

## Key Questions and Answers

### What is the relationship between University Hospital and the University of Cincinnati?

- The University of Cincinnati and University Hospital are inextricably intertwined and operate in lock-step. Legally, the two organizations are separate, but operationally, University Hospital and UC, specifically its College of Medicine, share three core missions: **patient care, education, and research.**
  - University Hospital’s tradition of caring for the sickest and most severely injured patients is made possible by its fully integrated relationship with the University of Cincinnati’s College of Medicine. The two work seamlessly together to drive innovation and are catalysts for discovery-driven medicine.

### What does University Hospital and its connection to UC do for our region?

- **Great cities have great academic-based health centers. Cincinnati is no different.** Through the strength of UC and University Hospital, we provide the value-add to the quality of health care in this region, the quality of teaching of this region’s medical professionals, and the volume and quality of research dollars attracted to this region.
- University Hospital, through its connection to UC, aids in the recruitment and retention of top talent to our region who work to care for patients and deliver scientific breakthroughs. University Hospital is also an economic engine that provides more than 4,300 Cincinnatians with jobs.
- As the region’s primary “safety-net” provider, University Hospital also provides care for a disproportionate number of uninsured and underinsured patients. Last fiscal year, University Hospital provided nearly **\$100 million** in community benefit in the areas of charity care, research, subsidized health services and Medicaid payment shortfalls – a 22 percent increase over fiscal year 2008. **(The \$100 million figure represents approximately 87 percent of the Health Alliance’s community benefit. A full 78 percent of the Health Alliance’s charity care came from University Hospital.)**

### What is the Health Alliance, and how is University Hospital affiliated with it?

- The Health Alliance is a health system operating in Greater Cincinnati. It was founded in 1994 by University Hospital and Christ Hospital. Legally, it is a joint operating company owned by the University of Cincinnati, the Jewish Health System (a subsidiary of the Jewish Foundation) and the Fort Hamilton Hospital Corporation. Together, those three organizations own 49, 45 and 6 percent, respectively, of the Health Alliance. The Health Alliance in turn operates the three hospitals affiliated

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with its owners – University Hospital, Jewish Hospital and Fort Hamilton Hospital. The Health Alliance also owns the Drake Center, West Chester Medical Center and Alliance Primary Care and is involved in several joint ventures, including a 50 percent ownership of the Lindner Center of HOPE in Mason.

## What is happening to the Health Alliance?

- Several hospitals have decided to leave the Health Alliance: the Christ and St. Luke hospitals left in 2007, and two of the Health Alliance’s remaining owners – the Jewish Foundation and the Fort Hamilton Hospital Corporation – notified the Health Alliance in August that they were leaving as well to pursue new affiliations for their hospitals.

## So, it sounds like the Health Alliance is breaking up. Will that impact the delivery of health care in our community?

- The break-up of the Health Alliance will have a profoundly negative impact on health care delivery in our community. Absent a broader affiliation with a health system, a significant operational and financial burden will rest with University Hospital as the primary institution in the community providing health care services for the uninsured and underinsured.

## How will the break-up of the Health Alliance impact University Hospital's core mission of providing health care to Greater Cincinnati's uninsured and underinsured?

- Jewish Hospital leaving the Health Alliance is the tipping point for the financial viability of the health system – a system that was designed carefully over the years with Jewish contributing heavily to the margin. So, if Jewish is not in the mix, the mix doesn’t work as a business. Separately, we are concerned that the Jewish Foundation, as 45-percent owners of the Health Alliance and the Health Alliance’s owned assets – namely, the Drake Center, West Chester Medical Center and Alliance Primary Care – may simply seek to monetize those assets quickly as well resulting in even more uncertainty and, potentially, instability.

## More generally, how will the break-up of the Health Alliance impact University Hospital?

- Patient care will suffer. Without the support of a health system, University Hospital’s infrastructure will decline rapidly due to the lack of funding and support it now receives. University Hospital has a very high number of Medicaid patients (24 percent) for whom care is provided at a financial loss. University Hospital also operates at slim margins – typically 1 to 2 percent – due to its large number of critical yet low- or no-margin services that no other hospital in the region provides. Given the slim

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margins and the tight credit market for hospitals, making routine upgrades to the physical plant and creating new, unique programs will be virtually impossible.

## **How will the break-up of the Health Alliance impact the College of Medicine and University Hospital's ability to recruit top physicians and researchers and attract research dollars?**

- Revenue from University of Cincinnati Physicians and Health Alliance hospitals support the college's research and education missions. The strength and success of the clinical care mission depends on a strong health system partner. That partner is currently the Health Alliance. Without a strong health system to support the clinical care mission, the College of Medicine will have significant challenges recruiting top researchers and clinicians and attracting vital research dollars that help sustain our local economy:
  - In fiscal year 2009, the College of Medicine received \$137 million in research funding via federal, state, industry and private sources. Many of these dollars were used for payroll and supplies. In that same fiscal year, the college had 46 invention disclosures, licensing income of almost \$300,000 and licensed 10 patents.
  - The college trains health care professionals who provide health care services in our community now and in the years to come, many of whom become small business owners and employers as their medical practices grow.
  - The college maintains an enrollment of more than 625 medical students while affiliated hospitals employ more than 920 residents and fellows receiving their postgraduate medical education through UC's academic programs.
  - Strong residency and fellowship programs are crucial to recruiting and retaining physicians to the area. Many of them move to Cincinnati to pursue graduate medical education and then choose to stay. This is an important pipeline for our community's physician workforce.

## **How will the break-up of the Health Alliance affect the University of Cincinnati?**

- Every institution of higher education in Ohio is under tremendous financial strain in these challenging economic times. University Hospital could not sustain the exceptional community benefit it now provides if it were a stand-alone hospital without significantly reducing its commitment to the UC College of Medicine for access to its medical staff. To continue at its current budgeted level, the University of Cincinnati would be forced to dramatically increase its financial commitment to the College of Medicine which would adversely impact other UC programs. Realistically, important clinical, teaching and research relationships of the College of Medicine throughout our region – with

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institutions like University Hospital, Cincinnati Children's Hospital Medical Center, the VA Hospital, Drake Center, and others – will be reduced.

## What are the Health Alliance, University Hospital, UC and others doing to prevent the break-up of the Health Alliance?

- Board representatives from University Hospital and the University of Cincinnati are engaging in discussions with board representatives from the Jewish Foundation and the Fort Hamilton Hospital to reach an agreement on how the jointly owned assets of the Health Alliance – West Chester Medical Center, the Drake Center, Alliance Primary Care and the Health Alliance's interests in several joint ventures – will be managed moving forward.
- We view those assets as critical components of a reconfigured health system that would **stabilize** and help **support** the shared missions of University Hospital and the College of Medicine. Fort Hamilton and the Jewish Foundation have so far expressed an interest in simply selling those critical assets to the highest bidder. We hope they change their position and recognize the importance of maintaining a robust College of Medicine and a thriving University Hospital at the core of an integrated and viable health care delivery system.

## What role will/can government play in preventing the break-up of the Health Alliance?

- Much is at stake here for the residents of our region who need and deserve the highest quality medical care. Our local and state elected officials need to understand these complex and important issues: **We must ensure that we secure the futures of University Hospital and the College of Medicine before any financial transaction is consummated around the sale of the Jewish Hospital.**

University Hospital



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Cincinnati