

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



AN EQUAL OPPORTUNITY UNIVERSITY

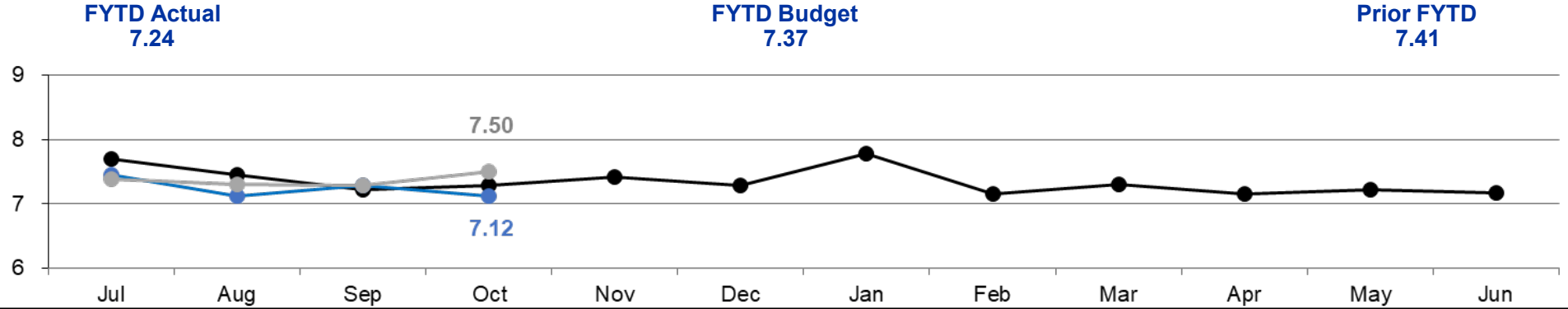
FINANCIAL AND OPERATIONAL UPDATE

KEY STATISTICS: FYTD25 OCT. PRELIMINARY RESULTS

AVERAGE LENGTH OF STAY (DAYS)



