

THE UNIVERSITY
OF KANSAS HOSPITAL
— **KUMED** —

1990's



- Declining patient volumes and revenues
- Outdated medical technology
- Facility in disrepair
- Low patient satisfaction
- Low morale
- Image not recovered from heart transplant issue
- Projected loss of \$20 million

1998



- Legislature and Governor Approved Hospital Authority
- Independent Board of Directors
- Permitted own bonding authority
- Ability to be run like a business

Hospital's Mission

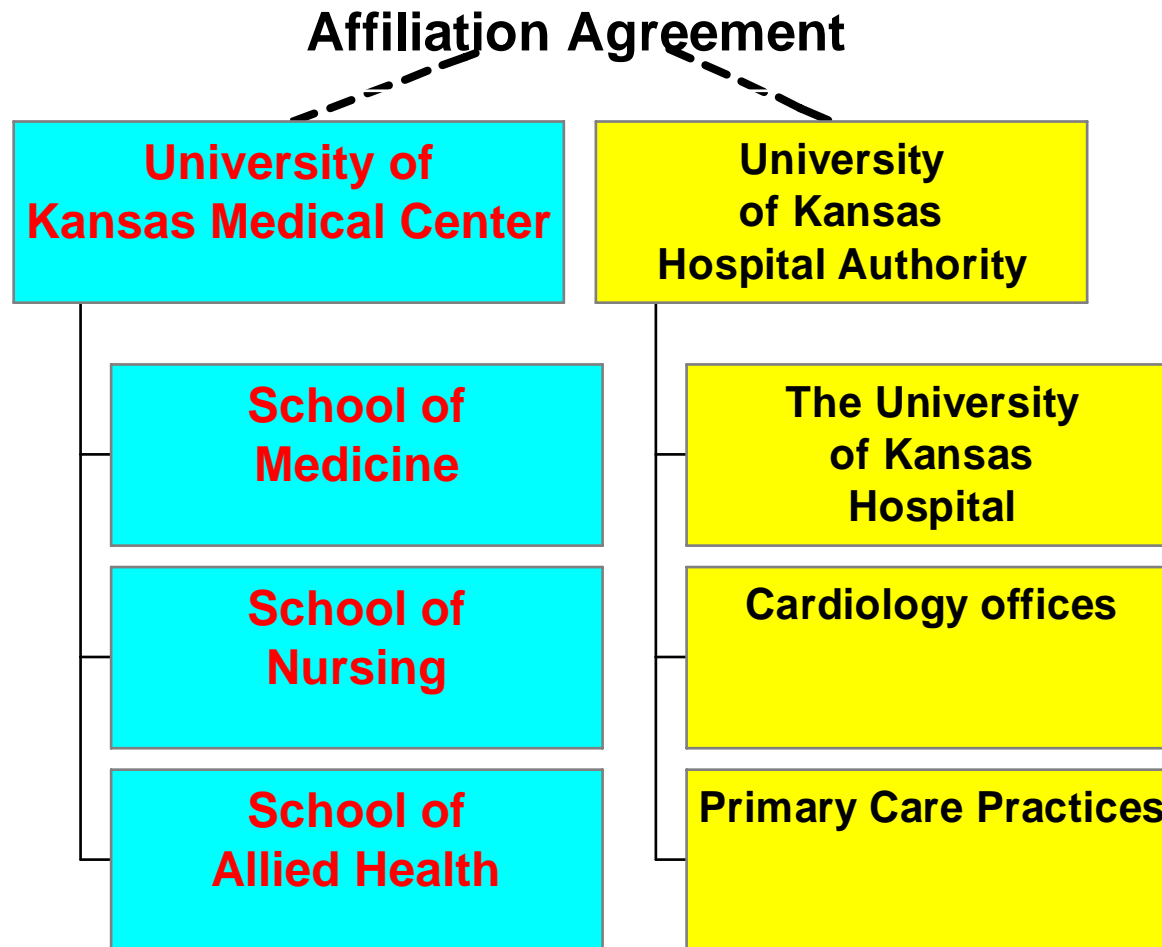
Statute 76-3302-(7) the needs of the citizens of the state of Kansas and of the university of Kansas medical center and its health sciences schools will be best served if the university of Kansas hospital is transferred to and operated by an independent public authority charged with the mission of operating a teaching hospital for the benefit of the university of Kansas medical center, providing high quality patient care and providing a site for medical and biomedical research.

October 1, 1998



- Keys to the building
- 10 days worth of operating revenue
- No endowment
- No state or local funding
- Vote of confidence from employees

Organizational Structure Since 1998



Community Board Members

- George Farha, MD
- Edward Chapman
- Pat Gaunce
- Robert Honse
- Eric Jager
- Betty Keim
- Dave Kerr
- Stu Lang
- Sharon Lindenbaum
- Thomas Murphy
- John Payne
- Charles Sunderland

“Patient Care Comes First”

