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TAKING THE PULSE OF HEALTH REFORM

10 Kentucky leaders predict
market forces will change a
financially unsustainable industry

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On the Cover

With Kentucky business executives still unclear about the impact of federal healthcare reform measures that begin Oct. 1, The Lane Report asked healthcare industry leaders in the state what they expect. They foresee a shift from group toward individual insurance plans and more risk taking by individuals, employers and providers alike. Photo illustration by Paul Blodgett

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PERSPECTIVE

MORE INTRUSION FROM GOVERNMENT

More federal involvement
won't improve education

BY PAT FREIBERT

KENTUCKY'S children, like those across America, are now back in school. Chances are, they, their parents or even school boards know little or nothing about another new federal program now being foisted on all schools across the land. It is called Common Core and it dictates from the Obama administration's Department of Education new educational standards for all schools.

Under Common Core, students must pass the tests based on the new standards in order to get a high school diploma, GED or admittance to college. It therefore controls standards in all schools: public schools, charter schools, religious and Catholic schools and homeschooling. Common Core's control mechanism is the testing based on the standards and curriculum.

Under Common Core, federal standards that will control curriculum will replace all curriculum decisions by state and local school boards, state legislatures and parents, as well as Congress itself since President Obama circumvented Congress by using stimulus funds to promote Common Core. Its advocates admit that the standards cannot be changed or errors corrected because they are already printed and copyrighted by the private owners such as the Gates Foundation.

The cost to each state to adopt Common Core is estimated to be \$15 billion for teacher retraining and the purchase of computers for all students to take the test. Historically, federal handouts are offered to entice states to come aboard such new programs. This is how the U.S. Department of Education has morphed into a funding organization to states for implementing its latest scheme, such as President Obama's "Race to the Top."

Common Core's academic level is below what many states use now. The only real mathematician on the validation committee refused to sign off on its math standards, saying the standards are two years behind international expectations by the eighth grade and fall further behind in grades eight to 12. Additionally, its new science standards were examined by nine scientists and mathematicians who concluded

that they were inferior to present standards in many states.

Common Core is not state written as is claimed. It is a national project created without any input from teachers or state legislators. Despite the claim, it is not "internationally benchmarked" – that never happened. Where would adoption of this national program leave Kentucky's own Kentucky Education Reform Act of the 1990s?

Where are the promised results from previous programs that came down from the federal government under a plethora of different names and dictates such as "outcome-based education," "national school-to-work," "Goals 2000" and "No Child Left Behind"?

Before such a massive national "top down" control of local school standards and curriculum is implemented, at the very least, public hearings should be held so local communities can be informed and involved. Is this just another power grab from federal bureaucrats to control local schools?

National programs from on high have a very checkered history and we should look, even investigate, before we leap. Before full-scale federal overhaul and control of all educational standards, there are some things communities should know. For instance, a professor and member of Common Core's validation committee refused to approve final published standards because "Common Core has carefully disguised its road to equally low outcomes for all demographic groups." In other words, lower standards.

Local communities should know that repeal legislation has been filed in Oklahoma, Kansas, Michigan, Missouri, Alabama, South Dakota and Georgia. Indiana Gov. Mike Pence has signed legislation to "pause" implementation of Common Core and hold public hearings.

Local school control has historically been a hallmark of how America approaches our children's education. Parents matter. School boards matter. Local school control matters. How we conduct education matters, not only to individual students, schools and communities but our society in general. It matters greatly to businesses that hire those who have matriculated in our local schools.

Ultimate responsibility and authority for local education belongs to the community. ■



Pat Freibert is a former Kentucky state representative from Lexington. She can be reached at editorial@lanereport.com.

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FAST LANE

A compilation of economic news from across Kentucky

HAWESVILLE: PSC ALLOWS CENTURY ALUMINUM TO BUY POWER ON THE OPEN MARKET, RULING SAVES 650 JOBS



Century's aluminum smelter in Hawesville employs 650 people.

THE Kentucky Public Service Commission granted approval last month to allow Century Aluminum's smelter in Hawesville to be supplied with electric power purchased on the open market by Kenergy Corp. rather than power generated by Big Rivers Electric Corp.

Big Rivers operates the power plants and transmission lines that until recently served the Hawesville smelter. Kenergy is the retail electric service provider in Hawesville and is one of three electric distribution coop-

eratives that own and purchase power from Big Rivers.