Lower is better



FYTD Actual
7.24

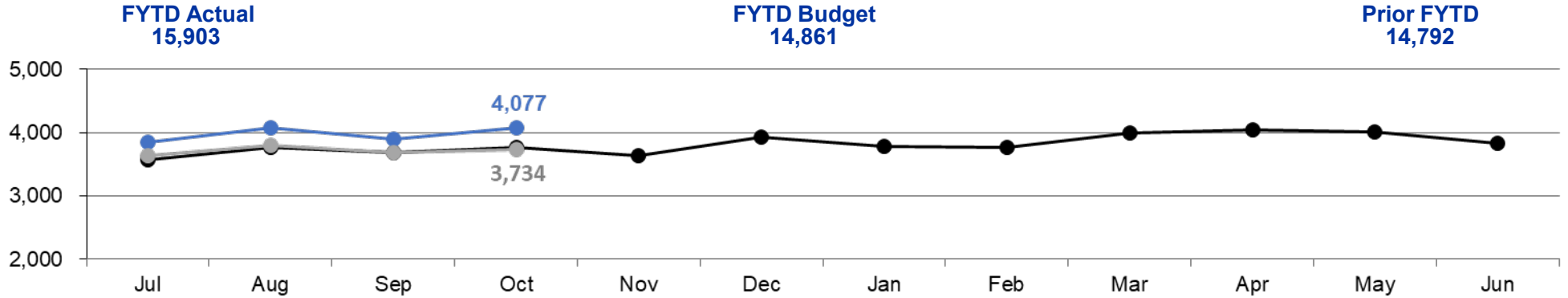
FYTD Budget
7.37

Prior FYTD
7.41

TOTAL DISCHARGES



Higher is better



FYTD Actual
15,903

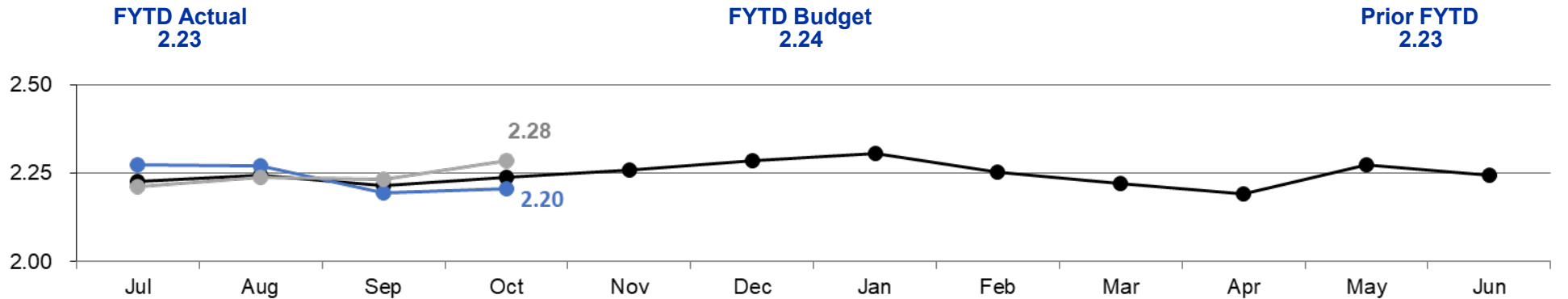
FYTD Budget
14,861

Prior FYTD
14,792

CASE MIX INDEX



Higher is better



FYTD Actual
2.23

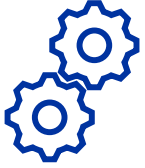
FYTD Budget
2.24

Prior FYTD
2.23

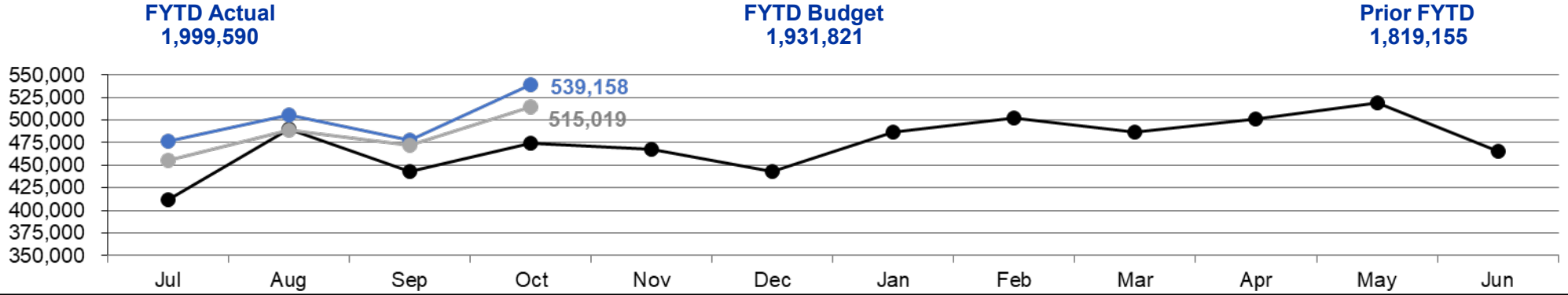
● FY2024 ● FY2025 ● FY2025 Budget

KEY STATISTICS: FYTD25 OCT. PRELIMINARY RESULTS

RVUs



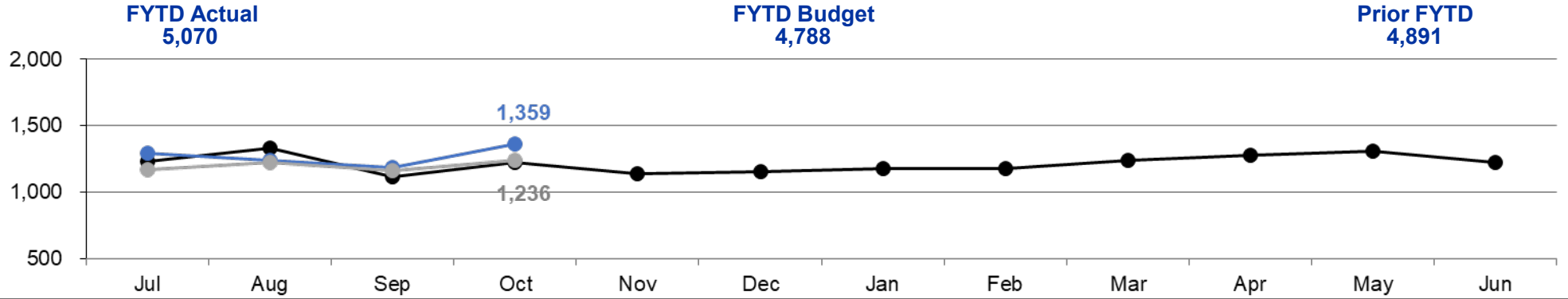
Higher is better



INPATIENT OR CASES



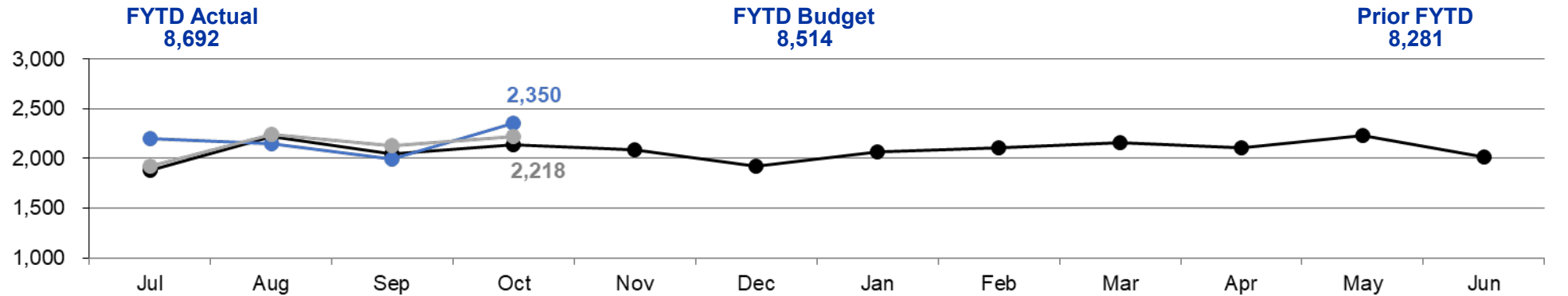
Higher is better



OUTPATIENT OR CASES



Higher is better



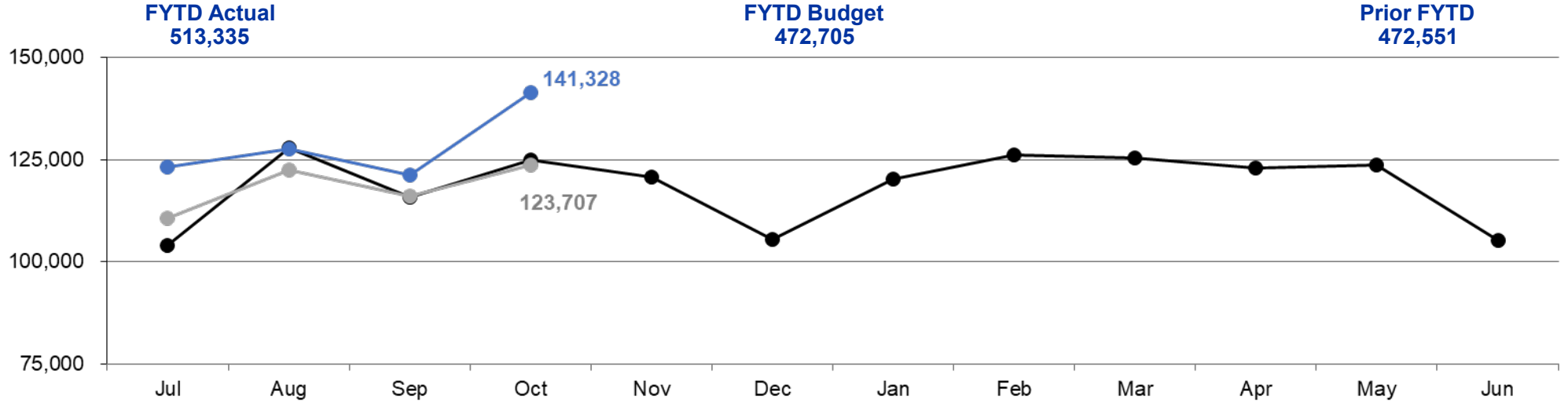
● FY2024 ● FY2025 ● FY2025 Budget

KEY STATISTICS: FYTD25 OCT. PRELIMINARY RESULTS

**UKHC MEDICAL PRACTICE
GROUP TOTAL SERVICE
VOLUME
(TOTAL AMBULATORY
VOLUME)**



