

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Robert S. DiPaola, Provost and Co-Executive Vice President for Health Affairs

Eric N. Monday, Executive Vice President for Finance and Administration and Co-Executive Vice President for Health Affairs



AN EQUAL OPPORTUNITY UNIVERSITY

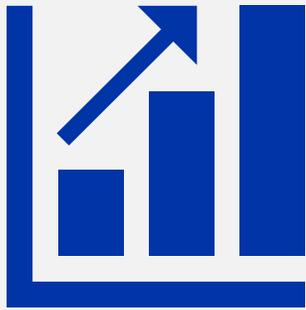
Agenda

- EVPHA Update
 - Programmatic growth
 - Pulmonary care and transplant programs
 - June Meeting and PR4
 - Financial and operational update – FY24 YTD February
 - Key statistics
 - Financial report
 - Finance Committee Recommendations (FCRs)
- Privileges and appointments

PROGRAMMATIC GROWTH

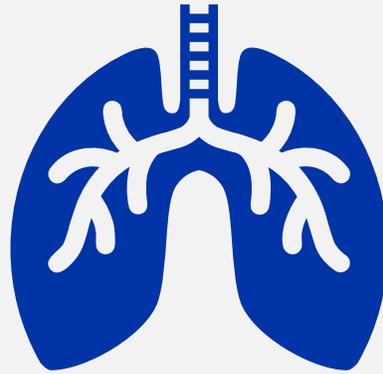
2023 STATE RANKINGS FROM AMERICAN LUNG ASSOCIATION

Kentucky is fighting to breathe



**New Cases of Lung
Cancer**

**Highest rate in US
(almost double
national average)**



**Chronic
Obstructive Lung
Disease (COPD)**

2nd highest



Asthma

4th highest

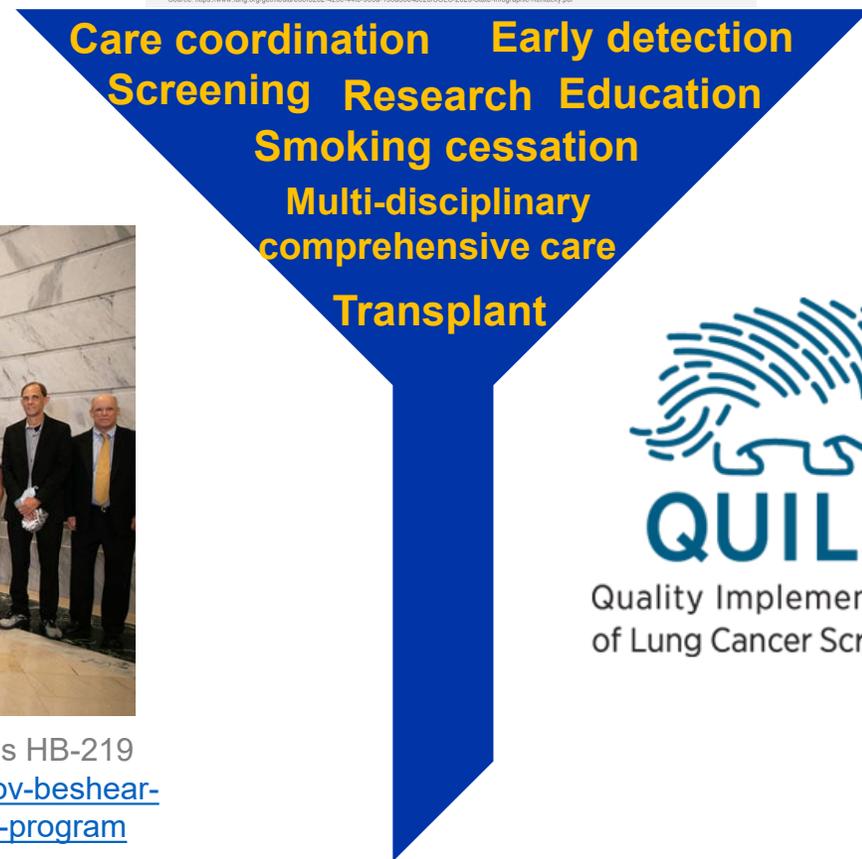
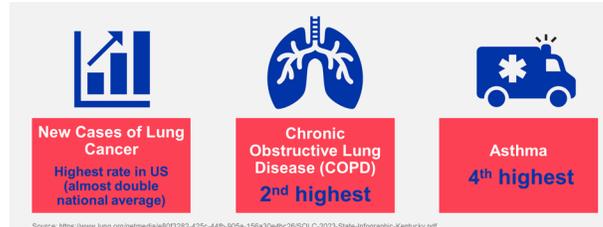
Source: <https://www.lung.org/getmedia/e80f3282-425c-44fb-905a-156a30e4bc26/SOLC-2023-State-Infographic-Kentucky.pdf>

EARLY DETECTION OF LUNG CANCER OR LUNG DISEASES

Taking care of Kentucky



Pictured above: Governor Andy Beshear signs HB-219
Source: <https://uknow.uky.edu/uk-healthcare/gov-beshear-signs-bill-establishing-lung-cancer-screening-program>



