

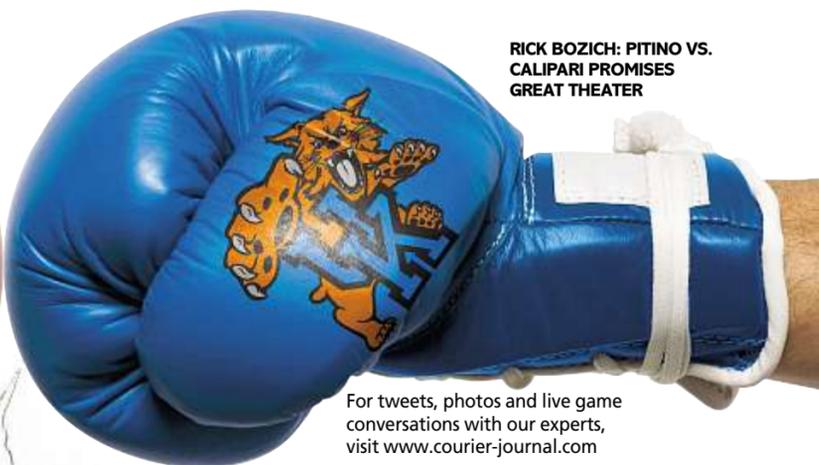
A SPECIAL HOLIDAY PUNCH

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MERGER REJECTED

Letting hospitals combine not in the best interest of public, governor decides

WHAT'S NEXT?

Hospitals will try to rework agreement

By Peter Smith

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The Courier-Journal

University, Jewish and Catholic-owned hospitals in Kentucky said Friday they'll keep trying to work out a merger agreement that is legally acceptable to the state, saying the deal is crucial to their financial future.

"We look forward to delivering a transaction in a form that the governor would feel compelled to approve," according to a joint statement from University Hospital, Jewish Hospital & St. Mary's HealthCare and St. Joseph Health System in Lexington, owned by Denver-based Catholic Health Initiatives.

But any reworked merger agreement — or any merger with other partners that would put University Hospital under religious or other private ownership — would have to surmount the legal barriers raised by Attorney General Jack Conway.

And that may not be possible, Deputy Attorney General Patrick Hughes said Friday.

If the merger can't be reworked, analysts said the hospitals need another plan — some way to cut costs in what's shaping up as a get-big-or-get-out health care industry. That could involve forming a joint venture without

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Partners in the proposed merger said University Hospital is a private entity, but Kentucky Attorney General Jack Conway has ruled it is a public one. MATT STONE, THE COURIER-JOURNAL

THE DECISION

Cites loss of control of University

By Laura Ungar

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Gov. Steve Beshear on Friday rejected a merger plan that would have handed over control of Louisville's only public hospital to a Catholic health care company, potentially violating the principle of the separation of church and state.

"After exhaustive discussions and research, I have determined that this proposed transaction is not in the best interest of the commonwealth and therefore should not move forward," he said in a statement. "In my opinion, the risks to the public outweigh the potential benefits."

The plan would merge University Hospital, Louisville's main safety-net hospital for the poor, with Jewish Hospital & St. Mary's HealthCare and St. Joseph Health System in Lexington, owned by Denver-based Catholic Health Initiatives — creating the state's largest health care system.

A spokeswoman for the Rev. Joseph Kurtz, archbishop of the Archdiocese of Louisville, said Friday that he found "no moral objection" to the plan, which he also had to approve because the local bishop must endorse anything deemed an official Roman

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ON THE WEB

» Read the Kentucky attorney general's report, a timeline of the merger and past coverage

» Hear Gov. Steve Beshear's comments

» Join the conversation about the decision at www.courier-journal.com/mergtalk

COMPLETE COVERAGE at www.courier-journal.com/merger

INSIDE

» What are readers saying? **A3**

» Louisville archbishop saw no moral obstacle to merger. **A4**

» Key dates in the histories of the hospitals involved. **A4**

» Merger plan left many complex policy issues unresolved, Conway report says. **A5**

» Advocacy groups weigh in on decision. **A5**

2012 LEGISLATIVE PREVIEW SOCIAL SERVICES

Child protection due changes

Several lawmakers to seek more transparency in handling of abuse cases

By Deborah Yetter

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Editors note: This is one in a series of stories profiling major issues that will be considered in the 2012 regular session of the Kentucky General Assembly that begins Tuesday.

Lawmakers are proposing changes to the state's child-protection system during the 2012 legislative session, prompted by recent

news stories about child-abuse deaths, including that of Amy Dye, the 9-year-old Western Kentucky girl fatally beaten in February by her adoptive brother.

Rep. Tom Burch, a Louisville Democrat and chairman of the House Health and Welfare Committee, said he is seeking ways to provide more information to the public about how the Cabinet for Health and Family Services protects children.

"I want more transparency," said

Burch, who plans several hearings on the topic. "Kentuckians can accept the truth and live with it."

Kentucky Youth Advocates plans to hold a "Summit to End Child Abuse Deaths" Jan. 14 to gather more ideas for lawmakers. Terry Brooks, executive director of the organization, said the meeting of legislators, judges, medical experts, law enforcement, state officials and others is designed

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