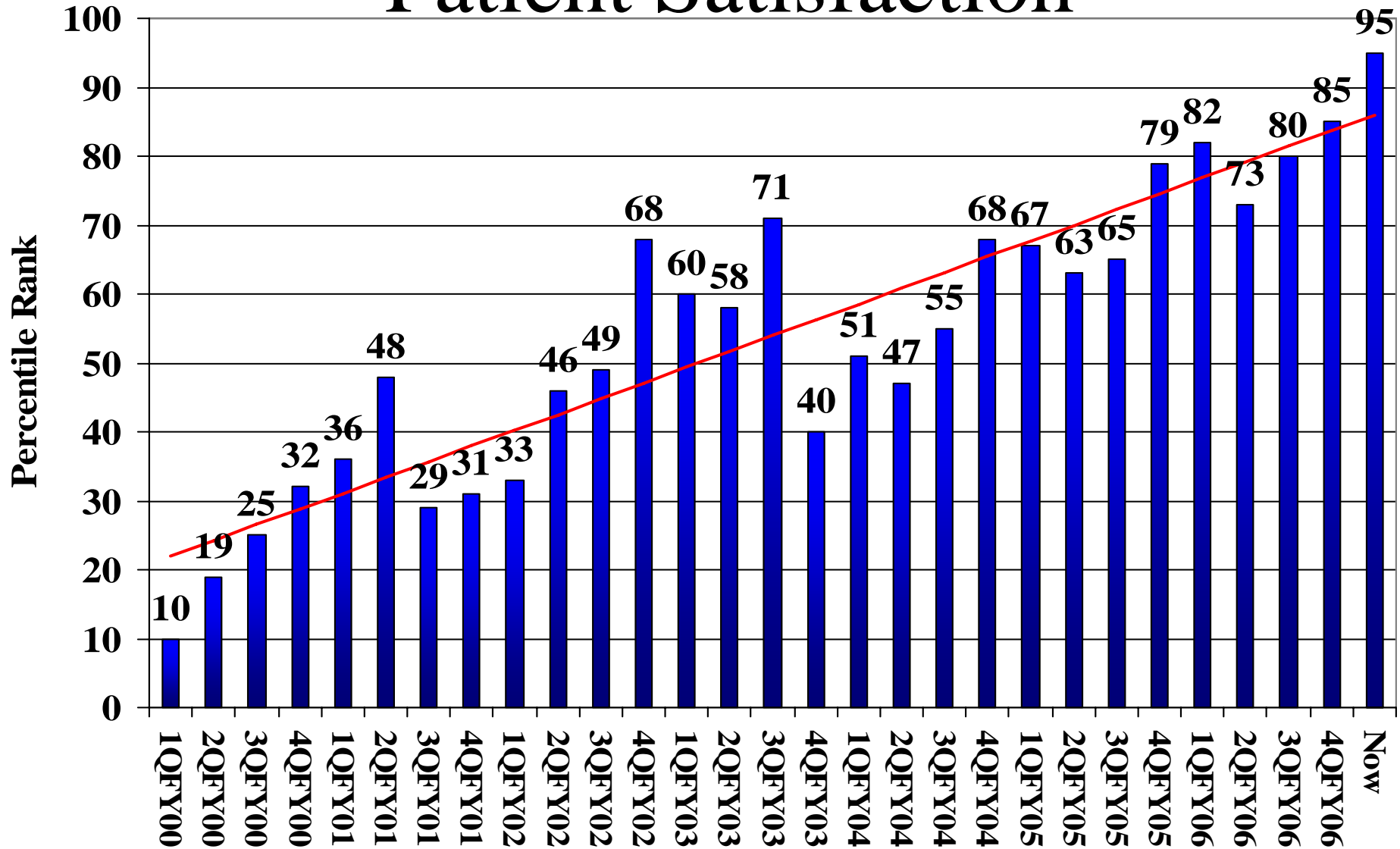


- Board demanded management provide highest quality patient care
- Changed culture, facility and technology
- Developed patient-oriented culture
- Modernized space
- Invested in new space and technology

Quality

- Ranked #11 of 95 academic medical centers in overall quality of care and patient safety
- Top 17 percentile of UHC on mortality
- Nationally recognized leader in 100K Lives campaign
- National leader in quality partnerships between physicians, nurses and hospital.
- Top 99 percentile in KC area on Patient Satisfaction
- First Annual Performance Achievement Award from the American Heart Association for stroke care in a six-state region.
- 2004 Commission on Cancer Outstanding Achievement Award, an award achieved by only eight percent of the cancer programs.

Patient Satisfaction



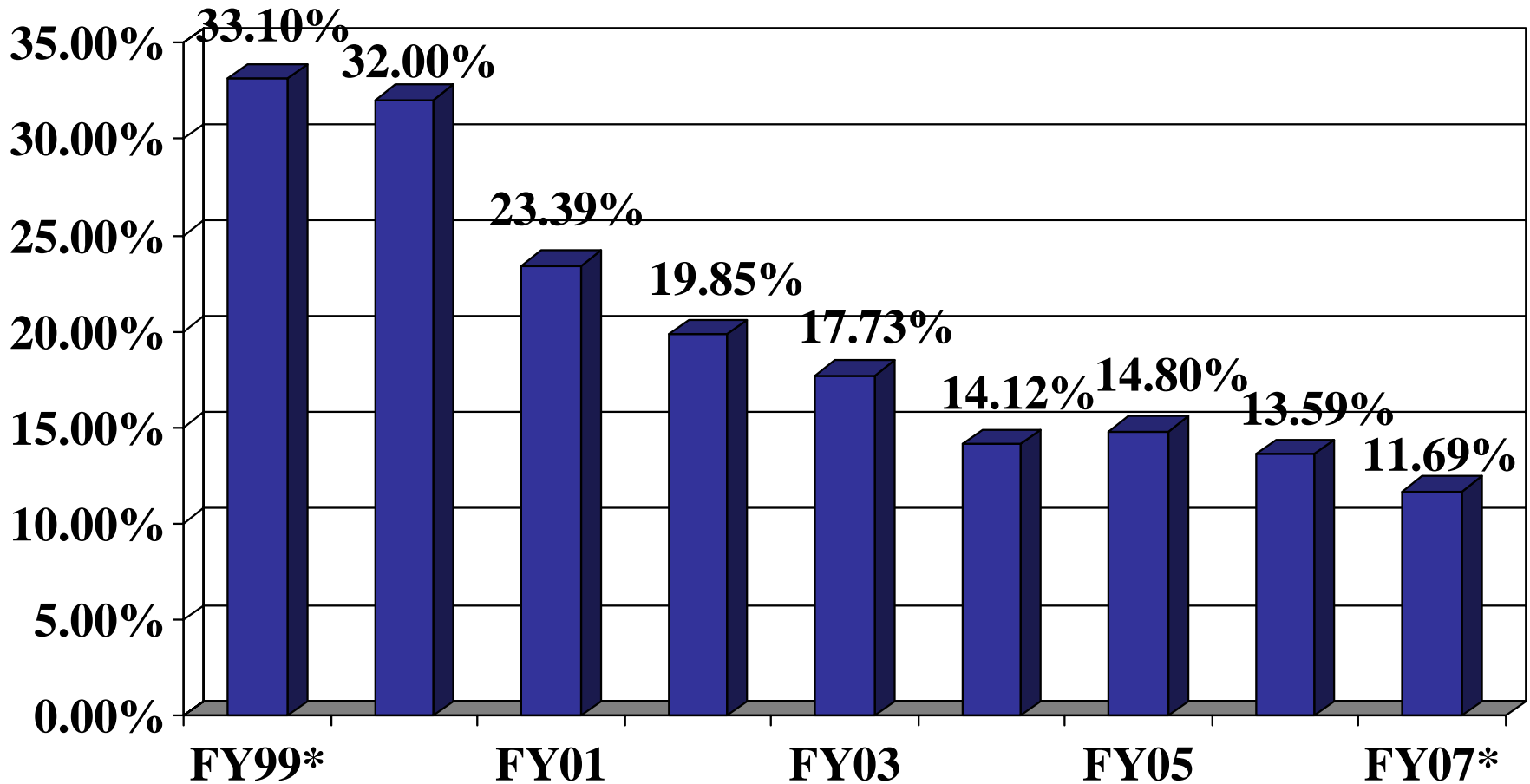
Nursing



- Higher % of nurses with BSN degrees
 - 61% vs. 33% national
- Specialized nursing
- High satisfaction and low turnover
- First hospital in Kansas to achieve Magnet Accreditation