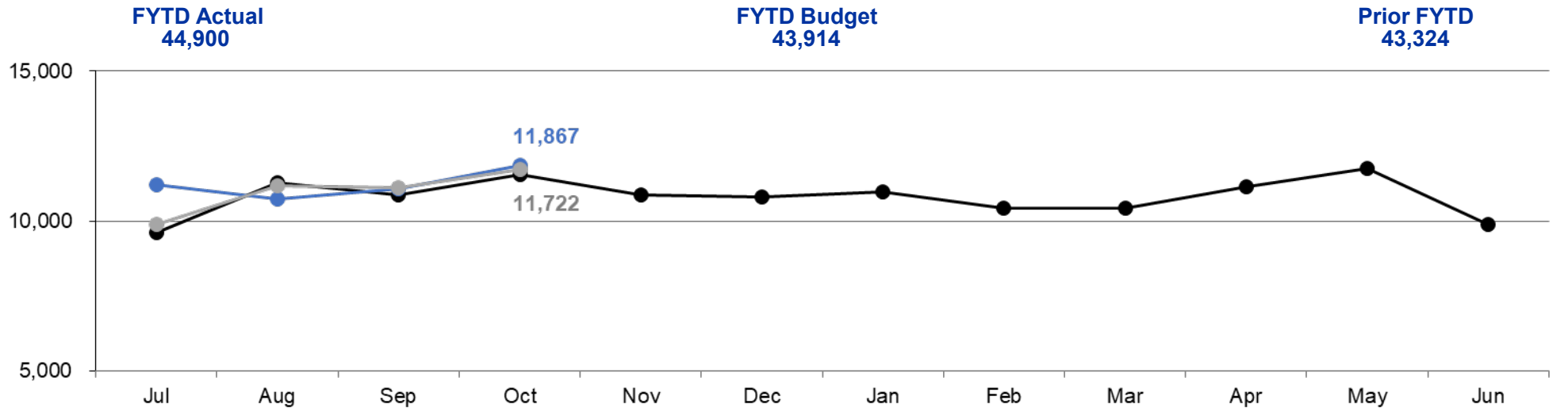
Higher is better



**EMERGENCY
DEPARTMENT CASES**



Higher is better



● FY2024 ● FY2025 ● FY2025 Budget

CONSOLIDATED STATEMENT || YEAR-TO-DATE—OCTOBER 2024

UK HealthCare, Royal Blue Health and Claire Blue Health (values in thousands)

	UK HealthCare			Royal Blue Health			Claire Blue Health			Total HealthCare		
	Actual	Budget Variance	Prior Year	Actual	Budget Variance	Prior Year	Actual	Budget Variance	Prior Year	Actual	Budget Variance	Prior Year
Net Patient Revenue	1,225,821	686	1,154,671	320,449	7,589	322,293	82,251	(42)	76,548	1,628,521	8,233	1,553,512
Other Operating Revenue	52,663	6,754	43,265	29,733	(1,767)	27,246	11,324	3,355	7,957	93,720	8,342	78,469
Total Operating Revenue	<u>1,278,483</u>	<u>7,439</u>	<u>1,197,936</u>	<u>350,182</u>	<u>5,823</u>	<u>349,540</u>	<u>93,575</u>	<u>3,313</u>	<u>84,506</u>	<u>1,722,240</u>	<u>16,575</u>	<u>1,631,981</u>