Century notified Big Rivers last year that it intended to terminate its power supply contract with the utility due to escalating costs and would close the smelter by August, eliminating 650 jobs. Subsequent negotiations led to the agreements ultimately approved by the PSC.

Under the new agreements, Kenergy remains the retail service provider to the Hawesville smelter. Big Rivers will purchase power on the open market on behalf of Century and transmit that power to Kenergy for delivery to the smelter.

The PSC said the agreements achieved a "delicate balance" between "keeping the Hawesville smelter viable" and not imposing costs on the remaining Big Rivers customers beyond those that would occur if the smelter closed. Century President and CEO Michael Bless said the company hopes to negotiate a similar market-priced arrangement for its smelter in Sebree, which it acquired earlier this year from Rio Tinto Alcan for \$61 million. The Sebree smelter's power contract expires in January.

However, without the \$600,000-per-day income from the Hawesville smelter, Big Rivers faces a significant financial shift – which will result in 112,000 of the company's rural electric customers paying more for their power. Big Rivers has applied for PSC approval to raise its rates by \$68.6 million, which would result in a 17.5 percent rate increase for rural residential and commercial customers, a 15.7 percent increase for large industrial customers and a 14.4 percent increase for the Sebree smelter. If Big Rivers also loses the Sebree account, residential and commercial rates could rise an additional 21 percent, with industrial rates increasing another 25 percent.

W. KENTUCKY: OVERLAY OF 364 NUMBERS FOR AREA CODE 270 REGION BEGINS

THE transition to a new area code in western Kentucky is now officially underway to help telephone customers prepare for the changes that will come early next year when area code 364 will be added to the same geographic area as the current area code 270.

Aug. 3 marked the start of a six-month "permissive dialing" period during which customers can dial either seven or 10 digits – with or without the area code – when making local calls in area code 270. Beginning Feb. 2, 2014, all numbers in both the 270 and 364 area codes will require 10-digit dialing.

Area code 364 was created in December 2012 when the Kentucky Public Service Commission (PSC) decided that the best way to meet the need for more telephone numbers in area code 270 was through the creation of an overlay, which superimposes a new area code over an existing area code.

The overlay option is the least disruptive for all customers and imposes the smallest cost on businesses in the area, the PSC said in its order creating area code 364. It is the first area code in Kentucky created by an overlay.

"An overlay allows everyone who now has an area code 270 phone number to keep that number," PSC Chairman David Armstrong said. "The only change is the 10-digit dialing for local calls."

The PSC noted that overlays pose the fewest technical issues for implementation and are becoming the preferred method for creating new area codes nationwide.

STATE: WORKFORCE DEVELOPMENT SYSTEM REDESIGNED TO MEET NEEDS OF BOTH JOB SEEKERS AND PROVIDERS

GOV. Steve Beshear unveiled the state's newly overhauled **workforce development system** in late July, noting that the change signifies the importance of moving away from the perception of the "unemployment office" to a focus on career services for both job-seekers and job providers.

The rebranding of the unemployment office as the **Kentucky Career Center** is part of a larger strategy to modernize the workforce development system. In 2009, Beshear directed the **Kentucky Workforce Investment Board (KWIB)** to develop a plan to make the system more globally competitive.

The result was **WorkSmart Kentucky**,

a plan to streamline the system, build consistency among offices and improve services. The new system was also designed with the goal of better aligning education and training to meet the needs of employers and making adjustments to reflect the state's education objectives and economic development strategies.

State officials say the new external name also represents an internal culture shift and reflects a system whose services are "demand-driven, business-led and solutions-based."



Services for jobseekers include career coaching, access to local job openings, job leads and referrals, professional resume services, job search resource centers with Internet access, unemployment insurance claim filing assistance, employment services for military veterans and individuals with special needs, and education and training opportunities.

Services for businesses include talent recruitment assistance; candidate pre-screening and assessment; onsite conference space to conduct interviews; coordination of job fairs and hiring events; tax credit incentive programs; free access to Focus Talent, Kentucky's online job posting portal; and business services representatives available to provide personalized support.

To learn more, visit kentuckycareer-center.com.

STATE: GLOBAL TRADE GENERATES \$23B IN KY EXPORTS, SUPPORTS 498,000 JOBS



Toyota photo

Kentucky's top export categories include motor vehicles, aerospace products and parts, pharmaceuticals and medicines, basic chemicals, and glass products.