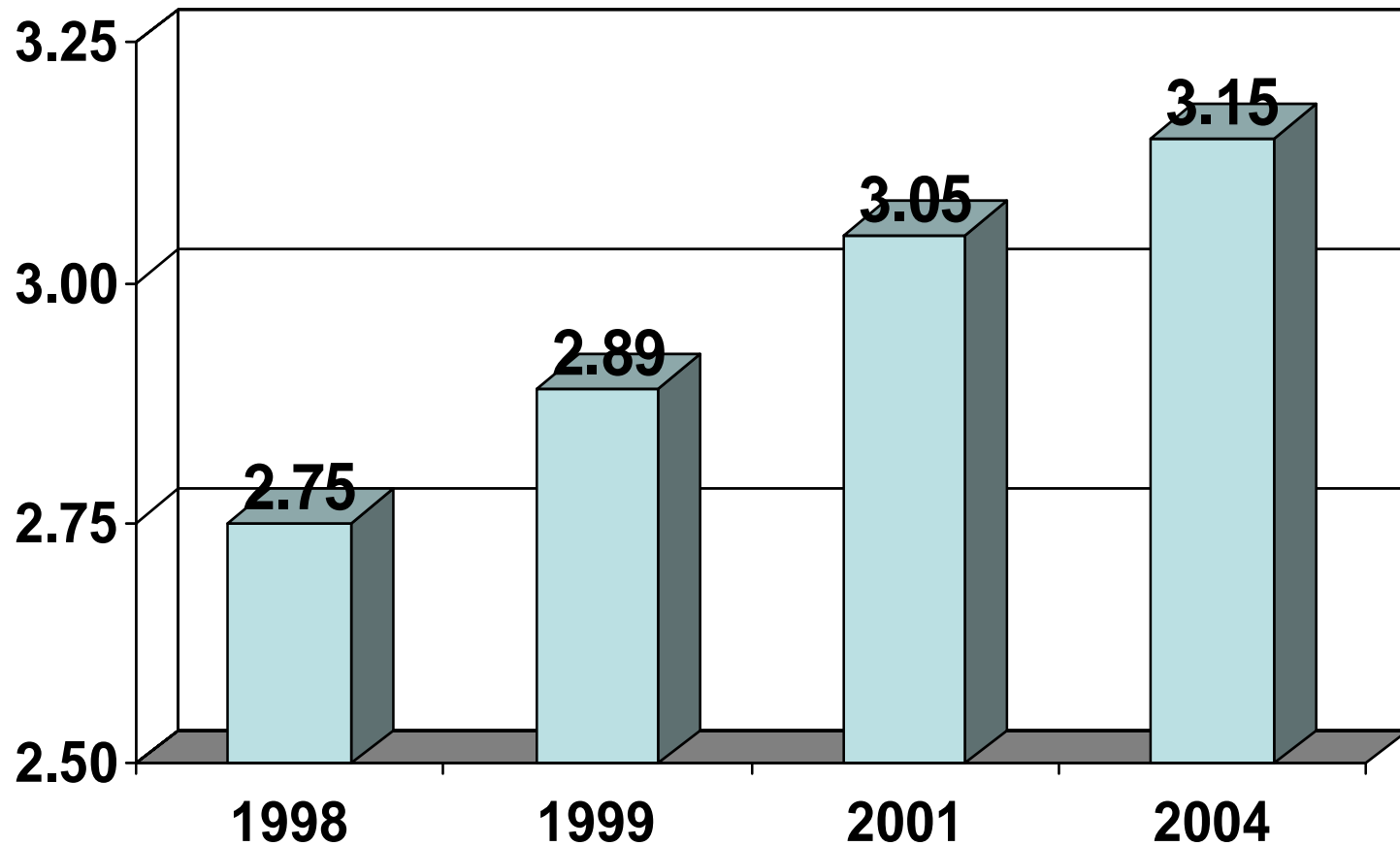


Hospital Turnover

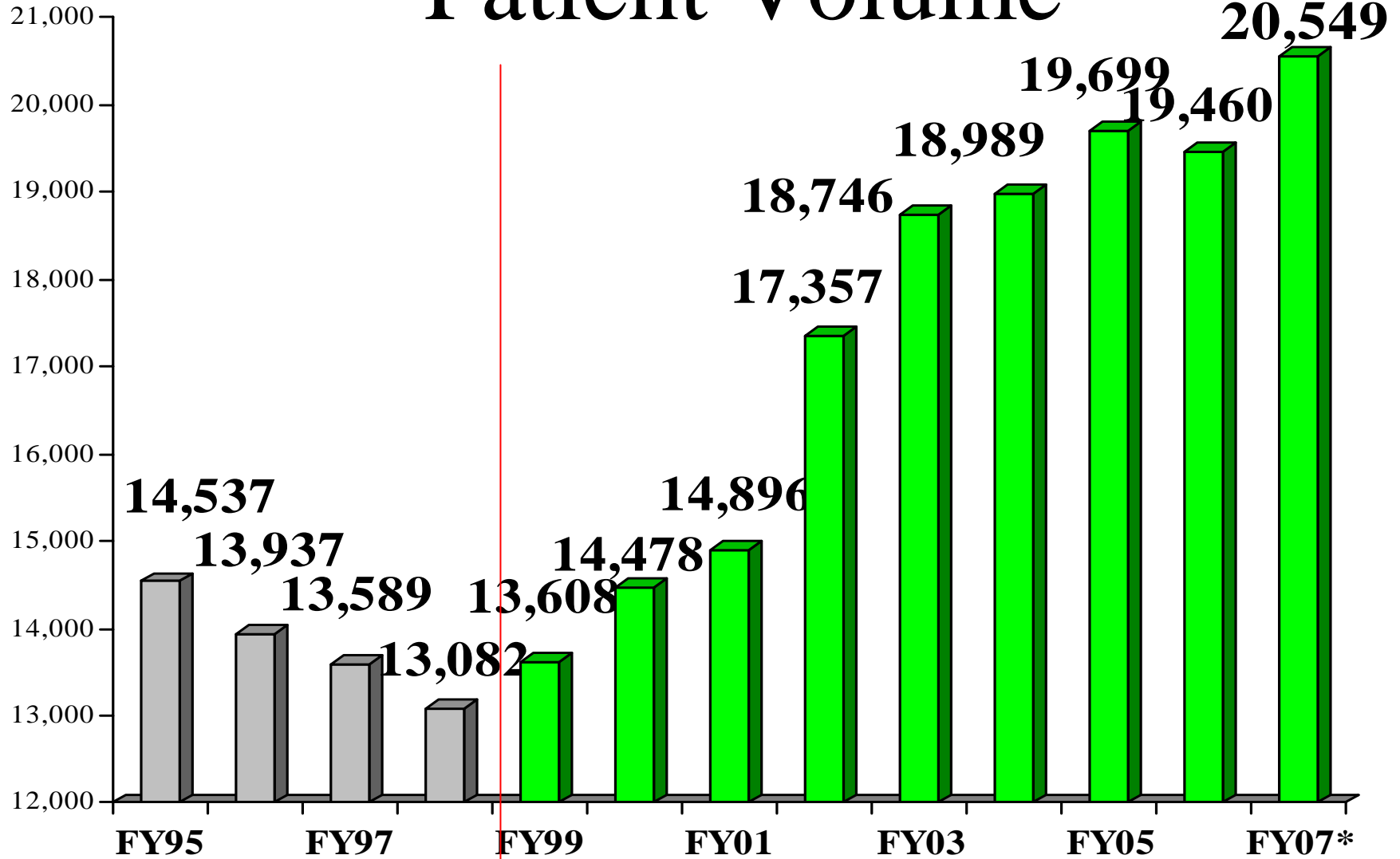


*Fiscal Year 1999 was a 9 month period. The turnover for FY 1999 has been annualized for comparison.