Quality Implementation
of Lung Cancer Screening

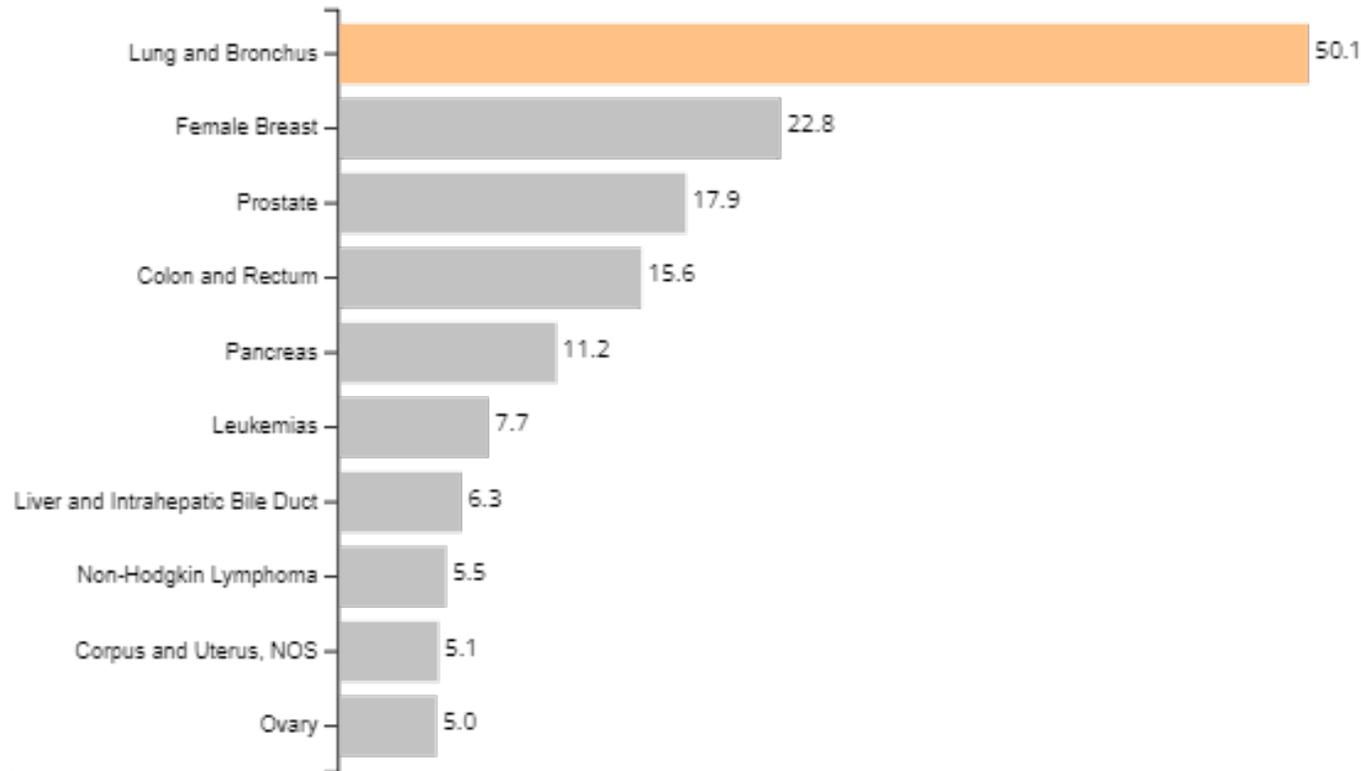


LUNG CANCER
EDUCATION • AWARENESS
DETECTION • SURVIVORSHIP



TOP 10 CANCERS IN KENTUCKY

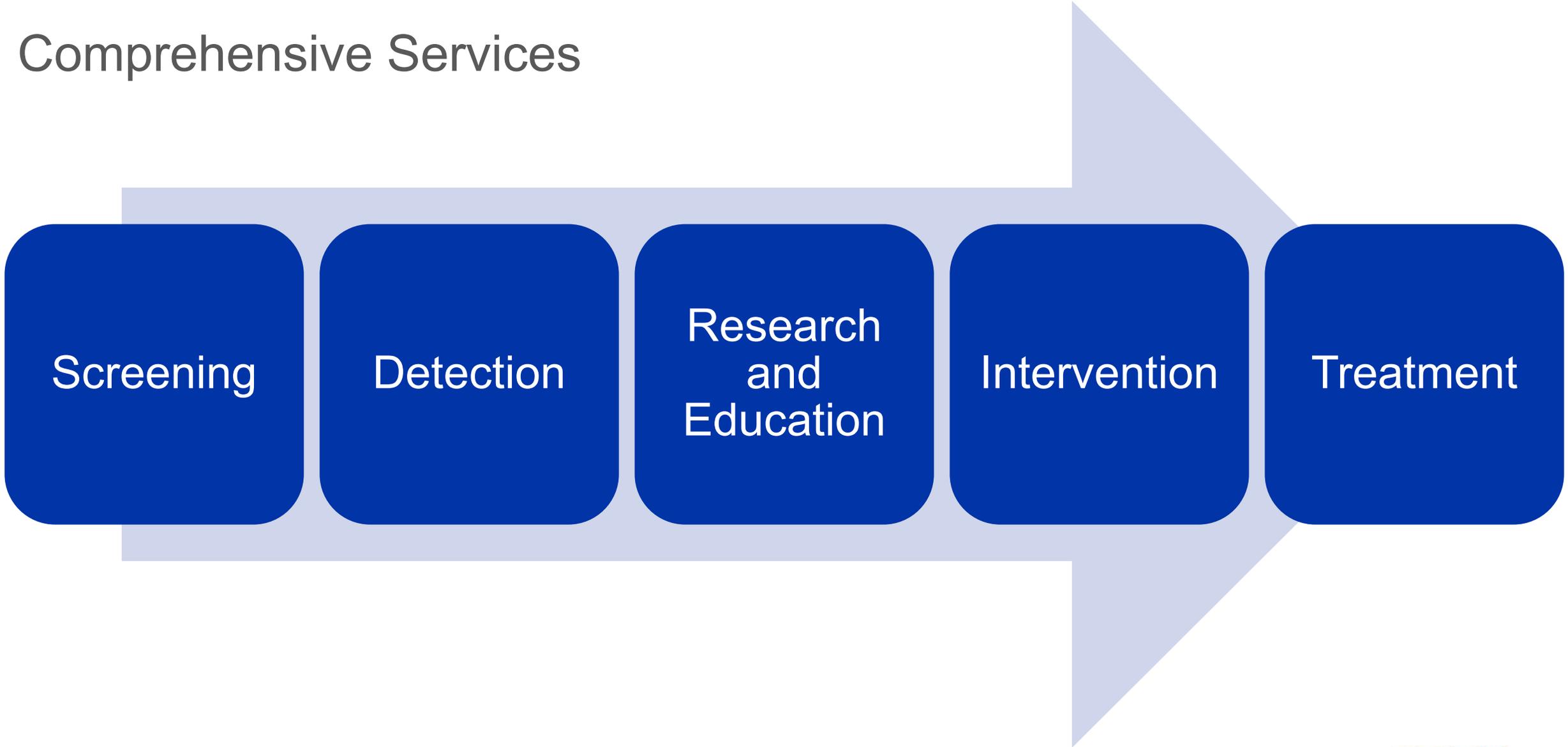
Top 10 Cancers by Rates of Deaths in Kentucky, 2020, All Races and Ethnicities, Male and Female



Rate per 100,000 people

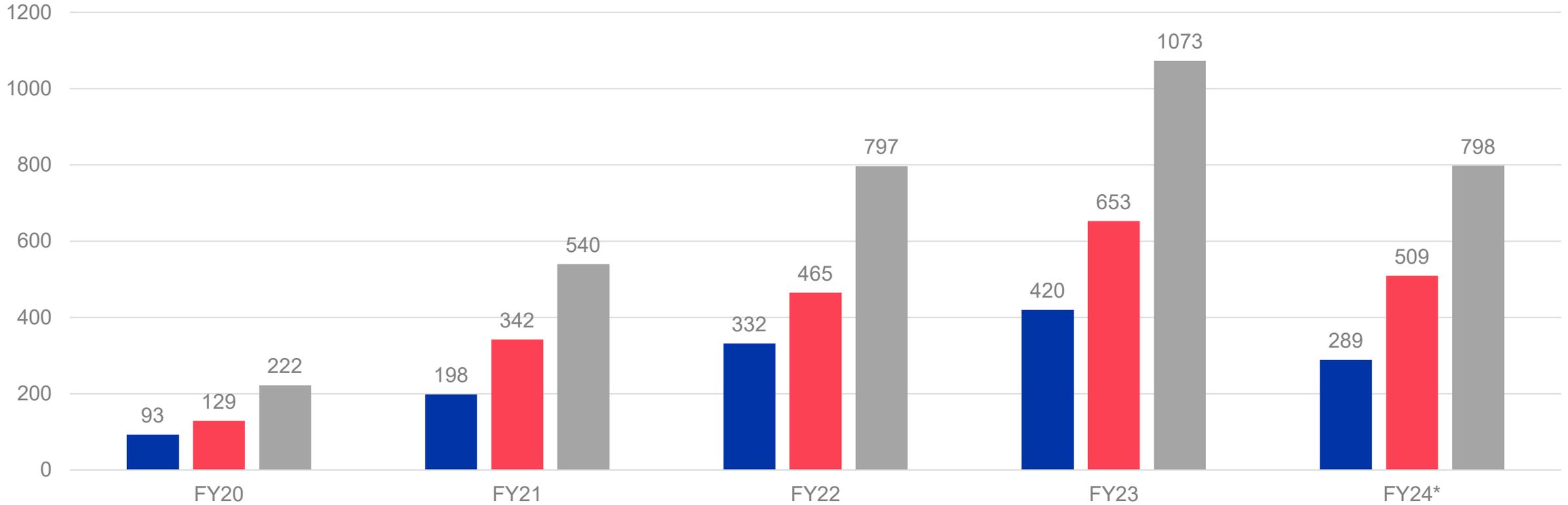
Source - U.S. Cancer Statistics Working Group. U.S. Cancer Statistics Data Visualizations Tool, based on 2022 submission data (1999-2020): U.S. Department of Health and Human Services, Centers for Disease Control and Prevention and National Cancer Institute; <https://www.cdc.gov/cancer/dataviz/>, released in November 2023.