THE latest analysis of Kentucky's international trade statistics by Business Roundtable shows that global trade generated \$23.2 billion in goods and supported 498,000 jobs across the commonwealth in 2012.

"Trade is a powerful engine for economic growth, supporting American jobs and increasing U.S. exports to countries around the world," said Business Roundtable President John Engler. "With 95 percent of the world's population outside of the United States, and more than one in five American

jobs supported by trade, U.S. international trade and investment agreements have a major role to play in maximizing economic growth in Kentucky and all 50 states."

Drawing from new Business Roundtable research and U.S. government data, the facts and figures highlighted in the Kentucky state analysis provide in-depth details on the economic benefits of trade and U.S. trade agreements, including:

- Kentucky's trade-related employment grew 19 percent, while total job growth stagnated, from 2004 to 2011.
- Kentucky's goods exports have grown more than two times faster than state GDP since 2002.
- Eighty percent of Kentucky exporters are small- and medium-sized companies with fewer than 500 workers.

U.S. trade with free-trade agreement (FTA) partner countries has led to export growth, and since 2002, Kentucky's goods exports to FTA partners have increased by 132 percent. In 2012, \$11.7 billion of Kentucky's goods exports, or 50 percent, went to FTA partners.

Increasing global demand for Kentucky-made products and services has pushed the state's export activity into high gear in 2013, placing the commonwealth second in the nation for export growth for the first half of 2013. With more than \$12.1 billion in exports as of mid-August, Kentucky's exports are up 12.6 from last year's mid-point total of \$10.8 billion, significantly outpacing the national growth average of 1 percent.

BUSINESS BRIEFS

BALLARD COUNTY

■ **Transport Logistics International Inc.** (Daher-TLI) plans to establish a new operation in Ballard County that will create up to 20 new jobs. Daher-TLI is a transportation management company that specializes in radioactive material. The company manages cylinder transports, both domestically and internationally, and provides engineering services and professional support for packaging and transportation of radioactive material and related products for both commercial and research purposes, as well as for spent fuel transportation for U.S. and foreign research reactors. The company plans to begin hiring in mid-October.

BOWLING GREEN

■ **Southern Foods Inc.**, a family-owned food distributor headquartered in Bowling Green, is now part of **Reinhart Foodservice**. Southern Foods was founded in Bowling Green some 55 years ago and currently employs a staff of 100 who serve 1,200 accounts across Kentucky and parts of Tennessee and Indiana. The company will retain its name, operating as a division of Illinois-based Reinhart, and all employees have also been retained, with Southern Foods owner/CEO Joe Natcher remaining in a leadership role with the company. Southern Foods President Doug Polk said the acquisition will expand the products and offerings available to Southern Foods customers.

COVINGTON

■ **dbaDIRECT** has announced plans move its offices from Florence to a new 22,000-s.f. location in the **Corporex Co.**'s RiverCenter complex this month. The database administration company currently employs a staff of 73 and plans to add approximately 110 new high-tech jobs by 2016.



EDGEWOOD

■ **St. Elizabeth Healthcare** plans to break ground in November on a \$13.8 million Heart and Vascular Institute building at its hospital in Edgewood, according to a report by the *Cincinnati Business Journal*. The expansion will be part of a \$30 million investment in the hospital's existing cardiovascular program and will create 50 to 75 new positions, including at least five physicians. The new facility is expected to open in early 2015.



FLORENCE

■ Construction has officially begun on a major addition to **Mazak Corp.**'s manufacturing facility in Northern Kentucky, part of a \$30 million expansion of the company's national operations announced last year. The 91,200-s.f. addition will increase the machine manufacturer's plant size by more than 20 percent and will allow the company to increase its production capacity to 200 machines per month. Mazak employs approximately 750 people at its Northern Kentucky campus, which will cover 800,000 s.f. once the expansion is completed later this year.

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BUSINESS BRIEFS

FRANKLIN

■ **Packaging Unlimited** is investing more than \$2 million to expand its manufacturing operations in Franklin, where it produces customized packaging that includes die-cut partitions, color cartons with hand holes and foam fabricating packaging. The Louisville-based company was founded in 1975 with only 20,000 s.f. and two customers, but has since grown to include nine facilities in five cities throughout Kentucky and North Carolina. The Franklin expansion will create 20 new jobs.

