerated thanks to philanthropy.

Gifts are also fueling intellectual development. Endowed chairs and professorships, research funds and start-up support help attract and retain the best physician scientists to the transplant program, pediatric subspecialty services, and centers of excellence in areas such as cancer, Alzheimer’s disease, diabetes and trauma.
Kentucky Children’s Hospital (KCH) is thriving thanks to the active and enthusiastic support of philanthropic leaders. Some 30 business and community representatives serve on the KCH Executive Development Council. “They don’t just raise money; they are really passionate about improving the lives and health of the children of Kentucky,” said Timothy Bricker, MD, chair of the department of pediatrics, physician-in-chief of KCH and a tireless advocate. “They help get the word out about UK’s growing capacity to serve the children of the Commonwealth, make their own gifts, and reach out to encourage others to show their support.

“Gifts from council members include donations from Dan and Ginger Martin and council Chairman Jim and Suzanne Elliott to help establish the Kentucky Pediatric Research Institute; a gift from the Makenna Foundation, led by Greg and Sheila David, supports the new Makenna David Pediatric Emergency Center; a gift from Lexington attorney Rusty Hembree, whose late wife Joy was a founding member of the council and the Kentucky Children’s Hospital, funds an annual award for KCH employees who go above and beyond the call of duty; and family members of council member Missy Scanlon donated a pediatric transport isolette in honor of her 50th birthday.

Gifts come in all sizes. “We have participation at all levels, from the thousands of annual gifts we receive through radiothons, the Children’s Miracle Network drive and special appeals to individual gifts that fuel our research enterprise and make facility renovation and expansion possible,” Dr. Karpf said.

“The heart and dedication exhibited by the KCH Executive Development Council represents the kind of culture and loyalty we want to build throughout UK HealthCare,” Dr. Karpf continued. “To achieve our ambition to be among the very best places in the country, we need the community’s support. Every gift shows a commitment from people who are proud of our UK HealthCare system.”

“Truly great academic medical centers turn to the community for strong, strategic philanthropic support to help propel them into the future.”

Michael Karpf, MD, Executive Vice President for Health Affairs

Asking for grassroots support via a radioathon—as shown here by KCH Physician-in-Chief Timothy Bricker, MD, and patient Hunter Blair—is a fun way to involve the community in pediatric needs.
Transforming CARE
UK HealthCare’s outstanding year is due in large part to the successful melding of UK Good Samaritan Hospital into the UK HealthCare family. “One expects a few bumps in the road when you try to do something this major,” reflected Michael Karpf, MD, executive vice president for health affairs, “but adding Good Samaritan went more smoothly than any of us anticipated. It’s part of the family now; as integral as if it were another wing of the hospital.”

UK HealthCare had little room for growth without the additional capacity afforded by the July 1, 2007, purchase of Samaritan Hospital. An average 10 percent annual growth in patient volume from 2004 to 2007 had left UK Chandler Hospital filled to capacity and its emergency department overflowing with patients waiting for acute- or intensive-care beds. By acquiring the community hospital located at the north end of campus, UK was able to grow patient volume this year by an astounding 20 percent. And relieving pressure at Chandler Hospital created more room for high-acuity patients needing complex care—shifting those with less complex needs to the more comfortable setting a community hospital provides.

Good Samaritan Acquisition Benefits Everyone

Above Prestonsburg resident Jerry Patton (left) came to UK Good Samaritan for a hip replacement and was able to start physical therapy with William Carpenter, PT, right away thanks to a new exercise gym on the 5th floor.

Opposite UK Good Samaritan’s Chief Nursing Officer Caroline Henderson (left) finds out how Amanda Meeks, LPN, is settling in on her recently renovated medical-surgical unit.
Upon purchase, the Good Samaritan name was reclaimed for the downtown hospital that has been in operation since 1888. And today Good Samaritan Hospital is thriving. The purchase preserved about 500 jobs, saved a much-needed community resource and is giving the 400 members of Good Samaritan’s medical staff an enhanced clinical facility.

In its first year as a member of the system, UK HealthCare has invested nearly $16 million in Good Samaritan to bring the facility up to date on information technology, replace outdated equipment, renovate patient care and waiting areas, and create new homes for clinical programs moving from Kentucky Clinic to the Good Samaritan campus.