Comprehensive Services



Lung cancer screening exams

Lung Cancer Screening Exams at UK HealthCare



Source: Lung Cancer Screening Registry

■ Baseline Exams ■ Annual Exams ■ Total Exams

* As of March 15, 2024

UK HEALTHCARE AMBULATORY VISITS — PULMONARY DISEASE

More than 12,500 ambulatory visits for pulmonary disease in 2023

Included:

- General pulmonary visits
- Asthma clinic
- Chronic obstructive pulmonary disease clinic
- Interstitial Lung Disease (ILD) Clinic
- Sarcoidosis Clinic
- Multidisciplinary Pulmonary Hypertension clinic
- Cough clinic
- Cystic Fibrosis Clinic
- Sleep clinic
- End-stage lung disease evaluation for transplant

COMPREHENSIVE LUNG CARE ACROSS THE ACADEMIC HEALTH SYSTEM

Examples of Care Across UK HealthCare



KENTUCKY CHILDREN'S TEMPUR SEALY PEDIATRIC SLEEP CENTER

- One of three pediatric sleep centers in Kentucky



CYSTIC FIBROSIS FOUNDATION-ACCREDITED CLINIC

- One of two centers in the state that manage newborn cystic fibrosis screening



INTERSTITIAL LUNG DISEASE CLINIC

- Pulmonary Fibrosis Foundation designated
- Founding member of the Foundation for Sarcoidosis Research (FSR) Global Clinic Alliance



LUNG CANCER AT MARKEY CANCER CENTER

- Nationally recognized as a top 50 cancer center by *U.S. News & World Report*

UK HealthCare Transplant in Review – CY23

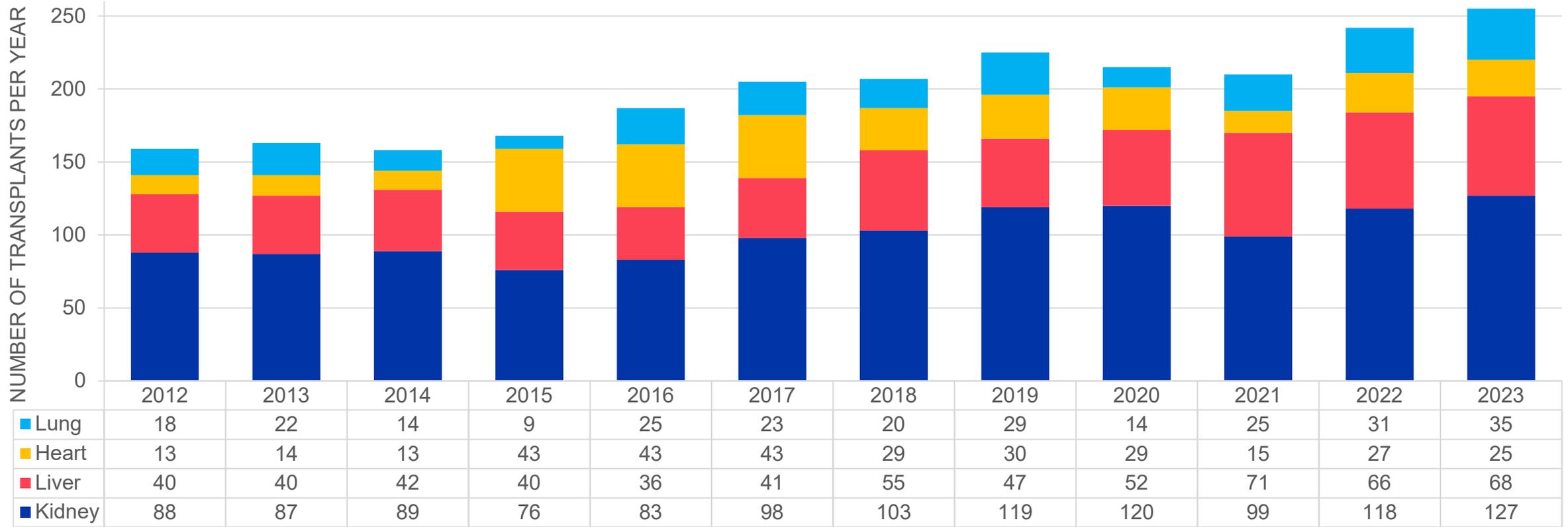
Volume milestones

- Most in UK HealthCare and state's history
- Highest lung transplant and living donor transplant volumes
- 2nd highest liver transplant volume in UK HealthCare history

CY23	HEART	LUNG	LIVER	KIDNEY	TOTAL
UK HEALTHCARE	25	35*	68	127*	255*
UNIVERSITY OF LOUISVILLE	14	18	22	81	135

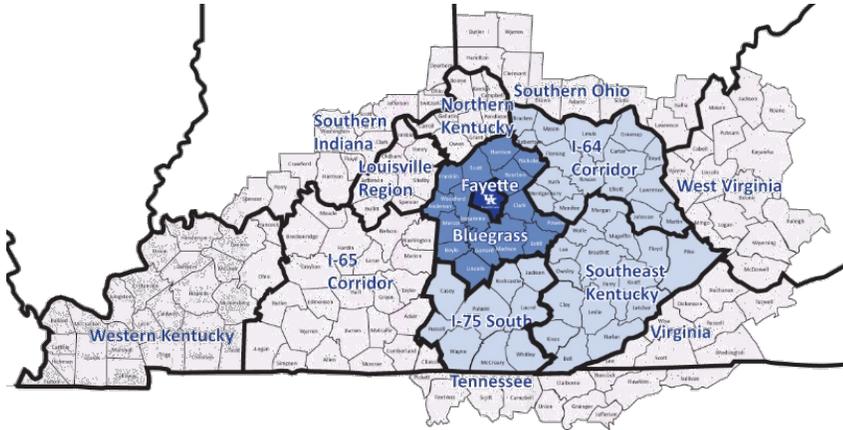
Based on OPTN data ending December 31, 2023

UK HealthCare Transplant in Review



TRANSPLANTS PERFORMED AT UK HEALTHCARE CY12-CY23

UK HealthCare Transplant Program



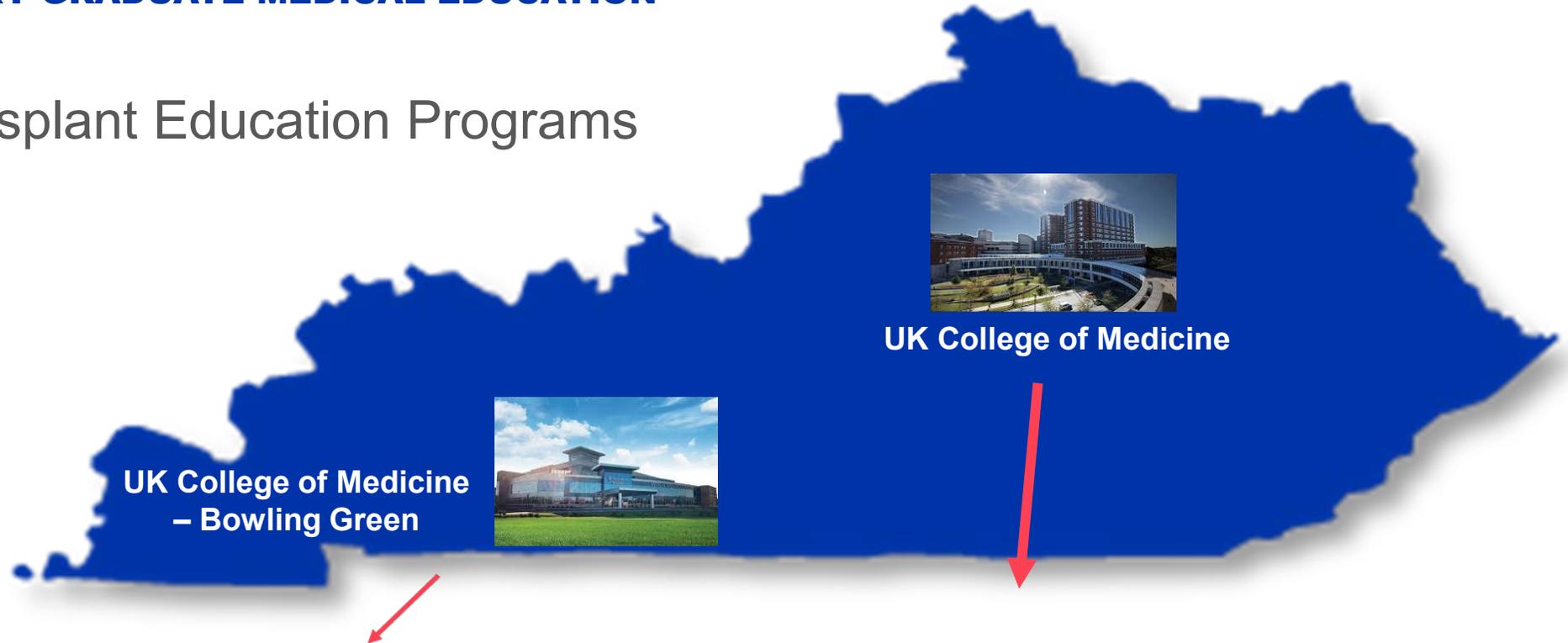
Local Market (80K)	Tertiary Market (890K)	Other Kentucky Markets (2.8M)
Fayette County	1-64 Corridor	Northern Kentucky
Bluegrass	Southeast Kentucky	Louisville
	I-75 South	I-65 Corridor
		Western Kentucky
		Out of State