FRANKFORT

■ **Mitsui Kinzoku Catalysts America Inc.** is investing \$19.5 million to establish a manufacturing plant in Frankfort that will produce catalytic converters for automobiles and motorcycles. The company, which is a subsidiary of **Mitsui Mining & Smelting Co. Ltd.**, plans to lease an existing building in Frankfort and hopes to begin operations by July 2015. Until now, the company's business expansion has been focused on newly developing countries, but with demand for automobile production in North America remaining stable and growing demand for new technology in the United States, Mitsui Kinzoku decided to expand its business by establishing a local production and sales base. The Frankfort plant will create 50 new full-time jobs.

FULTON

■ **A. Kayser Automotive Systems USA**, a subsidiary of Germany-based **A. Kayser Automotive Systems GmbH**, plans to establish a manufacturing facility in Fulton that will create 121 jobs. With nearly 1,800 employees and eight international production sites worldwide, Kayser Automotive produces high-quality modules and ready-to-install systems for automotive original equipment manufacturers and tier one suppliers in America, Asia and Europe. The company plans to make modifications to an existing building in Fulton, where operations will include the fabrication, assembly and testing of metal and plastic components and assemblies. The operation will be Kayser's first plant in the United States.

HEBRON

■ Public charter airline **Ultimate Air Shuttle** is the newest carrier to begin offering service at the **Cincinnati/Northern Kentucky International Airport (CVG)**, giving air travelers a new option for travel. The airline allows for check-in up to 15 minutes before departure without going through security checkpoints, no cancellation penalty for changes made up to 24 hours in advance, and no fees for parking, baggage and in-flight refreshments. The carrier is offering flights between CVG and the New York region via **Morristown Airport** in New Jersey, utilizing 30-seat **Dornier 328** jets and priced at \$695 round-trip or \$395 one-way, including taxes and fees. Flights are currently scheduled four days a week.

■ Candy manufacturer **Perfetti Van Melle USA Inc.**, which produces brands that include **Airheads** and **Mentos**, has relocated its Hebron facility to another building in the Park West International development. The company's new 176,000-s.f. site increases its space by more than 16 percent and provides cross-docking capabilities.



R.J. Corman photo

JESSAMINE COUNTY

■ The **R. J. Corman Railroad Co.** has launched a dinner train that runs between Lexington and Versailles. The trip will start in downtown Lexington behind **Rupp Arena** and carry passengers by famous horse farms such as **Calumet** and **Ashview**, past **Keeneland** and through the village of Pisgah before finally settling in the town of Versailles, then make the return to Lexington. The excursion expands on the success the Jessamine County-based company has had with **My Old Kentucky Dinner Train**, which has operated out of Bardstown for 25 years. In addition to lunch and dinner trips offered Wednesday through Saturday, the **Lexington Dinner Train** will also cater to groups and events.

STATE: KY AUTO PRODUCTION ZOOMS 37%, ON TRACK TO SHATTER 2012'S RECORD

STATISTICS released by the state in August indicate that Kentucky ranks third in the nation for mid-year auto production numbers and is on pace to crush last year's production tally of more than 1 million vehicles.

With 657,587 light vehicles produced by mid-year, Kentucky trails only Ohio and Michigan in terms of vehicle production and is outperforming last year's total at this time (478,110 vehicles) by more than 37 percent.

The commonwealth is on track to produce about 290,000 more vehicles than last year's total of 1,025,730, which was the highest output in Kentucky in five years.

"This is good news for Kentucky, not just for the folks in our automotive industry, but for all of us. More production means more jobs, more investment and ultimately a stronger economy here in the commonwealth," said Gov. Steve Beshear.

Kentucky's automotive industry boasts more than 450 motor vehicle-related facilities across the state, including four major assembly plants: **Ford's Louisville Assembly Plant** and **Kentucky Truck Plant** in Louisville; **Toyota's Georgetown operation**, which is the company's largest production plant outside of Japan; and the **General Motors Bowling Green Assembly Plant**, which has been the exclusive home of the iconic Corvette since 1981.

Kentucky's mid-year 2013 ranking of third in the nation sustains its recent history of gains in production and national rankings. The commonwealth rated fourth overall in 2012 for auto production and fifth in 2011.

ASHLAND: KING'S DAUGHTERS CUTS 148 HEALTHCARE JOBS, SHUTS 2 FACILITIES

CITING a decline in patient volumes and reimbursement levels, **King's Daughters Health System** has cut 148 positions at its Ashland hospital.