For many years Good Samaritan has been known for its strength in family medicine, orthopaedic surgery, diagnostic imaging and psychiatric care. The 302-bed hospital with freestanding diagnostic center and medical office building has long provided a variety of respected programs, including a sleep diagnostic center, wound care center, physical medicine and rehabilitation, diagnostic imaging and a 24-hour emergency center. Post-purchase Good Samaritan retains all of those fine programs and is adding more to its campus.

Recently, the UK Orthopaedic Spine & Total Joint Service; UK Asthma, Allergy and Sinus Clinic; and UK Surgical Specialties Clinic relocated to the Good Samaritan campus from Kentucky Clinic. And work is under way to establish the new Gill Heart Institute Cardiac & Pulmonary Rehabilitation Program there. Offering these services at Good Samaritan makes it easier on patients who can take advantage of convenient free parking, additional capacity in diagnostic and treatment services, and a smaller campus. The relocations also open up additional space at Kentucky Clinic, making it possible to expand other fast-growing services.

It’s a win-win for patients, physicians, staff and the community.

“UK’s purchase of Good Samaritan has assured our future and the future of the services we offer to the community. I’m still trying to get my mind around the breadth and depth of the university’s resources now available to us. It’s really amazing.”

Caroline Henderson, RN, MSN, CNS, Good Samaritan Chief Nursing Officer
New UK Chandler Hospital: Progress Visible From Every Angle

In November 2007 the new 1,600-space Chandler Hospital Garage opened and the former garage was razed to make room for the new University of Kentucky Albert B. Chandler Hospital.

Significant progress was made in 2008 on Phase I of the project, which encompasses the garage and the “fitting out” of 550,000 square feet of the new 1.2 million-square-foot hospital constructed as a four-story podium and two eight-story patient bed towers. Scheduled to be complete in 2011, Phase I provides 128 private patient rooms, a new emergency department, ancillary clinical support services and patient-family amenities and spaces.

Phase I financing, budgeted at $532 million, is secure. In November 2005, UK HealthCare borrowed $250 million through the sale of bonds and began spending down those funds on the project. The remainder of the financing comes from cash reserves and philanthropy.

The new Chandler Emergency Department (ED)—opening summer 2010—covers an area nearly the size of a football field. Key features are separate entrances, waiting and treatment areas for adults and children, dedicated ancillary support space, as well as treatment areas geared to the severity of a patient’s condition.

Inpatient floors in the new facility form a “platform of care,” anchored on the ends by intensive care units (ICU). All patient rooms are private, offering large windows with lots of natural light and space for clinical equipment at the bedside to limit the movement of patients. Rooms have advanced monitoring, support capacity and patient lifts. A nurses’ workstation outside each room supports patient and nurse
“Fifty years ago the original Chandler Hospital marked a commitment to provide the best patient-centered care for all of Kentucky. We’re building on that legacy today and setting our sights even higher.”

Murray Clark, Associate VP for Health Affairs

interaction. Room amenities include a flat-screen TV, large bathroom with shower, desk with wireless Internet access, cabinets for belongings and a settee that doubles as a comfortable guest bed.

“We’ve based our design on principles that focus on patient-centered care,” said Murray Clark, associate vice president for health affairs. That thoughtful approach extends to use of Kentucky art and native landscaping as part of a healing environment.

Philanthropy is playing an important role in making this state-of-the-art, patient-centered facility a reality. “Gifts of the heart show the commitment of Kentuckians to making this the very best hospital in the world,” said Michael Karpf, MD, executive vice president for health affairs. Thanks to donor support, public amenities such as the auditorium, chapel, health education center, surgical waiting area and gift shop are opening in the first phase of construction.

As patient-care floors are opened in the new facility, patient rooms in the present-day Chandler Hospital will be converted to private rooms. Both buildings as well as the Markey Cancer Center will be used to provide inpatient services until the remainder of the new facility is complete.

“Fifty years ago the original Chandler Hospital marked a commitment to provide the best patient-centered care for all of Kentucky,” Murray Clark concluded. “We’re building on that legacy today and setting our sights even higher.”

Murray Clark (left), associate vice president for health affairs, pictured with Chad Denny of Turner Construction Co.
“This year we have invested more than $52 million upgrading our existing environment,” said UK HealthCare Chief Financial Officer Sergio Melgar, “while spending more than $100 million a year building the new patient care facility.”