Transplant Type	Estimated Incidence per One Million KY Residents	CY23 Actual Volume	Aspirational Volume	Population Required to Achieve Aspirational Volume	Population Required to have 50% Market Share
Kidney and Kidney/Pancreas	34.34	127	140	3,204,000	6,408,000
Liver	16.82	68	80	3,567,000	7,134,000
Heart	5.30	25	33	4,717,000	9,434,000
Lung	8.07	35	38	3,100,000	6,200,000

UK HealthCare Transplant Program Highlights

- Made enterprise and state history by completing the first-ever robotic donor nephrectomy – performed Dr. Alejandro Cracco on November 14, 2023
- Recognized nationally for the use of donation after circulatory death (DCD) – as a result of participation in UNOS DCD Lung Collaborative (10 completed during six-month period)
- Improved offer acceptance rate by 83% - as a result of participation in the UNOS Kidney Organ Offer Collaborative
- Formed a work team to develop a living donor liver transplant program – tentative go-live January 2025

Pulmonary and Transplant Education Programs



- Pulmonary and Critical Care Medicine Fellowship

- Anesthesiology Critical Care Medicine Fellowship
- Cardiothoracic Surgery Integrated Residency
- Cardiothoracic Surgery Fellowship
- Critical Care Medicine Fellowship
- Pulmonary and Critical Care Medicine Fellowship
- Surgical Critical Care Fellowship
- Transplant Hepatology Fellowship

Organ Procurement Advancements – Utilizing New Technology

Benefits of utilizing warm perfusion devices:

- Pumped with normal-temperature blood through the device, the organ is no longer stored on ice and preservation solution.
- Reduction in blood product utilization, post-operative dialysis/renal dysfunction and hospital length of stay
- Increased consideration of donor organs that previously would not have been considered due to distance, transport time and organ quality
- Allows transplants to be performed during normal business hours, allowing surgical, anesthesia and nursing teams to minimize disruption in surgical scheduling and provide optimal patient care



UK HealthCare Transplant Research – Cell Immunotherapy Program

Development of tolerogenic organs

- Patent (filed)
 - BioTech Startup: *TOLERAS LLC*
- T Cells to Induce Liver Tolerance (TILT Alliance)

Development of in vivo tracking system for cell immunotherapy

- Patent (filed)
 - Startup: *ImmunoMAG LLC*
- NIH (R03)

Targeting Treg cells in tumor microenvironment

novocure®

Tolerance induction in kidney transplant



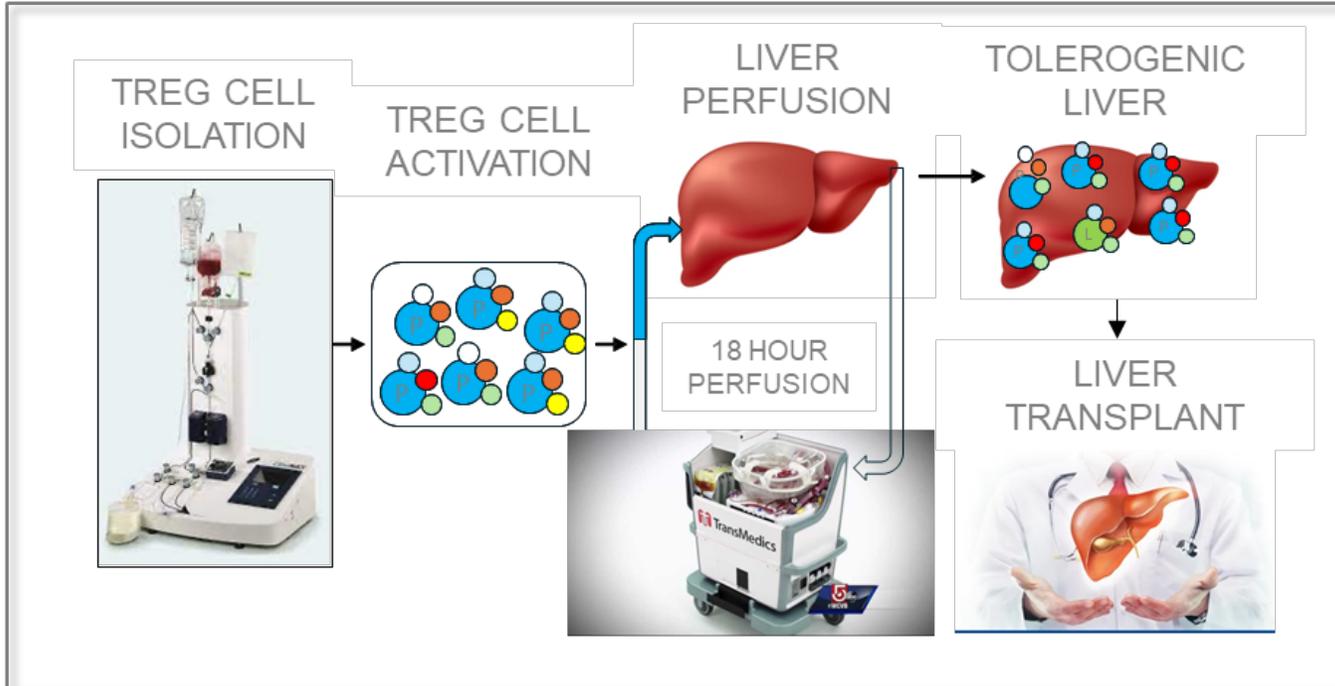
Return to clinic immunoprofiling of kidney transplant