Employee Satisfaction



Patient Volume

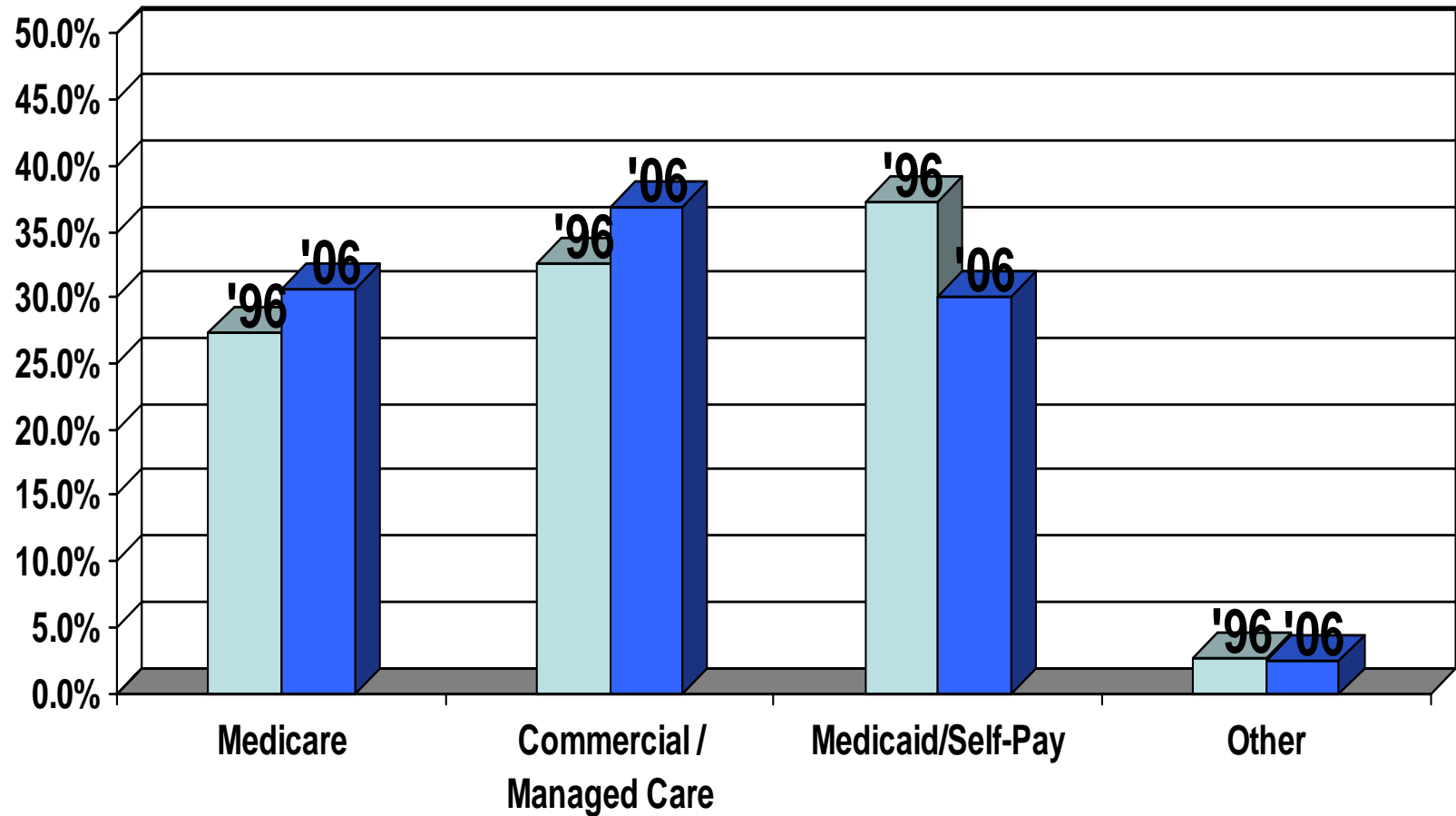


Where Our Patients Come From



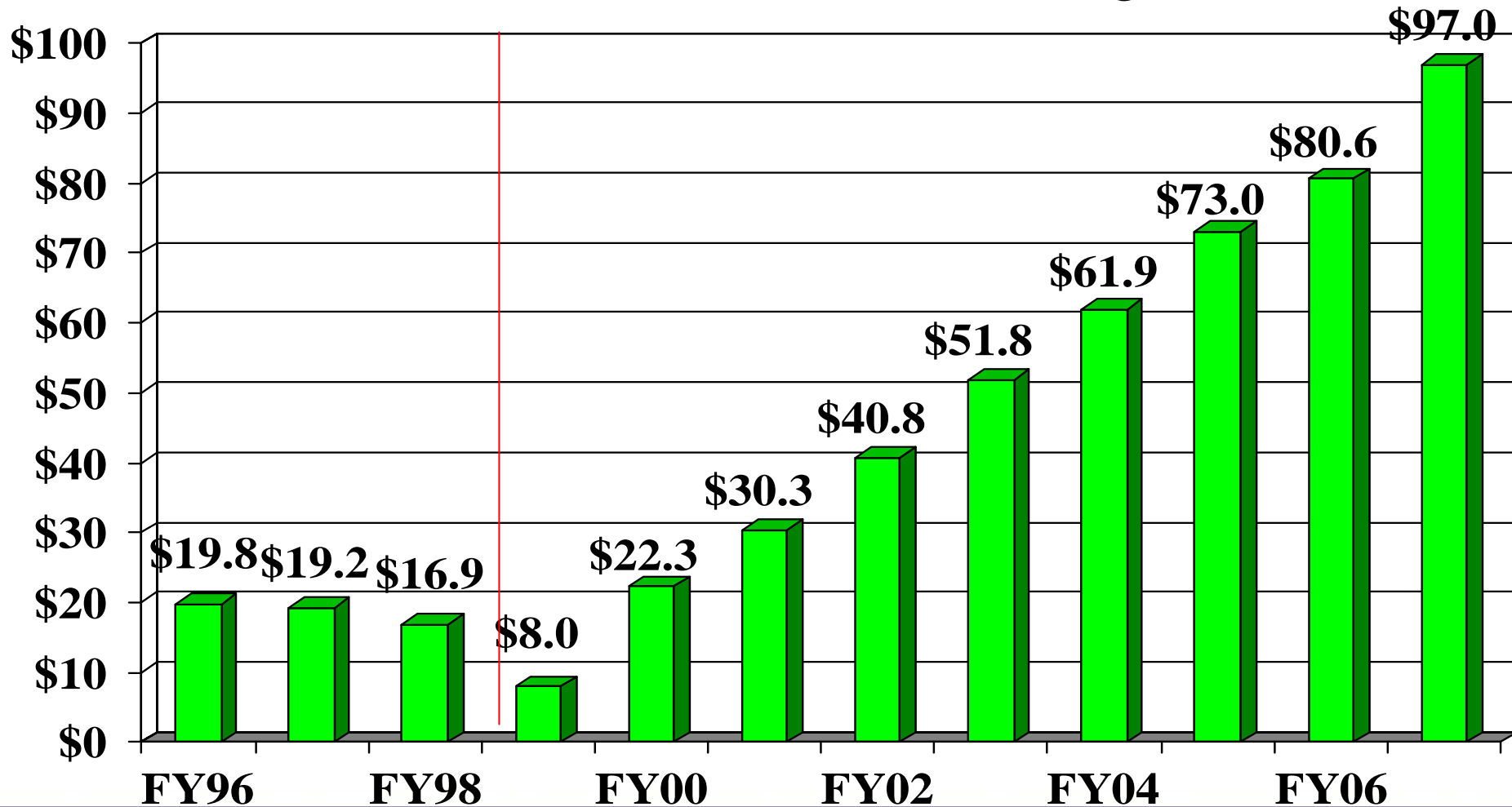
- Wyandotte County: 29%
- Johnson County: 20%