Some might have considered delaying other capital investment given the size of the hospital construction project under way. This was not an acceptable option for Melgar and others in leadership. Rather, they are committed to the necessary pace of investment in facilities and technology to ensure UK HealthCare remains at the leading edge of 21st century medicine.

Notable expenditures set aside in fiscal year 2008 include nearly $10 million for a new imaging center located in the Linda and Jack Gill Building. Housed within this outpatient diagnostic center will be the UK Advanced Cardiovascular Imaging Program and the latest generation of CT technology: two 64-slice CT scanners, one of them a dual-source scanner. A first for Kentucky, the innovative dual-source technology is about twice as fast as other CT machines, capturing precise images of a beating heart in seconds and reducing the need for heart-slowing medications, while providing exceptional views to aid in diagnosis and treatment decisions.
head and neck cancers and other conditions with stereotactic radiosurgery, often completely avoiding the surgeon’s scalpel.

The Markey Cancer Center will also be home to the only Tomo Therapy Hi-Art® system in eastern Kentucky. This state-of-the-art equipment combines the accuracy of intensity-modulation radiation therapy (IMRT) with a CT scanner. The result is highly precise treatment plans, more effective treatment and minimized side effects for patients.

“The new patient care facility represents the future, but we must continue to invest in what we have to offer today, whether it’s upgrades in information technology, surgery, imaging equipment or any other service that impacts our ability to provide optimal health care to Kentuckians.”

Sergio Melgar, Senior VP for Health Affairs and Chief Financial Officer

Also within the Gill Imaging Center, two new magnetic resonance imaging (MRI) units expand UK HealthCare’s already impressive imaging capabilities. The 1.5 Tesla (1.5T) MRI unit is the clinical standard for studies of the breast, chest, heart, abdomen, bones and joints, and spine. The 3T MRI unit benefits from an even higher magnetic field and is perfect for advanced studies of the brain and vascular system.

Nearly $14 million is being invested in the new radiation medicine facility under construction adjacent to the Markey Cancer Center. Expected to open in spring 2009, this new facility will be home to the UK Brain & Body Radiosurgery Program. The next generation of Gamma Knife® technology will be available and will broaden UK HealthCare's ability to treat
Transforming COMMUNITIES
Strong leadership combined with clear vision and financial strength is changing the way the University of Kentucky provides advanced medical care to the state’s citizens.

Only five years ago UK’s medical enterprise was experiencing a decline in patient volume, loss of key faculty and diminishing funding for clinical research. “We had funds but we had failed to grow. We were a small, struggling academic medical center at the 25th percentile in comparison to the nation’s other academic medical centers (AMCs),” recalled UK Trustee James Hardymon, chair of the board’s University Health Care Committee. He credits UK President Lee Todd for bringing in a management team led by Michael Karpf, MD. “It took a new management team’s larger vision to make things work. UK can’t be a Top 20 public research university without a thriving medical center.”

Now the academic medical campus of the future is quickly becoming the campus of today. Current activity places UK HealthCare near the 75th percentile of AMCs. Very possibly the fastest growing health system in the nation, UK HealthCare has experienced a 70 percent increase in clinical activity since a low point five years ago. It has grown from about a $300 million operation to about an $800 million operation.
Recruitment of top-notch physicians in much-needed specialty and subspecialty areas is up. Research funding from the National Institutes of Health has increased more than $50 million from 2001. Growth in research and clinical activity has transformed the UK College of Medicine from about a $300 million operation into a $500 million one. Together, the College of Medicine and the hospitals make UK HealthCare a $1.3 billion organization. And UK HealthCare’s strong financial posture is fueling construction of the new patient-care facility, acquisition of Good Samaritan Hospital, and investment in people, technology and improvements to existing facilities.

“Growth is always fun,” Hardymon observed, “It energizes everyone. We’re taking advantage of this period to strengthen our relationship with community providers—bringing them services for their patients at their local facility.”

By partnering with outlying hospitals and physicians, UK HealthCare is bringing expertise to rural areas so that patients can receive medical care closer to home. Lexington will increasingly be a destination for advanced specialty services not available in the local areas. UK’s acquisition of Samaritan Hospital benefited the local community by saving hundreds of paychecks, creating new jobs and increasing access to specialized services and physicians.