First-in-human organ-directed adopted immunotherapy

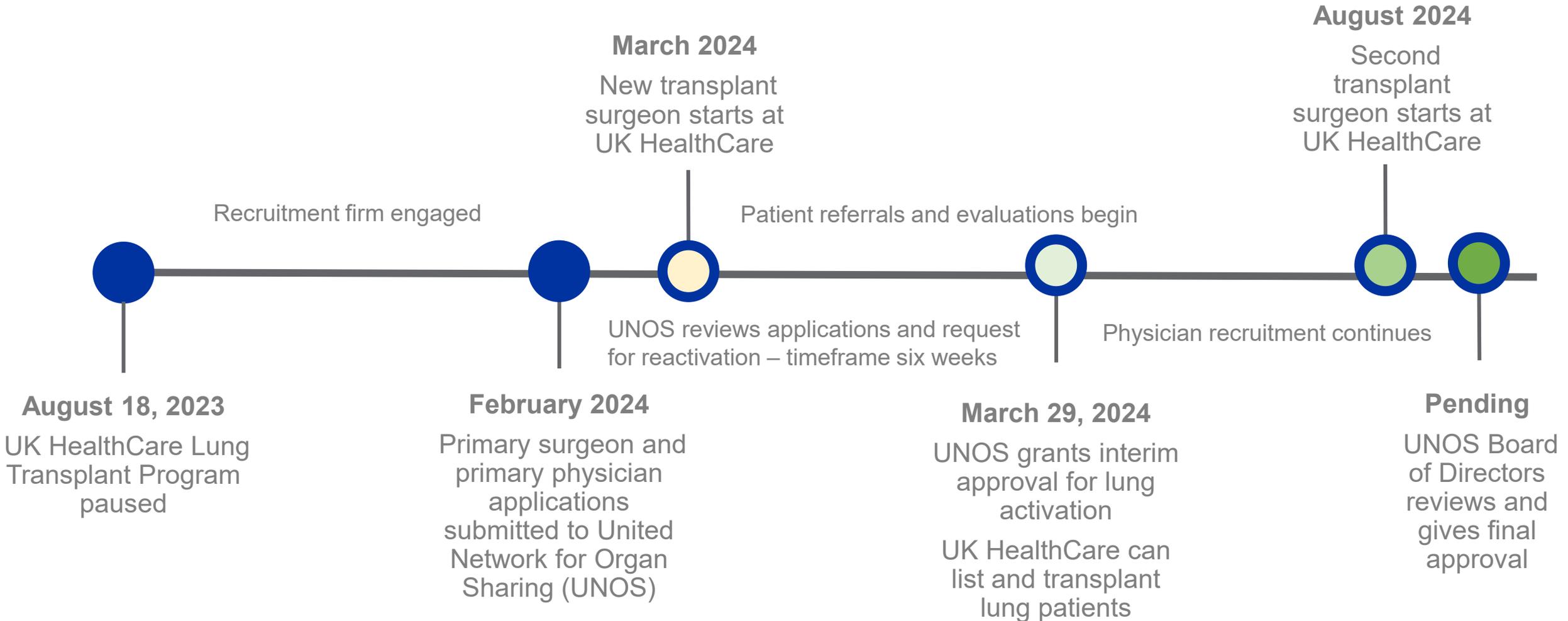
NIH (U01-pending)

Generation of tolerogenic organs



- Isolation and activation of clinical-grade recipient's Treg cells
- Normothermic perfusion of donor's liver
- Infusion of activated Treg cells into the liver on the normothermic pump (patented)
- Assessment of efficacy treatment: Treg cell homing into the liver (patented)

UK HealthCare Lung Transplant Program



Newly Recruited Transplant Faculty



MATTHIAS LOEBE, MD

Heart and Lung Transplant

March 1, 2024



MASASHI KAWABORI, MD

Heart and Lung Transplant

August 1, 2024

Putting it all Together under a Strategic Refresh

1. Advanced Subspecialty Care.
 1. Lung disease is disproportionately common and severe in Kentucky.
 2. Capacity and expertise for advanced treatments and procedures must continue to grow to meet the needs of Kentuckians, so no patient needs to leave the state.
2. Taking Care of Our People and Our Partners.
 1. Increased access to lung disease expertise and advanced procedures.
 2. Enhanced education is needed to assure prompt interventions (example lung transplant).
3. Enhancing as an Academic Health System.
 1. New discoveries are enhancing lung disease treatments (examples include new lung cancer therapies, organ procurement advances, organ tolerance).
 2. Increase in advanced educational programs/residencies.

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Jennifer Watkins, Transplant Quality and Nurse Manager, UK Transplant Center



TRANSPLANT QUALITY REQUIREMENTS AND OVERSIGHT

QUALITY ASSESSMENT AND PERFORMANCE IMPROVEMENT (QAPI) IN SOLID ORGAN TRANSPLANT PROGRAMS

Framework for Medicare Requirements



Aspect 2: Governance and Leadership

The hospital leadership and governing body must be clearly engaged in QAPI oversight. The governing body ensures that the QAPI program is implemented, ongoing, comprehensive, effective, and that adequate resources are applied to conduct QAPI efforts and operate in a continuous manner. The governing body sets clear expectations for quality and safety. The transplant program administration, in conjunction with the hospital leadership and the governing body, develop a culture of quality assessment and performance improvement utilizing input from transplant program staff, transplant recipients, living donors, and their families or representatives. Hospital leadership and transplant administration ensure that written policies are developed to sustain QAPI by setting expectations for safety, quality care, and patient rights for transplant recipients and living donors. They create an atmosphere where staff are comfortable identifying and reporting quality problems as well as opportunities for improvement. QAPI education is part of the accountable culture. The transplant program must identify members of the multidisciplinary QAPI team and specify their roles and responsibilities. This includes designated staff to be accountable for QAPI; developing leadership and hospital-wide training on QAPI; and ensuring that staff time, equipment, and technical training are provided as needed. Transplant QAPI reports are provided to the hospital leadership and the governing body and are used to assess, improve and sustain quality of care and performance, reduce risk of harm to patients and utilize lessons learned.

<https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/Downloads/Five-Aspects-Transplant-QAPI.pdf>

Transplant oversight

- Centers for Medicare and Medicaid Services
 - Approves all organ programs
 - Sets outcome and volume requirements that must be met
 - Performs on-site surveys for all programs every four–five years
- United Network for Organ Sharing (UNOS)
 - Responsible for organ allocation across the country
 - Sets outcome and volume requirements that must be met
 - Performs on-site surveys of all programs every three years
- Transplant Specific Quality Plan
 - Required by CMS
 - At least one process-based and one outcome-based metric in each phase of transplant
 - Should be high risk, high volume, low volume or problem prone areas

Patient and Graft Survival – January 2024

- SRTR is responsible for reporting outcomes for transplant centers across the country – released every six months
- Data includes a 2.5 year cohort of patients and risk adjusted based on specific patient and donor criteria

	90-day Graft Survival (Observed)	90-day Graft Survival (Expected)	1-year Graft Survival (Observed)	1-year Graft Survival (Expected)	1-year Patient Survival (Observed)	1-year Patient Survival (Expected)
Heart	88.64%	94.85%	86.36%	91.05%	86.36%	90.86%
Lung	87.10%	94.78%	80.98%	87.32%	83.56%	88.14%
Liver	97.22%	95.60%	92.99%	92.42%	94.63%	94.01%
Kidney	96.81%	97.67%	91.80%	95.08%	95.64%	96.81%

Data includes transplants performed 7/1/2020 – 12/31/2022

QUESTIONS

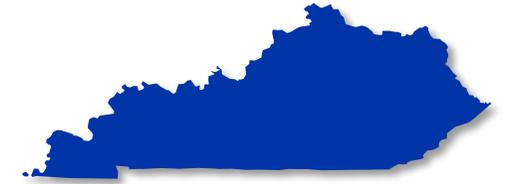


UPDATE/PREVIEW OF FUTURE MEETING

THE MISSION OF UK HEALTHCARE

Committed to serving the **entirety** of the Commonwealth of Kentucky

This includes **commitment to the pillars of academic health care** – research, education and clinical care, **dedication to improving the health of the people of Kentucky** by providing advanced healthcare, serving as an information resource and **strengthening local health care by partnering** with community hospitals and physicians.



ADVANCING KENTUCKY

ADVANCED CARE



Advance subspecialty care for Kentucky and beyond while maintaining a focus on quality, access and value

TAKING CARE OF OUR PEOPLE AND OUR PARTNERS



Comprehensive care strategy for our employees, the immediate neighborhood, and our partners across the Commonwealth

DISTINCTION



An academic health system with aligned clinical care, research and education of seven health-related colleges

PR 4

Office of the President
April 26, 2024

Members of the Board of Trustees:

APPROVAL OF THE UNIVERSITY OF KENTUCKY'S ACQUISITION OF ST. CLAIRE
MEDICAL CENTER, INC. AND ALL ITS SUBSIDIARY CORPORATIONS

Recommendation: that the Board of Trustees approve the University of Kentucky's acquisition of St. Claire Medical Center, Inc. and its subsidiary corporation, St. Claire Real Properties, Inc. To accomplish this objective, the Board of Trustees should take the specific actions detailed below.