The number represents approximately four percent of the hospital's payroll.

According to information released by **King's Daughters Medical Center (KDMC)**, most of the affected positions were in support, administrative or supervisory areas, with staffing levels for direct patient care remaining unchanged.

In a statement announcing the restructuring, KDMC President CEO Fred Jackson said, "Together, we have done everything possible to avoid this situation, including cutting operating expenses, combining areas where that made sense, and improving our operations through Process Innovation. Those efforts have helped us greatly. While difficult, the reduction will help preserve the positions of 3,831 people throughout our health system."

The statement went on to say that King's Daughters has been caught in a perfect storm of a shifting business model, changing federal and state reimbursements, increasing demand for charity care and a weak economy.

Ford photo



With a recent \$1.2 billion investment in its two Louisville plants, Ford has ramped up production in Kentucky. The company's popular Escape model has seen year-over-year U.S. sales rise 23 percent – compared to industry growth in that segment of 13 percent – and is on track to break its all-time annual sales record, set last year.

RUSSELL COUNTY: GERMAN COMPANY TO HIRE 155 FOR NEW AUTO PARTS PLANT

DR. Schneider Automotive Systems Inc., a Germany-based automotive supplier, plans to establish a manufacturing plant in Russell Springs that will create 155 full-time jobs.

The project represents an investment of more than \$29 million.

The announcement represents the third German-owned company to locate a new operation in Kentucky this year. All have been companies that serve the auto industry.

"At the end of an intensive selection process where we checked 69 locations, we decided to choose Russell Springs," said Wilhelm Wirth, member of the Dr. Schneider board of directors. "The decisive factors included the quality and expandability of the facility and the competitive location costs. The professional cooperation with the local and state business development departments confirmed our decision as well. We are convinced that at this location we will be able to work more efficiently for our current customers, including Mercedes, BMW and Ford, and that we can win new partners."

Dr. Schneider is an 85-year-old family enterprise that is a pioneer in the processing of plastics and produces high-end vent and trim systems for top automotive original equipment manufacturers around the world.



Mercedes photo

Dr. Schneider's produces vent and trim systems for automotive manufacturers worldwide.

BUSINESS BRIEFS

LEXINGTON

■ In response to workforce needs, **National College's** Lexington campus is now offering associate and bachelor degree programs in network administration and cybersecurity. Statistics from the U.S. Bureau of Labor Statistics point to faster than average growth – as much as 22 percent – in the field of cybersecurity. Students will be trained in the latest security techniques to defeat hackers and other security and privacy threats.

■ **Alltech's Lexington Brewing and Distilling Co.'s Kentucky IPA and Kentucky Kölsch** are now rolling off the brewery's new canning line. The new cans are being distributed statewide and in Ohio. Kentucky IPA – or India Pale Ale – is a new brew for the brewery, while Kentucky Kölsch is a rebranded version of the **Kentucky Light®** brew that launched in 2003. Alltech says the canned Kentucky Kölsch (it is also available on draft and in bottles) will be expanded into its existing U.S. markets, while Kentucky IPA distribution will follow a more incremental growth strategy.



■ The **University of Kentucky** is among the first campuses to implement **ASI Campus Laundry Solutions'** first fully mobile-phone-operated student laundry program. Dayton, Ohio-based ASI has installed high-efficiency washers and dryers that allow students to pay for their laundry services with their smart phones – without the need for coins or laundry cards. In addition, students can find out which machines are available and receive texts when their laundry is complete. If a student chooses not to use the phone, the new machines also take credit and debit cards through readers installed on each machine.



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FAST LANE

BUSINESS BRIEFS

LEXINGTON

■ **Lexmark International Inc.** has signed an agreement to acquire Germany-based **Saperion AG**, a developer and provider of enterprise content management and business process management software in Europe, for approximately \$72 million. Lexmark CEO Paul Rooke said the acquisition will “strengthen Lexmark’s transition from being a global leader in imaging and output technology to one that offers enterprises end-to-end solutions.” Upon the closing of the transaction, Saperion will report to Lexmark’s **Perceptive Software**, a stand-alone software business within Lexmark.