Hardymon speaks with pride about the accomplishments achieved in such a short time. “It’s not just about spending the money we have, but it’s assuring that we are spending it well to benefit the people of the Commonwealth.”
## Operating Statistics for years ending June 30

### DISCHARGES

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare</td>
<td>6,225</td>
<td>7,093</td>
<td>9,383</td>
</tr>
<tr>
<td>Medicaid</td>
<td>7,005</td>
<td>7,828</td>
<td>8,956</td>
</tr>
<tr>
<td>Commercial/Blue Cross</td>
<td>8,827</td>
<td>9,074</td>
<td>10,884</td>
</tr>
<tr>
<td>Patient/Charity</td>
<td>2,703</td>
<td>3,297</td>
<td>3,706</td>
</tr>
<tr>
<td><strong>Total Discharges</strong></td>
<td><strong>24,760</strong></td>
<td><strong>27,292</strong></td>
<td><strong>32,929</strong></td>
</tr>
<tr>
<td>Number of Beds</td>
<td>473</td>
<td>473</td>
<td>791</td>
</tr>
<tr>
<td>Average Daily Census</td>
<td>369</td>
<td>406</td>
<td>487</td>
</tr>
<tr>
<td>Average Length of Stay</td>
<td>5.43</td>
<td>5.43</td>
<td>5.41</td>
</tr>
<tr>
<td>Case Mix Index</td>
<td>1.71</td>
<td>1.67</td>
<td>1.61</td>
</tr>
</tbody>
</table>

### SURGERY

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operative Cases</td>
<td>20,075</td>
<td>20,669</td>
<td>24,228</td>
</tr>
</tbody>
</table>

### OUTPATIENT

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital clinic visits</td>
<td>275,608</td>
<td>290,910</td>
<td>340,867</td>
</tr>
<tr>
<td>Emergency visits</td>
<td>44,646</td>
<td>45,655</td>
<td>65,962</td>
</tr>
<tr>
<td><strong>Total Outpatient Visits</strong></td>
<td><strong>320,254</strong></td>
<td><strong>336,565</strong></td>
<td><strong>406,829</strong></td>
</tr>
</tbody>
</table>

### OTHER SERVICE RELATIONSHIPS

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Referring Physicians</td>
<td>1,715</td>
<td>3,070</td>
<td>4,020</td>
</tr>
<tr>
<td>UK-MDs Physician Calls</td>
<td>99,334</td>
<td>115,099</td>
<td>131,049</td>
</tr>
<tr>
<td>Health Connection Consumer Calls</td>
<td>62,168</td>
<td>109,751</td>
<td>116,145</td>
</tr>
<tr>
<td>Web Site Users (Avg./Mo.)</td>
<td>25,772</td>
<td>60,339</td>
<td>69,069</td>
</tr>
</tbody>
</table>
Trends

Discharges

Grants and Contracts Awarded

($ in millions)

Operating Revenue*

($ in thousands)

*Note: Historical operating revenue as presented above includes bad debt, which differs from the audited GASB statements.
## Financial Statements

*Financial Statements for years ending June 30*

### CONDENSED STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS  ($ in thousands)*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Patient Revenue</td>
<td>$574,901</td>
<td>$699,236</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>7,303</td>
<td>17,225</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>582,204</strong></td>
<td><strong>716,461</strong></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>565,097</td>
<td>667,984</td>
</tr>
<tr>
<td>Operating Income</td>
<td>17,107</td>
<td>48,477</td>
</tr>
<tr>
<td>Nonoperating Revenue (Expenses)</td>
<td>39,413</td>
<td>(9,303)</td>
</tr>
<tr>
<td>Income Before Transfers to UK</td>
<td>56,520</td>
<td>39,174</td>
</tr>
<tr>
<td>Transfers to UK/Other</td>
<td>(9,314)</td>
<td>(19,831)</td>
</tr>
<tr>
<td><strong>Total Increase in Net Assets</strong></td>
<td><strong>$47,206</strong></td>
<td><strong>$19,343</strong></td>
</tr>
<tr>
<td>Operating Margin</td>
<td>2.9%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Total Margin</td>
<td>8.1%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