- Jackson County, MO: 14%
- KS (excl. Wy. & Jo.): 22%
- MO (excl. Jack.): 14%

Inpatient Payer Mix



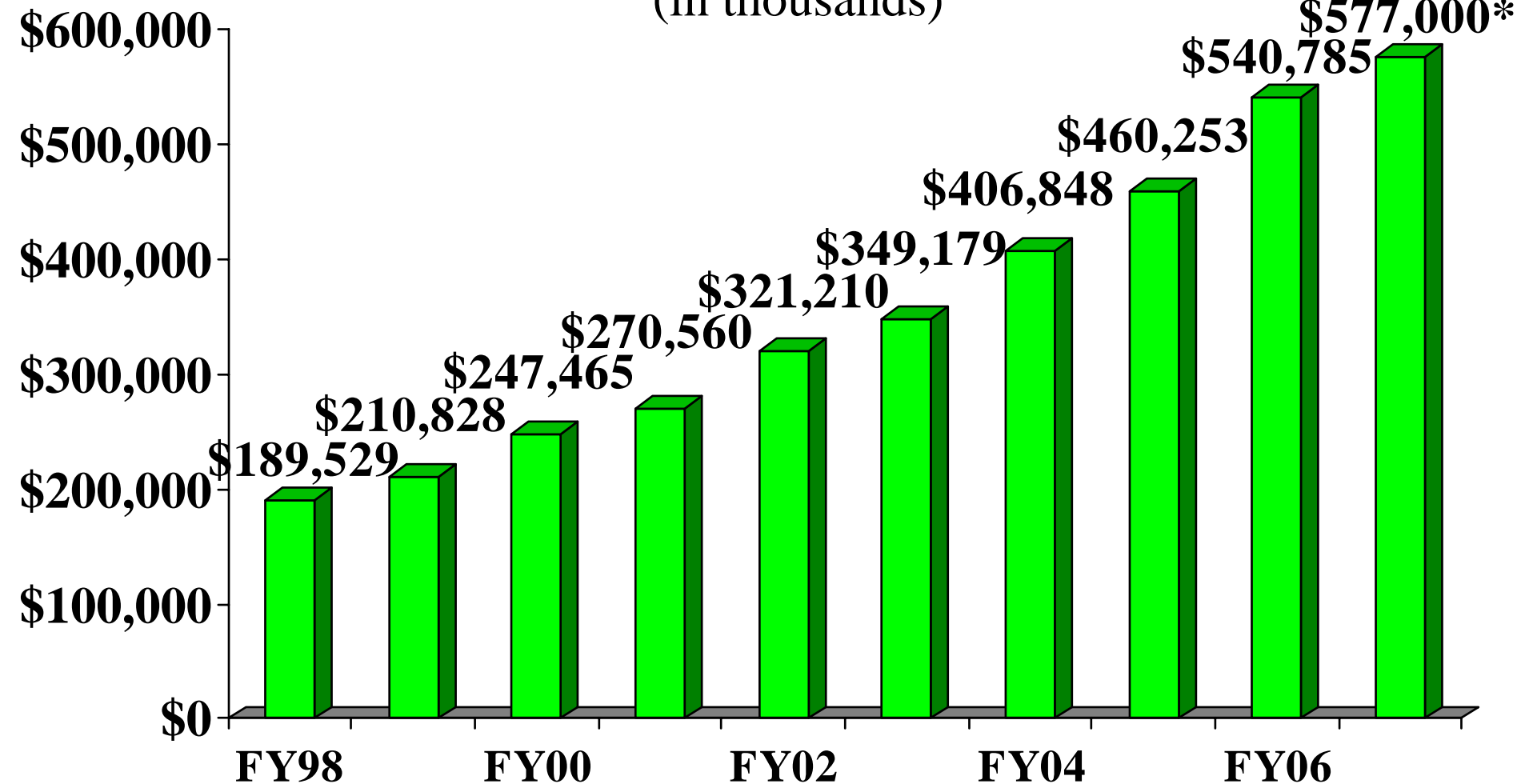
Uncompensated Care

(in millions of dollars in charges)