■ A four-member medical research team from the **University of Louisville** has joined the **Markey Cancer Center** at the **University of Kentucky**, where they will develop a research center to focus on the role that metabolism plays in cancer. The research team of Teresa Fan, Andrew Lane, Richard Higashi and Hunter Moseley will bring more than \$17 million over five years in current federal funding to UK. Dr. Mark Evers, director of UK’s Markey

Cancer Center, told the (Louisville) *Courier-Journal* that Markey did not pursue the UofL team, but that the four researchers were looking to expand and approached UK.

LOUISVILLE

■ **Certicell USA LLC**, a company that specializes in data clearing, repair and redeployment of electronic devices, is expanding its operations in Louisville to help meet an increase in customer demand for its services. The \$1.8 million expansion project will add 90 new jobs to the existing 10-member workforce.

■ **Kindred Healthcare** has created a new care management division designed to help grow its home health and hospice business, test new delivery and payment models, and develop capabilities to support its integrated-care markets. Kindred recently completed the sale of seven nursing centers that are located outside the company’s designated integrated-care markets, part of Kindred’s long-term strategy to focus on the integrated-care markets in order to provide a continuum of care. The Kindred facilities were sold to affiliates of Louisville-based **Signature Healthcare LLC** for \$47 million.



■ Texas-based IT services provider **NTT Data Inc.** plans to establish a North America service delivery center in Louisville. The new center will provide a range of business process, applications and cloud services. The company’s first client and partner company in Louisville is **Yum! Brands**, which is in the process of changing its IT infrastructure.

■ The **University of Louisville’s Diabetes and Obesity Center** has received a five-year \$11.25 million **Center of Biomedical Research Excellence (COBRE)** grant from the **National Institute of General Medical Sciences**, part of the **National Institutes of Health**. The center’s director, Aruni Bhatnagar, calls diabetes and obesity the “two most significant health threats of our age,” noting that more than 90 million adults and children in the United States are obese and 18 million adults are living with type 2 diabetes, statistics that are “rapidly eroding recent gains in longevity by contributing to the burden of chronic diseases.”

■ **XLerateHealth**, a Louisville-based accelerator for early-stage health related companies, has selected six companies to participate in its inaugural 10-week intensive immersion program. The participating companies include **Medical Search Technologies** (Chicago), **CredentialedCARE** (San Diego), **MedSparq** (Elizabethtown), **LockUpLead** (Louisville), **Liberate Medical** (Louisville) and **11 Picas** (New York). XLerateHealth will assist the companies in building a commercial footprint and accelerate getting their products into the marketplace.

PARIS: EMPLOYEES ARE THE NEW EQUITY OWNERS OF VERMONT CASTINGS GROUP

A group of employees at **Vermont Castings Group**, a Paris, Ky.-based supplier of hearth and grill products, has acquired the company, creating the largest privately held, employee-owned company in the industry. The Aug. 1 announcement followed a lengthy sale process, during which time the company considered numerous potential buyers.

“After listening to all the different proposals and evaluating the options for returning Vermont Castings Group to prominence, the employees realized the best way for our business to succeed was to take back the control and play the leading role in driving the company’s strategic direction. Over the coming weeks and months, we will refocus VCG on the hearth industry, and transition away from non-core activities,” said Ricardo León, the new chairman and CEO of Vermont Castings Group.

The new ownership team is entirely made up by current and former employees, including León, Pat Kelly, Jess Baldwin and Kirsten Jenkins.

VCG supplies hearth and grill products throughout North and South America, Asia and Europe under four brands: **Vermont Castings**, **Majestic**, **Monessen** and **Ambient Technologies**. In addition to its headquarters and manufacturing/distribution facility in Paris, VCG has locations in Vermont, Texas, Mexico and Canada. The company employs more than 500 people, nearly half of whom are located in Paris.

Bill Tweardy, former owner and founder of Monessen Hearth Systems, said he was “exceedingly supportive” of the employee acquisition and believes “this approach represents the best possible solution for the company, its employees and most importantly, its customers.”



Paris-based Vermont Castings Group produces a full line of both wood-burning stoves and electric fireplaces, as well as outdoor grills and heating products.