Background: Since its founding over 60 years ago, the healthcare system at the University of Kentucky has evolved to become an academic health system within a larger university, focused on a shared vision and powerful mission to create and sustain a state that is healthier, wealthier and wiser tomorrow than it is today.

That mission requires UK HealthCare to continue to grow and foster partnerships — smartly and strategically — to meet the health care needs of the state.

UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES



Craig C. Collins, Senior Vice President for Health Affairs and Chief Financial Officer

Colleen H. Swartz, Acting Chief Operations Officer and Vice President for Hospital Operations

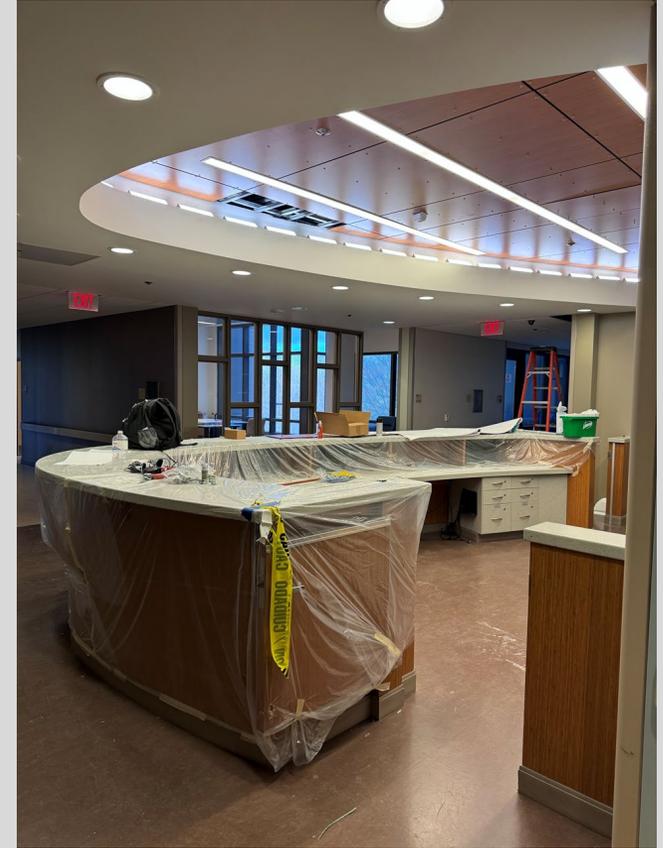


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TAKING CARE OF KENTUCKY – UK HEALTHCARE EMPATH PSYCHIATRIC UNIT

Emergency psychiatric assessment, treatment and healing (EmPATH)

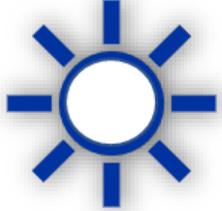
OPENING
JUNE 2024



**FINANCIAL AND
OPERATIONAL UPDATE
FY24 FEBRUARY**

KEY STATISTICS

AVERAGE LENGTH OF STAY (DAYS)

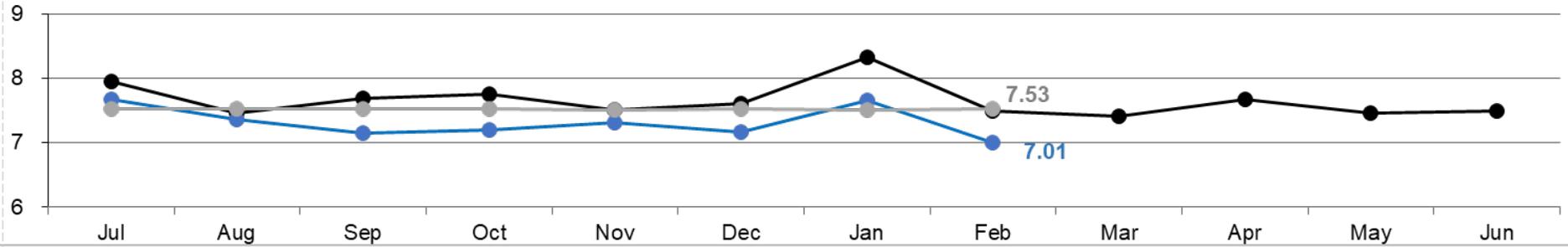


Lower is better

FYTD ACTUAL 7.31

FYTD BUDGET 7.52

PRIOR FYTD 7.72



TOTAL DISCHARGES

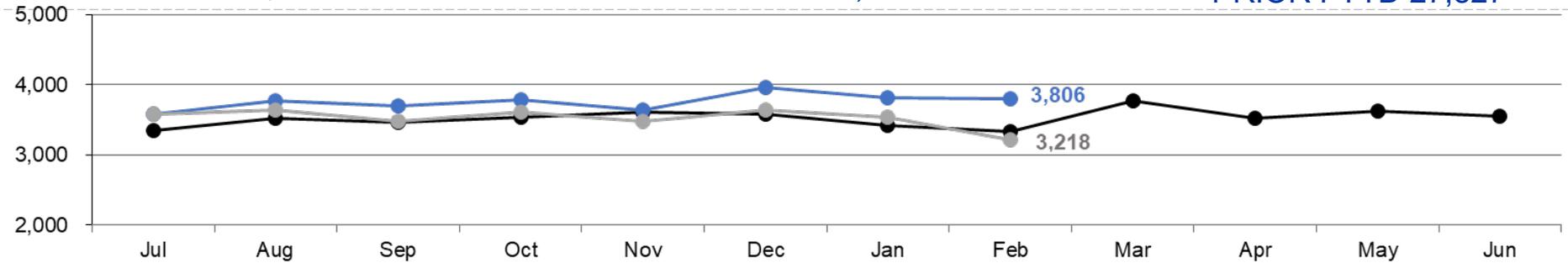


Higher is better

FYTD ACTUAL 30,061

FYTD BUDGET 28,208

PRIOR FYTD 27,827



CASE MIX INDEX

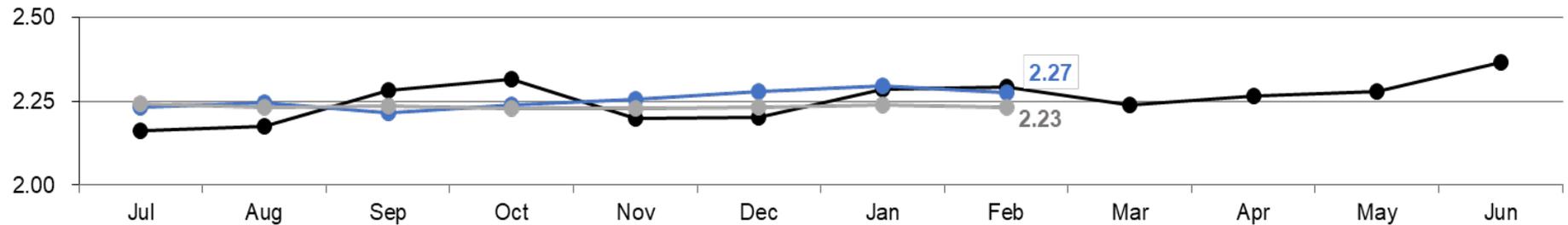


Higher is better

FYTD ACTUAL 2.25

FYTD BUDGET 2.23

PRIOR FYTD 2.23



● FY2023 ● FY2024 ● FY2024 Budget

KEY STATISTICS

RELATIVE VALUE UNIT (RVU)

