



TESTIMONY:

Lee Ann Liska

Executive Director and Senior Vice President, University Hospital

Cincinnati City Council

Tuesday, November 10, 2009 - 6:00 p.m.

Avondale Pride Center – 3520 Burnet Avenue

Mayor Mallory, Chairpersons Cole and Qualls and members of City Council, thank you for your interest in the future of University Hospital and, in particular, the unique and unmatched role that University Hospital has in providing safety net health care services to uninsured and underinsured patients in our community.

After my brief remarks, the majority of our testimony this evening will be provided by four doctors who work each day with patient populations who need and benefit from the services provided at University Hospital. Dr. David Stern, the Vice President of Health Affairs for the University of Cincinnati and the Dean of its College of Medicine, is also here with us this evening and will be available for any questions you may have.

The patients treated by the doctors from whom you'll hear shortly are the reason why we are here tonight. They are why we are so concerned about the impact a rushed sale of the Jewish Hospital will have on our mission of serving as this community's leading safety net provider. Simply put, before any transaction around the sale of the Jewish Hospital proceeds, we should first develop a community focused solution that secures the futures of University Hospital and the UC College of Medicine.

Let me be as clear as I can about why we first need to craft a community focused solution.

University Hospital is not like any other hospital in this region. Each day we provide "living proof" of the services and specialized care that no other hospitals in our region provide.

This isn't an accident. It didn't happen by chance. It is deliberate, planned, historic and expected.

We are the only hospital in this region with emergency physicians traveling on our Air Care helicopters. We offer this region's only Level 1 Trauma Center. We have among the fastest heart attack treatment times in the region. Our brain tumor program is the only one of its kind in Cincinnati. We are the home of the only liver transplant program in the region. These are just a few of the many examples of our unique and essential role in this community.

The high quality safety net care patients receive at University Hospital is made possible for two reasons:

University Hospital



1. The integration of the patient care, teaching and research missions of University Hospital and the UC College of Medicine; and,
2. Our ability to deliver on these missions as part of a health system that enables us to afford such specialized and expensive services.

The sale by December 31, 2009 of Jewish Hospital to the Mercy Health System is the tipping point for the Health Alliance. You've heard that Christ's departure was the "game-changing event" for the Health Alliance system, but this is simply not true. The Health Alliance was and still is a viable and successful health system, generating \$53m in operating margin in 2008 and \$23m in 2009, despite incredible litigation expenses and a downturn in the economy. Now, without the Jewish Hospital providing the operating margin that it was designed to provide as part of an integrated health system, University Hospital will not be able to provide much of the safety net care it now delivers and will not be able to support the exceptional and specialized services of the physicians of the College of Medicine.

Without an affiliation with another partner, University Hospital would be left alone and in a weakened position in negotiations with the managed care companies. Our patient mix – just to remind you again – includes the sickest and most injured and the majority of the uninsured and underinsured patients in this community ... we're not exactly the type of hospital managed care companies like to work with. This puts us at a disadvantage in negotiations and will impact the services we can provide in the future.

We will have diminished ability to reinvest in our physical plant and capital assets because, with the support of a health system, our once positive operating margin will disappear. As you know, hospitals are capital-intensive operations. We have large buildings, some of them very old, filled with lots of expensive equipment. We calculate that, to meet our bond obligations, we need to spend between \$40 and \$50 million each year over the next ten years just to maintain our "average age of plant", a key benchmark the bond rating agencies use to determine our creditworthiness.

We also spend about \$50 million each year for the very specialized services of the physicians of the UC College of Medicine. This is part of the integrated and shared mission I mentioned earlier ... patient care, teaching and research. As a stand-alone hospital, we could never afford this annual cost. Dr. Stern and the College of Medicine depend on that money from us each year, and the College of Medicine's annual operating budget is about ½ of the University of Cincinnati's operating budget. I would also like to clarify the ERP or Educational & Research Payment provided to the College of Medicine – University Hospital bears 100% of this \$2.5 to \$5.0 million payment each year, depending on the Health Alliance's financial performance. There is no allocation to the other Health Alliance hospitals as previously stated.

We will also be disadvantaged in our efforts to negotiate with potential new partners, as well as with physician groups. In fact, the minute the Jewish Hospital deal is closed, we will be placed at a significant competitive and negotiating disadvantage with a potential future partner – like Catholic Health Partners and its Mercy Health System.

I don't think that is what you want for the institution that provides the bulk of medical care for the people in your City who need it the most and can least afford to pay for it themselves.

As I said, University Hospital is not like any other hospital in this region. The role we play isn't an accident. It didn't happen by chance. It is deliberate, planned, historic and expected.

To compare what we do with what many fine and well run community hospitals in the suburbs of Cincinnati demonstrates a lack of understanding for the role of this region's only academic medical center.

I'll remind you that the City's Solicitor, John Curp, said that the city's settlement agreement with the Health Alliance specifically cited the University Hospital's role as this community's safety net health care provider.

Also, Dr. Noble Maseru, your Health Commissioner, testified why he believed the safety net health care services provided by University Hospital and the College of Medicine are critically important for the City of Cincinnati.

We shared with you at the last hearing the volume of community benefit, or safety net, care that we provide as part of the Health Alliance. Let me just quickly run through those numbers again:

- Of the \$113.6 million in safety net services provided by Health Alliance Hospitals in 2008, \$96 million (85%) came from University Hospital.
- Of the \$116 million provided in 2009, again by the hospitals of the Health Alliance, almost \$100 million (85%) came from University Hospital. This represents over 20% of our annual operating costs.
- These figures do not include "bad debt" which means unpaid hospital bills from patients who do not qualify for charity, free care or special discounts. Were we to include bad debt, it would represent another \$27m of uncompensated care.

We do not have similar community benefit, or safety net care, numbers from other hospitals in the community. No other single hospital, though, provides the level and type of care we provide.

Many of these safety net services are provided at a significant loss. The total of subsidized health services for University Hospital in FY 2009 was \$20.4 million dollars. We provided significant financial detail about that at the earlier hearing and, as we said then, our audited financial statements are publicly available.

Now, though, we'd like to bring some of this into a little sharper focus for all of you.

At the end of the day, at the end of your deliberations, it is important to be reminded that this is about more than a business deal.

The Jewish Foundation may have the right to get out of the health care business and monetize their assets. But, we have to remember that we are NOT getting out of the health care business. Every dollar earned at UH goes back to sick or injured people – family members and friends – and the talented medical professionals – doctors, nurses and technicians – who care for them.

It is my pleasure to introduce to you some of the most dedicated and talented medical professionals in the country. These doctors will share with you brief information about their responsibilities and their background, including why they chose to join UC's faculty and practice medicine at University Hospital.

Even more specifically, they will explain the role they play in providing safety net care services to this region's uninsured and underinsured patients, many of whom are sicker or more severely injured than patients seen by the typical hospital in this or any other community.

It is now my pleasure to introduce...

Dr. Ken Davis;

Dr. Brian Gibler;

Dr. Elizabeth Kelly; and

Dr. Eric Warm.