LOUISVILLE: RENOVATION OF CHURCHILL DOWNS OFFERS NEW SEATING, VENUES



Churchill Downs racetrack is creating a new venue, the **Grandstand Terrace**, that will add 2,400 new seats on the second and third floors. The project will also add a hospitality lounge area for VIP guests called **The Rooftop Garden**. The new seating is part of a \$14.5 million renovation that includes 51,000 s.f. of completely new space located behind and adjacent to the track’s current grandstand seats that overlook the Kentucky Derby starting gate. Most of the new seats in the Grandstand Terrace will be available for purchase during Churchill Downs’ online sale of tickets to the 2014 Kentucky Derby and Oaks in November. Those who wish to participate in that sale must register at KentuckyDerby.com by Oct. 31.

LOUISVILLE: BRADY CORP. BRINGING 121 MANUFACTURING JOBS TO KENTUCKY

BRADY Corp. is investing \$18.2 million to build and equip a 230,000-s.f. plant in Louisville that will house its **Sorbent Products Co. (SPC)**.

SPC produces synthetic sorbent materials that are used in industrial maintenance and environmental applications for spill cleanups, containment and control.

The Wisconsin-based company conducted a multi-state search for its new location that included sites in 60 cities before settling on Louisville. The new manufacturing and distribution center will replace SPC's plant in Somerset, N.J., and will create 121 new jobs.

Matt Williamson, president of Brady's **Identification Solutions** business, said Louisville's central location and the availability of skilled workers were primary factors in the company's decision to establish operations there.

The company expects to be in full production by late 2014.

FRANKLIN: NEW MULTITECH PARTS PLANT, EXPANSION OF FPI WILL CREATE 80 JOBS



The additional 40,000 s.f. being added at the FPI plant in Franklin will allow the company to consolidate its distribution and inventory space to create more space for manufacturing.

A new automotive supply plant and the expansion of an existing auto supply facility are bringing up to 80 new jobs to Franklin.

Multitech Industries is establishing a distribu-

tion and manufacturing facility in Franklin that will create up to 40 jobs within the next few years.

The Illinois-based company, which produces fasteners, machined components, springs, wire forms, tubing and cold-head components, currently has more than 200 employees located at 14 facilities worldwide that supply billions of parts to tier one and tier two automotive manufacturers each year.

Multitech will initially employ a staff of 10 in Franklin, where it will occupy a 32,000-s.f. spec building in the Sanders Interstate Industrial Park.

Meanwhile, **Franklin Precision Industry (FPI)**, which has been producing automotive parts since 1989, announced in July that it is expanding its plant for a fifth time.

FPI, which currently has 800 employees and is Simpson County's largest employer, is adding 40,000 s.f. to its facility, bringing the total square footage to 450,000. The expansion will create approximately 40 new jobs.

BUSINESS BRIEFS

LOUISVILLE

■ More than 900 people showed up within the span of several days to apply for 150 to 200 jobs at **Ford Motor Co.**'s Kentucky Truck Plant, according to a report from *The (Louisville) Courier-Journal*. The jobs – which may be temporary, according to the company – start at \$15.78 per hour and could grow to \$28 or more within three years.



Galen College of Nursing photo

■ The **Galen College of Nursing**, a private nursing school headquartered in Louisville, has been awarded regional accreditation from the **Southern Association of Colleges and Schools Commission on Colleges**. The designation represents the highest level of institutional accreditation and will allow the college to expand its nursing program offerings, including the development of a baccalaureate degree in nursing. Galen currently offers practical/vocational nurse and associate degree nursing programs at its campuses in Louisville, San Antonio, Tampa and Cincinnati.

NORTHERN KENTUCKY

■ **Southern Business & Development** magazine has named Northern Kentucky as the 2013 Mid Market of the Year in its "Top Deals and Hot Markets in the South" feature. Among the notable Northern Kentucky deals mentioned were **Citicorp**, with 400 jobs; **Elovations**, with 696 jobs and a \$14 million investment; and **iHerb**, with 600 jobs and a \$30 million investment. Behind Northern Kentucky on the list were Lake Charles, La.; Columbia, S.C.; Chattanooga, Tenn.; Charleston, S.C.; and Huntsville-Decatur, Ala.

WINCHESTER

■ **Amazon** held a grand opening ceremony on Aug. 16 for its new 80,000-s.f. customer service center in Winchester. The company is investing more than \$20 million in the new facility and plans to hire some 550 full-time employees as well as hundreds of seasonal workers over the next few years. The company is also adding a total of 5,000 new full-time jobs nationwide to its existing 20,000-member workforce to help meet growing consumer demand. In addition to its new Winchester customer service facility, Amazon operates fulfillment centers in Lexington, Campbellsville, Louisville and Hebron.