Total Operating Expenses	<u>1,198,617</u>	<u>291</u>	<u>1,068,982</u>	<u>336,114</u>	<u>5,054</u>	<u>309,012</u>	<u>92,764</u>	<u>3,767</u>	<u>82,490</u>	<u>1,627,495</u>	<u>9,113</u>	<u>1,460,485</u>
Excess of Revenue Over Expenses From Operations	79,867	7,148	128,954	14,068	768	40,528	811	(454)	2,015	94,746	7,463	171,497
Operating Margin	6.25%		10.76%	4.02%		11.59%	0.87%		2.38%	5.50%		10.51%
Non-Operating Revenue (Expense)												
Investment income (loss)/other	42,619	9,313	11,829	14,542	9,459	(11,916)	583	583	(1,384)	57,745	19,356	(1,471)
Enabling Transfers	<u>(32,273)</u>	<u>(3,217)</u>	<u>(631)</u>	<u>(1,415)</u>	<u>(1,415)</u>	<u>55</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,688)</u>	<u>(4,632)</u>	<u>(576)</u>
Net Income	90,213	13,244	140,152	27,196	8,813	28,667	1,394	129	631	118,803	22,186	169,450
Net Margin	7.1%		11.7%	7.8%		8.2%	1.5%		0.7%	6.9%		10.4%