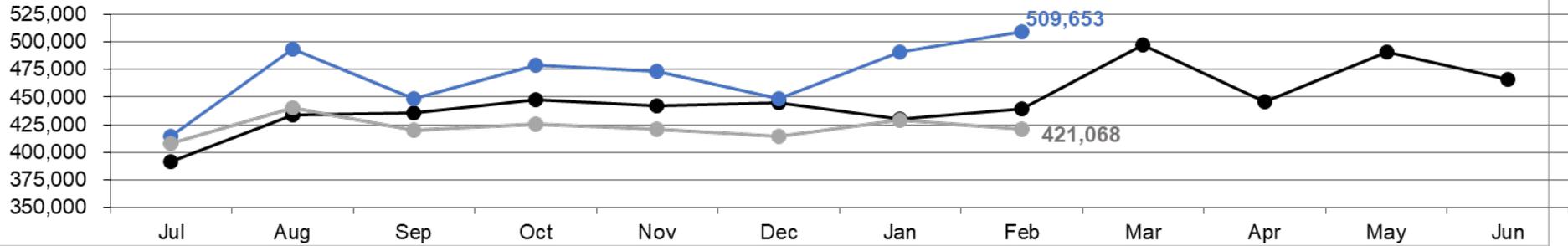


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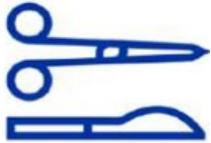
FYTD ACTUAL 3,758,598

FYTD BUDGET 3,379,787

PRIOR FYTD 3,465,304



INPATIENT OPERATING ROOM CASES

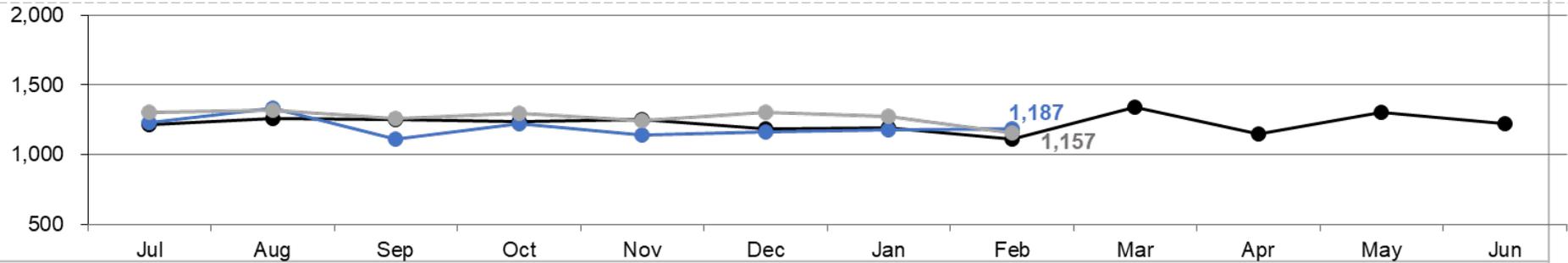


Higher is better

FYTD ACTUAL 9,564

FYTD BUDGET 10,157

PRIOR FYTD 9,700



OUTPATIENT OPERATING ROOM CASES

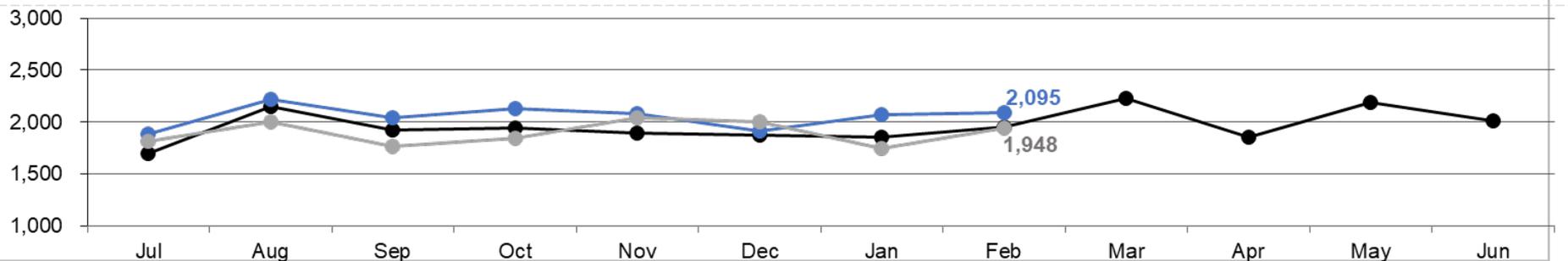


Higher is better

FYTD ACTUAL 16,431

FYTD BUDGET 15,159

PRIOR FYTD 15,280



● FY2023 ● FY2024 ● FY2024 Budget

KEY STATISTICS

UKHC MEDICAL PRACTICE GROUP TOTAL SERVICE VOLUME

(TOTAL AMBULATORY VOLUME)