### NET PATIENT REVENUE BY FUNDING SOURCE  ($ in thousands)*

<table>
<thead>
<tr>
<th>PAYOR</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare</td>
<td>$147,569</td>
<td>$195,494</td>
</tr>
<tr>
<td>Medicaid</td>
<td>125,607</td>
<td>145,983</td>
</tr>
<tr>
<td>Commercial/Blue Cross</td>
<td>247,456</td>
<td>310,130</td>
</tr>
<tr>
<td>Patient/Charity</td>
<td>54,269</td>
<td>47,629</td>
</tr>
<tr>
<td><strong>Total Net Patient Revenue</strong></td>
<td><strong>574,901</strong></td>
<td><strong>699,236</strong></td>
</tr>
<tr>
<td>Bad Debt</td>
<td>(44,773)</td>
<td>(46,144)</td>
</tr>
<tr>
<td><strong>Total Net Patient Revenue including Bad Debt</strong></td>
<td><strong>$530,128</strong></td>
<td><strong>$653,092</strong></td>
</tr>
</tbody>
</table>

*Note: The method for reporting operating revenues and expenses changed in fiscal year 2008 to comply with recent GASB statements; in the audited statements operating revenue is net of bad debt, which was previously reported as an operating expense.*
## CONDENSED STATEMENTS OF NET ASSETS ($ in thousands)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$238,677</td>
<td>$272,386</td>
</tr>
<tr>
<td>Capital Assets, Net of Depreciation</td>
<td>252,440</td>
<td>350,241</td>
</tr>
<tr>
<td>Other Noncurrent Assets</td>
<td>311,146</td>
<td>406,604</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>802,263</strong></td>
<td><strong>1,029,231</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td>51,032</td>
<td>74,665</td>
</tr>
<tr>
<td>Noncurrent Liabilities</td>
<td>178,441</td>
<td>362,433</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>229,473</strong></td>
<td><strong>437,098</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested in Capital Assets, Net of Related Debt</td>
<td>128,207</td>
<td>135,130</td>
</tr>
<tr>
<td>Nonexpendable Other</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Restricted Expendable</td>
<td>8,412</td>
<td>17,118</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>436,157</td>
<td>439,871</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>$572,790</strong></td>
<td><strong>$592,133</strong></td>
</tr>
</tbody>
</table>

Statement of net assets and related statements of revenues, expenses and changes in net assets for the year ended June 30, 2008, were audited by BKD, LLP, of Louisville, Ky.
“If you do one thing at work 1,000 times, you’re probably pretty good at it, right? You don’t even have to think about what you’re doing—you just do it. But redundant tasks tend to get boring, and pretty soon, people get distracted and are more prone to mistakes,” said UK HealthCare’s Chief Medical Officer Paul DePriest, MD.

One way to engage and energize our health care providers is to ask them to think about how they can do that job better, more efficiently and more error free. “By doing that, we create a cycle of improvement that keeps our brains engaged,” he added. “Every day we want those coming to work for UK HealthCare involved in improving the systems and processes of care and improving their clinical skills. This work-place engagement improves employee satisfaction, leads to better patient outcomes, and helps build more cost-effective care.”
This mindset is a major part of UK HealthCare’s drive to improve patient-care delivery as measured by increasing quality, safety, efficiency and service. “We have hardwired standardized practices known to result in better patient outcomes,” said Joseph Conigliaro, MD, director of the UK Center for Enterprise Quality and Safety. Examples include routinely giving aspirin to patients with chest pain or making diet and medication counseling a standard part of treating chronic heart failure. “The center’s goal is to push the envelope, to be a leader, not a follower, finding evidence about better ways to implement standards for the good of the patient.”

Historically, each nurse or doctor had a slightly different way of caring for patients. “It was almost like an artisan form of medicine,” said Dr. DePriest. But as goals are achieved and improvements are noted in patient satisfaction and outcomes, the concept of standardization is being embraced.

Physicians, nurses, pharmacists and other professionals are working together in teams to improve care delivery. “A multidisciplinary team in the cancer service line, for example, meets regularly and is held accountable for the quality, safety and efficiency of the services they render,” CMO DePriest explained. “This requires a different level of communication than in the past and a renewed respect among team members.

“We’ve committed to a high standard of care in nine clinically relevant measures for heart attack, heart failure and pneumonia. Our commitment has been met in most areas and we are well above it in other areas,” said Dr. DePriest. Other measures of success for UK HealthCare include being ranked on the Thomson Reuters 100 Top Hospitals™ list and receiving the University HealthSystem Consortium Rising Star Award for 2007 as a Top Performer in Quality Improvement.