FINANCE COMMITTEE RECOMMENDATIONS (FCRS)

FCR 15

Office of the President
December 3, 2024

Members, Board of Trustees:

APPROVAL OF SUBLEASE

Recommendation: that the Board of Trustees authorize the Executive Vice President for Finance and Administration to negotiate and execute a sublease for the University of Kentucky Healthcare (UKHC), Primary Care Clinic, at 245 Fountain Court, Lexington, Kentucky from the Kentucky Medical Services Foundation, Inc.

Background: Pursuant to Governing Regulation II.G.3, the Finance Committee reviews and recommends to the Board of Trustees leases greater than \$200,000 per year. The President or his designated representative is authorized to execute leases and easements not exceeding \$200,000 in value.

The 245 Fountain Court building will provide space for a UKHC Primary Care Clinic at a convenient location near Man O War Boulevard. The subleased space will include 8,441 square feet at an annual rent of \$270,123 and will be funded with agency funds.

Kentucky Revised Statute § 48.111 requires legislative authorization of all leases with an annual cost of \$200,000 or more. The sublease has been authorized by the Kentucky General Assembly in the enacted 2024-2026 Executive Budget of the Commonwealth. Contingent upon approval from the Board of Trustees, the sublease will be reported to the Kentucky Capital Projects and Bond Oversight Committee.

Office of the President
December 3, 2024

Members, Board of Trustees:

APPROVAL OF LEASE

Recommendation: that the Board of Trustees authorize the Executive Vice President for Finance and Administration to negotiate and execute a lease for University of Kentucky Healthcare (UKHC) at 2301, 2317, 2325, 2333 Alumni Park Plaza and 2347 Sterlington Road, Lexington, Kentucky from the Kentucky Medical Services Foundation, Inc. (KMSF).

Background: Pursuant to Governing Regulation II.G.3, the Finance Committee reviews and recommends to the Board of Trustees leases exceeding \$200,000 per year. The President or his designated representative is authorized to execute leases and easements not exceeding \$200,000 in value.

The leased space will include 135,220 square feet at an annual rent of \$3,921,380 and will be funded with agency funds. UKHC has leased space in these buildings since 2008. This lease expands the square footage and will house various administrative functions.

Kentucky Revised Statute § 48.111 requires legislative authorization of all leases with an annual cost of \$200,000 or more. The lease has been authorized by the Kentucky General Assembly in the enacted 2024-2026 Executive Budget of the Commonwealth. Contingent upon approval from the Board of Trustees, the lease will be reported to the Kentucky Capital Projects and Bond Oversight Committee.

FCR 17

Office of the President
December 3, 2024

Members, Board of Trustees:

APPROVAL OF SUBLEASE

Recommendation: that the Board of Trustees authorize the Executive Vice President for Finance and Administration to negotiate and execute a sublease for University of Kentucky, Department of Ophthalmology and Visual Science, at 110 Conn Terrace, Lexington, Kentucky from the Kentucky Medical Services Foundation, Inc.

Background: Pursuant to Governing Regulation II.G.3, the Finance Committee reviews and recommends to the Board of Trustees leases greater than \$200,000 per year. The President or his designated representative is authorized to execute leases and easements not exceeding \$200,000 in value.

The subleased space will include 10,177 square feet at an annual rent of \$417,257.04 and will be funded with agency funds. This sublease renewal provides space for faculty and program support offices and meeting and training spaces. This space also allows UK Healthcare to be flexible and reactive to provide for the ongoing growth of needed clinical services.

Kentucky Revised Statute § 48.111 requires legislative authorization of all leases with an annual cost of \$200,000 or more. The sublease has been authorized by the Kentucky General Assembly in the enacted 2024-2026 Executive Budget of the Commonwealth. Contingent upon approval from the Board of Trustees, the sublease will be reported to the Kentucky Capital Projects and Bond Oversight Committee.