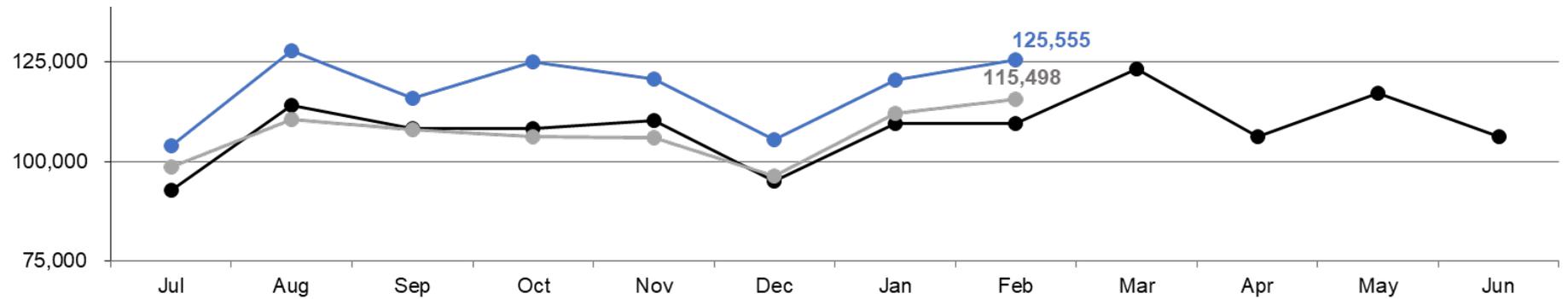


Higher is better

FYTD ACTUAL 944,687

FYTD BUDGET 853,090

PRIOR FYTD 847,412



EMERGENCY DEPARTMENT CASES

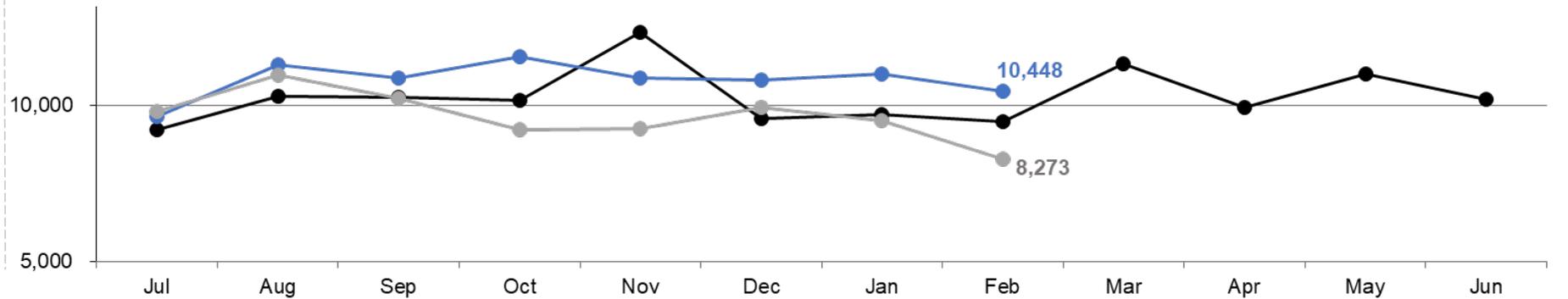


Higher is better

FYTD ACTUAL 86,423

FYTD BUDGET 77,172

PRIOR FYTD 80,948



● FY2023 ● FY2024 ● FY2024 Budget

YEAR-TO-DATE—FEBRUARY 2024

	FY2024 February YTD Actual	FY2024 February YTD Budget	Variance
OPERATING REVENUES			
Net Inpatient service revenues	\$ 985,140	\$ 1,015,628	\$ (30,488)
Net Outpatient service revenues	1,328,365	1,185,876	142,489
Prior year adjustments	23,637	-	23,637
Sales, services and other revenue	96,961	80,861	16,099
Total operating revenues	<u>2,434,103</u>	<u>2,282,366</u>	<u>151,737</u>
OPERATING EXPENSES			
Personnel expense	842,764	823,672	19,092
Variable expenses	614,281	558,483	55,797
Fixed expenses	639,689	603,654	36,035
Interest expense	12,736	13,506	(770)
Depreciation and other	75,834	93,266	(17,432)
Total operating expenses	<u>2,185,303</u>	<u>2,092,581</u>	<u>92,722</u>
Net income from continuing operations	<u>248,800</u>	<u>189,785</u>	<u>59,015</u>
	10.2%	8.3%	1.9%
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	77,775	58,462	19,313
Other	(17,026)	(1,931)	(15,095)
Net nonoperating revenues (expenses)	<u>60,749</u>	<u>56,530</u>	<u>4,218</u>
Net Income	\$ 309,548	\$ 246,315	\$ 63,233
	12.7%	10.8%	1.9%

ROYAL BLUE HEALTH YEAR-TO-DATE—FEBRUARY 2024

	FY 2024 February YTD Actual	FY 2024 February YTD Budget	Variance
OPERATING REVENUES			
Net patient service revenues	\$ 653,116	\$ 607,613	\$ 45,503
Prior year adjustments	-	-	-
Sales, services and other revenue	55,516	45,541	9,975
Total operating revenues	<u>708,632</u>	<u>653,154</u>	<u>55,478</u>
OPERATING EXPENSES			
Personnel expense	357,319	347,043	10,276
Variable expenses	133,185	124,918	8,267
Fixed expenses	95,828	93,614	2,215
Interest expense	6,895	6,619	275
Depreciation and other	30,862	31,727	(865)
Total operating expenses	<u>624,088</u>	<u>603,921</u>	<u>20,167</u>
Net income from continuing operations	<u>84,544</u>	<u>49,234</u>	<u>35,310</u>
	11.9%	7.5%	4.4%
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	23,978	6,266	17,713
Other	48	-	48
Net nonoperating revenues (expenses)	<u>24,027</u>	<u>6,266</u>	<u>17,761</u>
Net Income	\$ 108,570	\$ 55,500	\$ 53,071
	15.3%	8.5%	6.8%

CONSOLIDATED UK HEALTHCARE AND ROYAL BLUE HEALTH YEAR-TO-DATE—FEBRUARY 2024

	FY 2024 February YTD Actual	FY 2024 February YTD Budget	Variance
OPERATING REVENUES			
Net patient service revenues	\$ 2,966,621	\$ 2,809,117	\$ 157,504
Prior year adjustments	23,637	-	23,637
Sales, services and other revenue	152,477	126,403	26,074
Total operating revenues	<u>3,142,735</u>	<u>2,935,520</u>	<u>207,215</u>
OPERATING EXPENSES			
Personnel expense	1,200,083	1,170,714	29,368
Variable expenses	747,465	683,401	64,064
Fixed expenses	735,517	697,267	38,250
Interest expense	19,630	20,125	(495)
Depreciation and other	106,696	124,993	(18,297)
Total operating expenses	<u>2,809,391</u>	<u>2,696,501</u>	<u>112,890</u>
Net income from continuing operations	<u>333,343</u>	<u>239,018</u>	<u>94,325</u>
	10.6%	8.1%	2.5%
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	101,753	64,727	37,026
Other	(16,978)	(1,931)	(15,047)
Net nonoperating revenues (expenses)	<u>84,775</u>	<u>62,796</u>	<u>21,979</u>
Net Income	\$ 418,119	\$ 301,815	\$ 116,304
	13.3%	10.3%	3.0%

QUESTIONS



FINANCE COMMITTEE RECOMMENDATIONS (FCRs)

FCR 12 APPROVAL TO ACQUIRE – 1000 ASHLAND DRIVE, ASHLAND, KY

FCR 12

Office of the President
April 25, 2024

Members, Board of Trustees:

APPROVAL TO ACQUIRE - 1000 ASHLAND DRIVE, ASHLAND, KY

Recommendation: that the Board of Trustees authorize the CEO of UK King's Daughters to enter into a purchase agreement and acquire a building located at 1000 Ashland Drive, Ashland, Kentucky.

Background: UK King's Daughters (UKKD) currently leases five separate medical office spaces from WB Bellefonte, LLC which are located at 1000 Ashland Drive, Ashland, Kentucky. After careful consideration and review, it is deemed to be in the University's best interest to acquire the facility.

Originally constructed for office space, the facility has since been partially modified to accommodate medical offices. The five UKKD leases currently encompass 29,208 square feet and house UKKD's Occupational Medicine, Sleep Medicine, Pediatrics and Family Care, Pulmonology, and Podiatry clinics. Additionally, there are six other entities leasing approximately 25,701 square feet, which is used as both office and medical office space, and 62,221 square feet of vacant office space.

Total consideration will not exceed \$9,500,000 plus the cost of customary due diligence, appraisals, land surveys, closing fees and other capitalized costs of acquisition. The acquisition, which is authorized by the 2022 Kentucky General Assembly, will be funded with agency funds.

Kentucky Revised Statute §164A.575 states that upon the approval of the secretary of the Finance and Administration Cabinet, the governing board may purchase or otherwise acquire all real property determined to be needed for the institution's use. Pending Board and Cabinet approval, the University will finalize negotiations and enter into all agreements necessary to complete acquisition.

FCR 13 APPROVAL TO ACQUIRE – PRECISION CANCER CENTER, ASHLAND, KY

FCR 13

Office of the President
April 25, 2024

Members, Board of Trustees:

APPROVAL TO ACQUIRE - PRECISION CANCER CENTER, ASHLAND, KY

Recommendation: that the Board of Trustees authorize the CEO of UK King's Daughters to enter into a purchase agreement and acquire real property located at 122 St. Christopher Drive, Ashland, Greenup County, Kentucky, as part of an acquisition of a physician practice's assets.

Background: To better serve its patients, UK King's Daughters (UKKD) deems it to be in the University's best interest to acquire the assets of Precision Cancer Centers, Dr. Kirti Jain, including the building at 122 St. Christopher Drive, Ashland, Greenup County, Kentucky.

The building currently serves as a Radiation Oncology practice and would continue to serve the patients of Boyd and Greenup Counties and the surrounding communities. As part of the overall asset acquisition, UKKD would acquire radiology and other equipment at the St. Christopher Drive location and another satellite location of the practice. UKKD would employ three physicians and two nurse practitioners to serve the patients in the Boyd and Greenup Counties.

Total consideration for the real property assets will not exceed \$3,150,000 plus the cost of customary due diligence, appraisals, land surveys, closing fees and other capitalized costs of acquisition. The acquisition, which is authorized by the 2022 Kentucky General Assembly, will be funded with agency funds.

Kentucky Revised Statute §164A.575 states that upon the approval of the secretary of the Finance and Administration Cabinet, the governing board may purchase or otherwise acquire all real property determined to be needed for the institution's use. Pending Board and Cabinet approval, UKKD will finalize negotiations and enter into all agreements necessary to complete the acquisition.

QUESTIONS



UNIVERSITY OF KENTUCKY BOARD OF TRUSTEES

Lindsay Ragsdale, Chief Medical Officer, Kentucky Children's Hospital and Maternal Services



PRIVILEGES AND APPOINTMENTS

QUESTIONS