“Every day we want those coming to work for UK HealthCare improving the work they do and their skills. This improves employee satisfaction, it leads to better patient outcomes, and it is more cost-effective care.”

Paul DePriest, MD, Chief Medical Officer
### Oversight

#### COLLEGE OF DENTISTRY

**Administration**
- Sharon P. Turner, DDS, JD, Dean
- Richard H. Haug, DDS, Executive Associate Dean
- Jeffrey L. Ebersole, PhD, Associate Dean of Research
- Ronald W. Botto, PhD, Associate Dean of Academic Affairs
- Randall J. Gonzalez, Associate Dean of Administrative Affairs

**Chairs**
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- Jeffrey P. Okeson, DMD, Oral Health Science

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- Sharon Stewart, EdD, Associate Dean for Academic Affairs
- Charlotte Peterson, PhD, Associate Dean for Research

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- Judith Page, PhD, Rehabilitation Sciences

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- C. Darrell Jennings, MD, Senior Associate Dean for Medical Education

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- Leslie Crofford, MD, Center for the Advancement of Women’s Health
- William R. Markesbery, MD, Sanders-Brown Center on Aging
- Robert Means, MD, (Interim) Markey Cancer Center
- Don M. Gash, PhD, Magnetic Resonance Imaging & Spectroscopy Center
- Baretta Casey, MD, Rural Health Center
- Edward D. Hall, PhD, Spinal Cord & Brain Injury Research Center
- Emery Wilson, MD, Office of Health, Research & Development
- Sharon Walsh, PhD, Center on Drug & Alcohol Research
- David Moliterno, MD, Linda & Jack Gill Heart Institute
- Byron Young, MD, Kentucky Neuroscience Institute
- Greg Gerhardt, PhD, Morris K. Udall Parkinson’s Disease Research Center
- Louis B. Hersh, PhD, Senior Associate Dean for Basic Science Affairs
- Carol Elam, EdD, Associate Dean for Admissions & Institutional Advancement
- James Norton, PhD, Associate Dean for AHEC & Community Outreach
- Peter Gilbert, Associate Dean for Administration & Finance
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- Edwin A. Bowe, MD, Anesthesiology
- Carl G. Leukefeld, DSW, Behavioral Science
- M. Elizabeth Oates, MD, Diagnostic Radiology
- Roger L. Humphries, MD, Emergency Medicine
- Samuel C. Matheny, MD, Family & Community Medicine
- Fred de Beer, MD, Internal Medicine
- Alan M. Kaplan, PhD, Microbiology, Immunology & Molecular Genetics
- Byron Young, MD, Neurosurgery
- Lisa Cassis, PhD, Graduate Center for Nutritional Sciences
- Philip W. Landfield, PhD, Molecular & Biomedical Pharmacology
- Louis B. Hersh, PhD, Molecular & Cellular Biochemistry
- Joseph R. Berger, MD, Neurology
- James E. Ferguson, MD, OB/GYN
- P. Andrew Pearson, MD, Ophthalmology
- Darren L. Johnson, MD, Orthopaedic Surgery
- Paul Bachner, MD, Pathology & Laboratory Medicine
- J. Timothy Bricker, MD, Pediatrics (Kentucky Children’s Hospital)
- Gerald V. Klim, DO, Physical Medicine & Rehabilitation
- Michael B. Reid, PhD, Physiology
- Lon R. Hays, MD, Psychiatry
- Marcus Randall, MD, Radiation Medicine
- Joseph Zwischenberger, MD, Surgery
- Mary Vore, PhD, Graduate Center for Toxicology
- Alan Daugherty, PhD, DSc, Cardiovascular Research Center
- Leslie Crofford, MD, Center for the Advancement of Women’s Health
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38 Transforming Communities
Looking beyond 2008, UK HealthCare remains focused on providing the highest level of advanced medicine to the Commonwealth while building facilities and services that bridge the art and science of medicine.

By integrating art, music and landscaping into the health care environment, healing, comforting surroundings are being created where compassionate care can thrive. The beauty of Kentucky’s landscape will blend with the distinctive flair of its artisans whose work will be showcased. Our hope is that art will draw people to us before they have need of us.