Office of the President
December 3, 2024

Members, Board of Trustees:

IMPROVE INFORMATIONAL TECHNOLOGY SYSTEMS CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the initiation of the Improve UK HealthCare Informational Technology (IT) Systems capital project and an internal loan to partially fund the project.

Background: Pursuant to Administrative Regulation 8:2, any capital project with an estimated scope of \$1,000,000 or more must be approved by the Board prior to initiation. In addition, pursuant to the University's Internal Loan Program Policy, any internal loan for capital purposes greater than \$1,000,000 must be approved by the Board.

At its October 18, 2024, meeting the Board approved the Advancing Kentucky Together initiative. This project is key to the launch and statewide expansion of the Advancing Kentucky Together Network and will enable the achievement of the strategic goal of providing a single enterprise Electronic Health Record (EHR), Epic, across the university enterprise and UK HealthCare inclusive of Beyond Blue Corporation, with capabilities for future upgrades and improvements. The project will include subprojects for the development and implementation of an Enterprise Resource Planning System (ERP), Workday, for Beyond Blue Corporation and necessary upgrades of the Systems Applications and Products in Data Processing (SAP) ERP for consolidation of healthcare and University business functions. This project also includes the development and implementation of an Enterprise Identity and Access Management (IAM) system to increase security and compliance around sensitive data by limiting access within our technology systems to only authorized individuals. Other needed subprojects for system improvements and upgrades across the university enterprise, including UK HealthCare, will also be implemented.

This \$300,000,000 project, authorized by the 2024 Kentucky General Assembly, will be funded with agency funds and an internal loan not to exceed \$40,000,000. In accordance with the Internal Loan Program Policy, the Debt Management Committee has reviewed and approved this recommendation.

FCR 19

Office of the President
December 3, 2024

Members, Board of Trustees:

IMPROVE UK HEALTHCARE FACILITIES – UK CHANDLER HOSPITAL
(PAVILION A BASEMENT CENTRAL SCOPE PROCESSING) CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the initiation of the Improve UK HealthCare Facilities – UK Chandler Hospital (Pavilion A Basement Central Scope Processing) capital project.

Background: Pursuant to Administrative Regulation 8:2, any capital project with an estimated scope of \$1,000,000 or more must be approved by the Board prior to initiation.

This project will consolidate the processing and disinfection of various clinical scopes to a single location within the Chandler Hospital campus creating better efficiency and cleaning process oversight. The scope of work will include the fitout of space with mechanical, electrical, plumbing and finishes to support the processing equipment.

This \$10,000,000 project, authorized by the 2024 Kentucky General Assembly, is well within the total legislative authorization of \$150,000,000 and will be funded with agency funds.

Office of the President
December 3, 2024

Members, Board of Trustees:

ACQUIRE/IMPROVE MEDICAL/ADMINISTRATION FACILITY 3
(UK KING'S DAUGHTERS EMERGENCY DEPARTMENT, IMAGING AND
ENDOSCOPY) CAPITAL PROJECT

Recommendation: that the Board of Trustees approve the expanded scope of the Acquire/Improve Medical/Administration Facility 3 (UK King's Daughters Emergency Department, Imaging and Endoscopy) capital project.

Background: Prior to member substitution on December 1, 2022, King's Daughters Medical Center began a construction and expansion project on the main hospital campus in Ashland, Kentucky to serve current and growing future patient volume. At its June 13, 2024, meeting the Board approved an increase in the project scope to add more departments and for the design and development work for the ground floor of the facility.

This expansion will increase the scope by \$45,000,000 and will complete the construction, furnishings and equipment for the new Endoscopy, Bronchoscopy and Urology procedure suites on the ground floor. The expanded project will include a central sterile area to process scope equipment, dedicated Endoscopy, Urology and Bronchoscopy Procedure rooms and procedure rooms to accommodate special procedural services. Additionally, it will house pre-operative and recovery rooms, and a central waiting and reception area to serve the entire ground floor. The expanded procedural space is needed to accommodate growing patient demand and ensure timely access for patients, including those with urgent healthcare needs and advanced treatment for cancer care. Chillers will also be added to support the expanded facility.

This project, authorized by the 2022 Kentucky General Assembly, is not expected to exceed \$207,000,000 and is within the total legislative authorization of \$300,000,000. The project will be funded with agency funds.