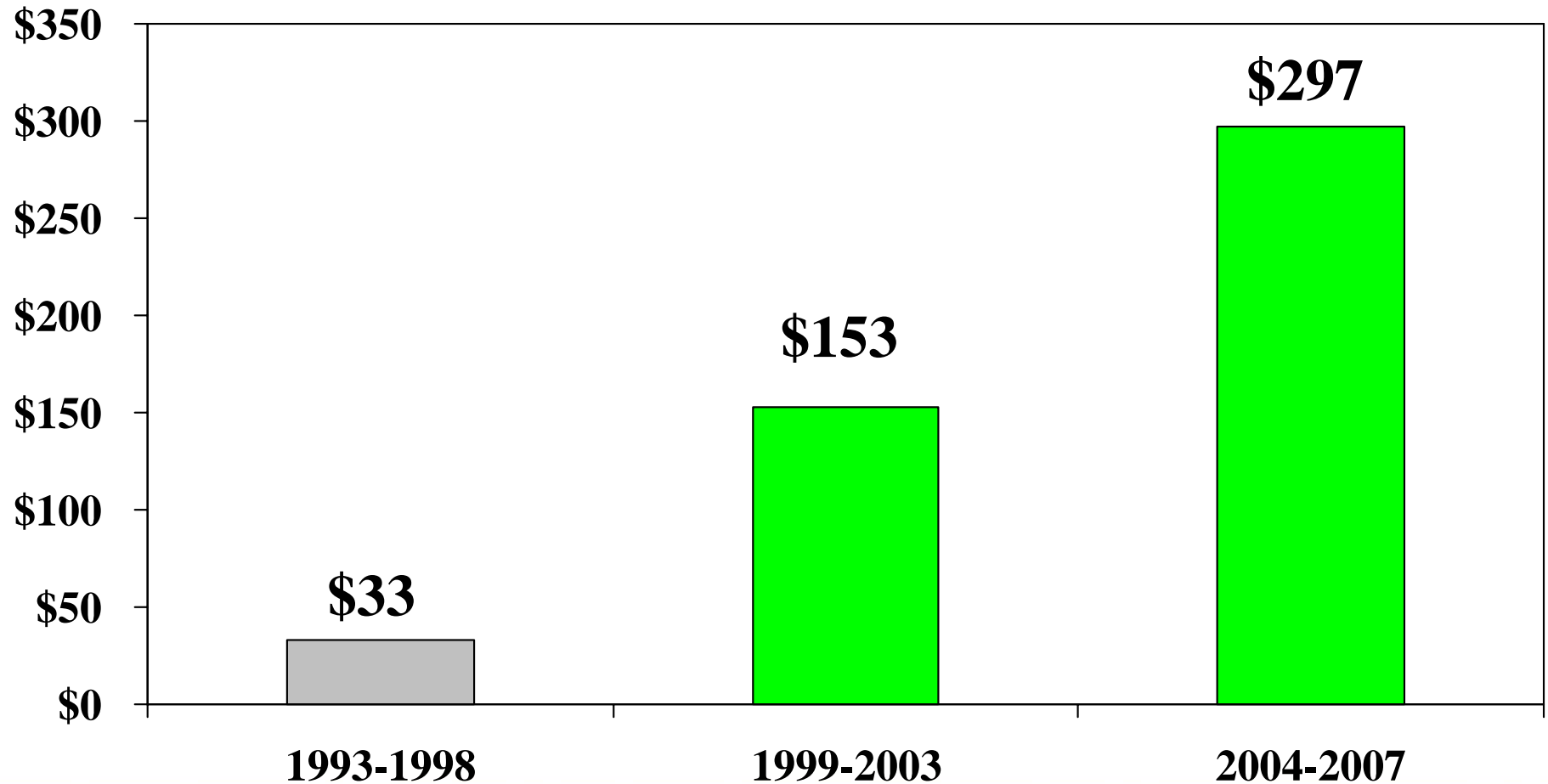


Financial Strength: Total Revenue

(in thousands)



Capital Investment (in \$ millions)



Center for Advanced Heart Care



- \$77 Million Center
 - 64 inpatient
 - 24 ICU
 - 22 outpatient
- Opened in October 2006

Outpatient Cancer Center



- 55,000 sq. ft. from current 26,000
- Opens mid-2007

Hospital Cancer Investments

2000

Purchase from Salick (11,000 sq ft. Center)	\$17.00 million
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2000-2006

Cancer Investment (26,000 sq. ft. Center)	\$ 9.70 million
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2005-2007

NCI Support Contribution	\$ 1.50 million
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2000-2007

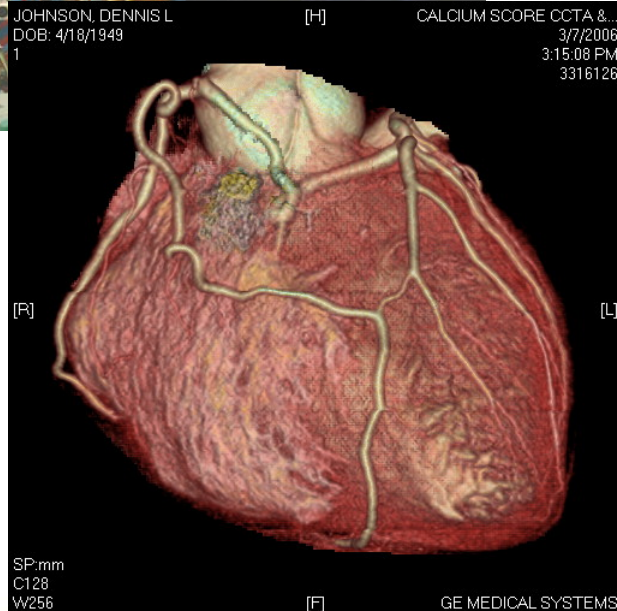
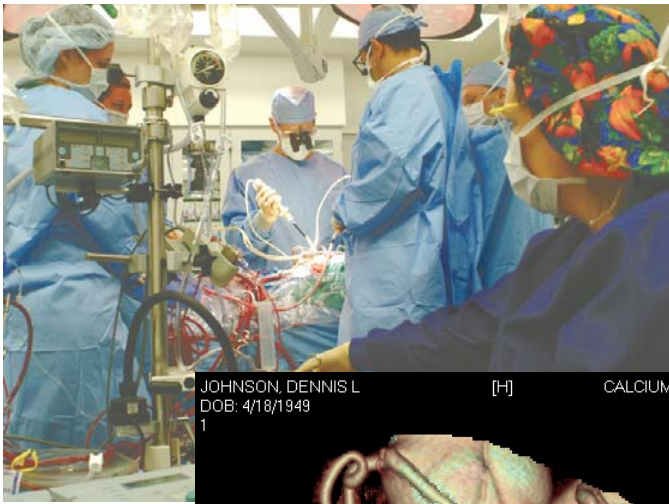
Cancer PSA losses	\$10.06 million
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2006-2007

Westwood Campus Outpatient (55,000 sq. ft. Center)	\$37.00 million
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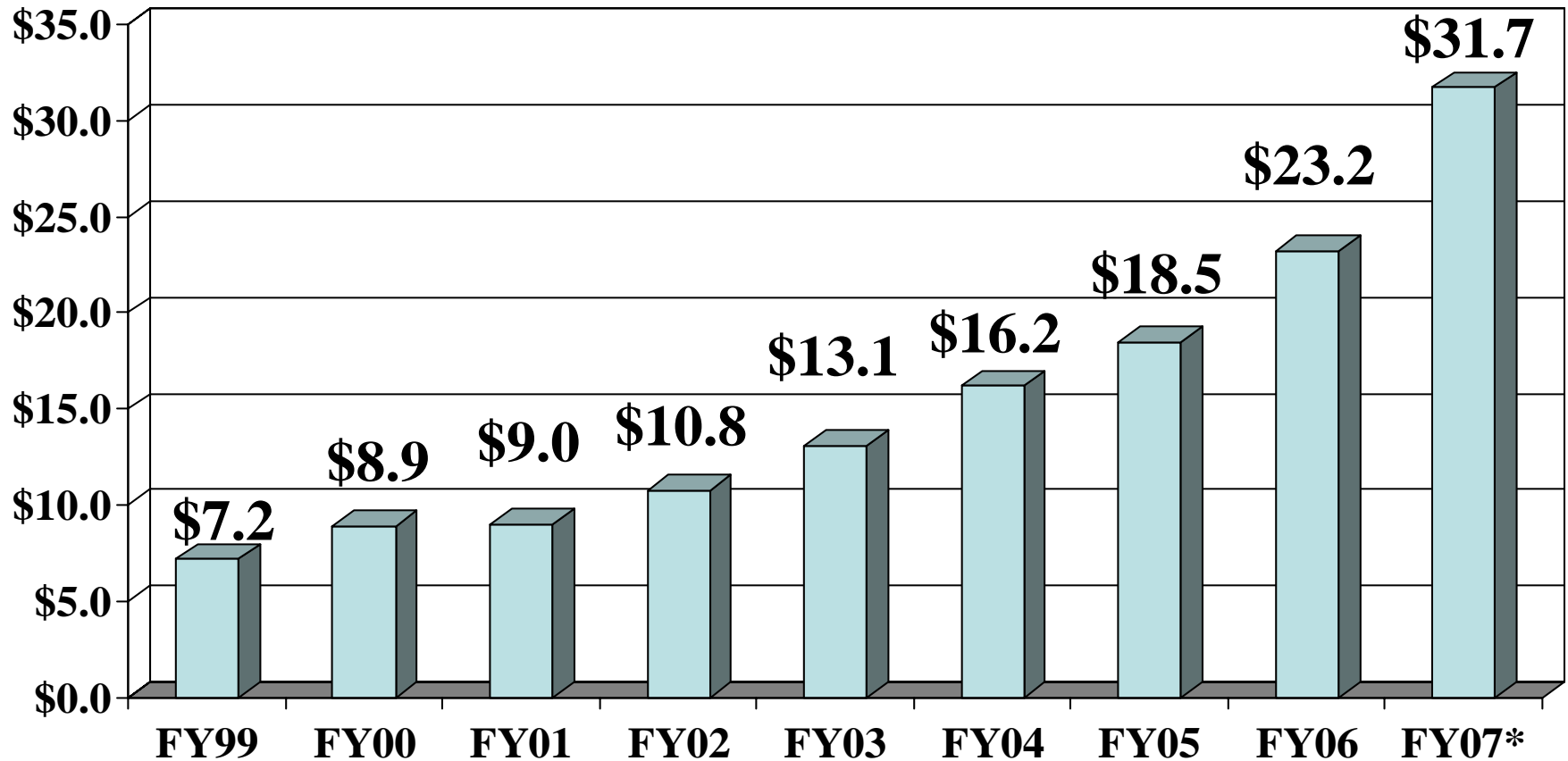
2000-2007 Total	\$75.26 million
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Other Key Programs

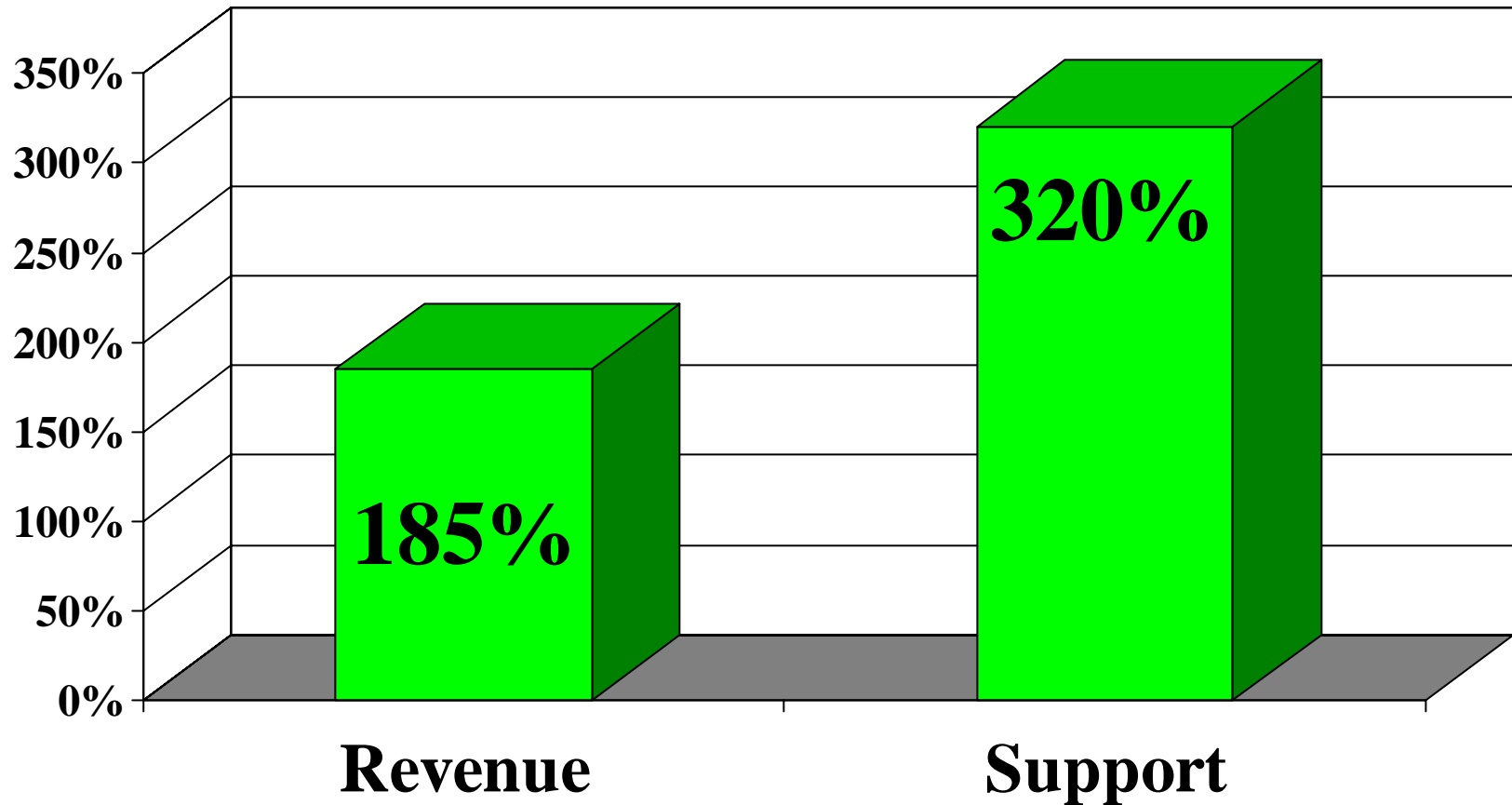


- ACS Level I Trauma
- Burnett Burn Center
- Eight ICUs
- Organ Transplantation
- Radiology:
 - 64 slice Scanner
 - PET/CT
 - New MRI
 - Digital access

Hospital Support for University and Faculty Physicians (in 000s)

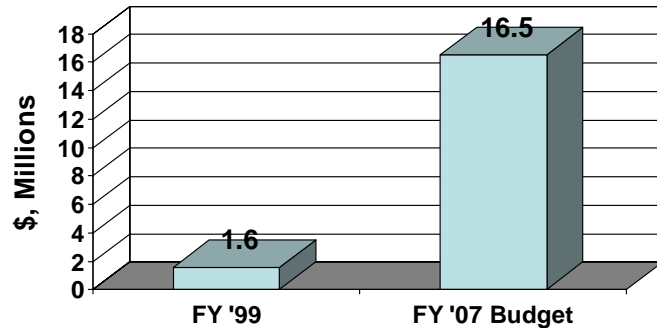


Percentage Increase Since 1999

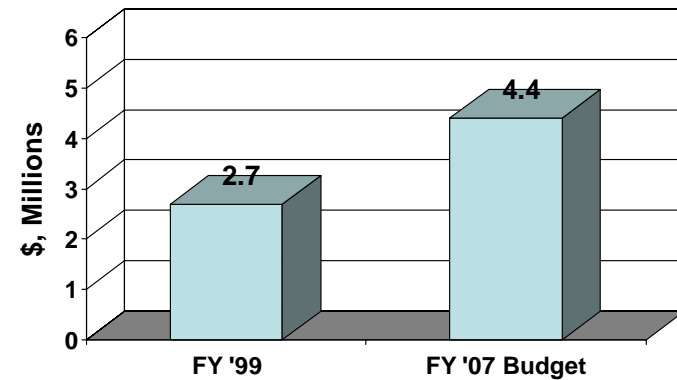


Hospital Support

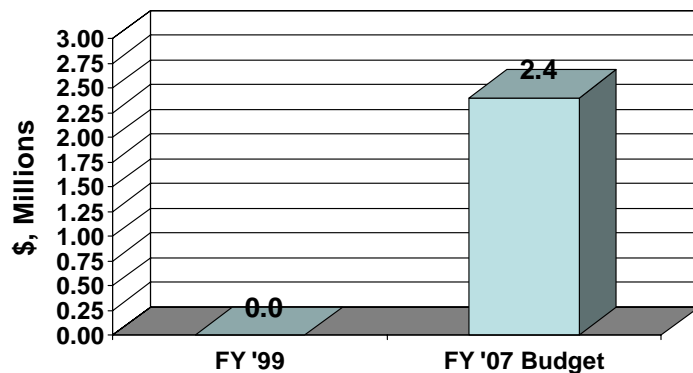
Net \$ Faculty Compensation Support



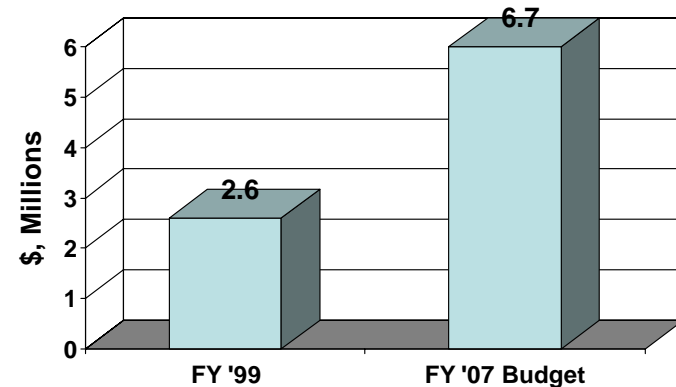
Physician Administrative



Research and Education Support



Graduate Medical Education



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KU THE UNIVERSITY OF
KANSAS
Medical Center



STOWERS INSTITUTE



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KUMED



STOWERS INSTITUTE



- Supportive of collaborative approach to the life sciences
- A cohesive KUMC/KUH/ Faculty-Physician campus is the key to success
- Cannot separate out “academic” affiliations without impacting clinical mission.
- Can't negatively impact competitive position.

Consultant



- Consultant: Get hospital and KUMC on same page before affiliations go forward.
- Joint Hospital/University negotiations underway

Consultant



- Consultant: Risks are real but can be minimized
 - Branding and identity in marketplace
 - Physician recruiting
 - Quality

Non-binding Letter of Intent



- Signed January 31, 2007
- Separate negotiations between KUMC and Saint Luke's and KUMC/KU Hospital.
- Signed to indicate we were willing to discuss partnerships and to get issues out in the open
- Six major issues remain with civic deadline of March 31, 2007.

Six Vital Issues

- Define status as the “Primary Academic Clinical, Teaching and Research Hospital” for KUMC.
- Establish a level playing field that clearly allows the hospital to continue to grow programs for our patients.
 - ensuring physician manpower to meet the growing demands of our patients
 - organizational structure
 - recruitment and retention of physicians
 - critical patient needs when they do not correspond with the needs of the School of Medicine.

Six Vital Issues

- Determine how many residents are needed in Kansas, along with whatever residency commitments are made by KUMC to Saint Luke's, and how we will jointly assure that residency and fellowship needs are met.
- Establish fair plan of support for KUMC that does not create financial problems for the hospital.

Six Vital Issues

- Establish plan to compensate hospital should financial harm result from the proposed affiliation structure.
- Define KU Hospital's role in the cancer program as it seeks National Cancer Institute designation.

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