STATE

■ Kentucky has become one of the first states in the nation to open a toll-free **Health Benefit Exchange** call center. The **kynect** contact center, located in Lexington, is operated through a contract with **Xerox** and houses more than 60 customer care agents who will answer questions and help citizens navigate the online application process for health insurance under the Affordable Care Act. Staffing is expected to grow to 100 by the time open enrollment for the health insurance plans begins on Oct. 1.



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INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Vera Bradley Inc.**, an Indiana-based company that designs handbags, gifts and travel accessories, is investing \$26.6 million to expand its design center and distribution facility in Roanoke, near the company's Fort Wayne headquarters. The expansion – the company's second major project in less than two years – will create up to 128 new jobs by 2017. Barbara Bradley Baekgaard, the company's co-founder and chief creative officer, said the design center expansion will bring the majority of the company's Northeast Indiana employees together on one campus and strengthen collaboration across the company.

■ Indiana-based **Cummins Inc.** is preparing its **Columbus (Ind.) Engine Plant** to build the Cummins 5.0L V8 Turbo Diesel for **Nissan's** next-generation Titan pickup truck. The company expects to add approximately 500 workers to its existing 300-person workforce within the next several years to help support the V8 program.



■ The **Indiana Utility Regulatory Commission** has announced that Southern Indiana will be assigned a new area code – 930 – to resolve the numbering shortage in the 812 area code. By utilizing an overlay, existing customers are able to retain their 812 prefix while new customers will be assigned the 930 prefix, but all customers will have to use 10-digit dialing. An exact date for implementation has not yet been determined, but Indiana officials say there will be a 13-month grace period before it goes into effect to allow customers to become acclimated to the new system.

OHIO

■ The **J. M. Smucker Co.** has acquired **Enray Inc.**, a privately held California company that is a leading manufacturer and marketer of organic, gluten-free ancient grain products. Enray, which primarily sells products under its flagship brand, **truRoots**, generated net sales of more than \$45 million over the latest 12-month period. Financial details of the acquisition were not released.

TENNESSEE

■ **Brown-Forman** is investing \$100 million to expand its **Jack Daniel's Distillery** in Lynchburg, Tenn., in response to increasing interest worldwide in its popular Tennessee whiskey. The investment includes the addition of stills, barrel warehouses and related infrastructure, and will create approximately 90 new full-time jobs over the next five years. Construction is scheduled to begin this fall and is expected to be complete within two years.



The Dollywood Co. photo

■ Entertainer **Dolly Parton** has announced plans for \$300 million in capital investments in **The Dollywood Co.** over the next 10 years that will include new attractions, resorts and the creation of more than 2,500 jobs. Construction is already underway on a new rollercoaster at the Dollywood theme park in Pigeon Forge, Tenn., that is scheduled to open in March. To mark the company's 30th anniversary in 2015, the 300-room **Dollywood DreamMore Resort** will open adjacent to the theme park. An independent economic impact study projects that Dollywood and its investments will add \$150 million annually to the local economy.

■ The **Tennessee Valley Authority** has issued a request for proposals to identify community members interested in participating in a new community solar initiative. TVA will collaborate with selected participants to fund and build a solar energy project at one or more sites in local communities across the TVA service area. This initiative will include community teams consisting of corporations, government entities, solar industry representatives, businesses and community organizations. The initiative will also provide an opportunity to test the market for the upfront purchase of renewable energy credits (RECS), which are directly tied to generation from a local solar facility.

OHIO: HONDA INVESTING \$215M IN NEW POWERTRAIN TECHNOLOGY, TRAINING

HONDA is investing \$215 million to expand its operations in Anna and Maryville, Ohio, bringing the total amount the company has invested in its North American operations over the last three years to nearly \$2.7 billion.

The company is investing approximately \$180 million in its engine plant in Anna, to expand capabilities in aluminum die casting and engine parts production related to the new Honda "Earth Dreams" technology engines and transmissions.

The project is the latest in a string of investments over the last three years totaling more than \$500 million. Previous investments have helped introduce new direct-injection engines and localize production of components for continuously variable transmissions assembled at Honda's Ohio transmission plant.

In Maryville, Honda is building a 160,000-s.f. facility near its existing operations that will house a technical training center and office space for the new **Honda North America Services LLC**, a shared-services company that was formed in April to reorganize existing support services in North America.

The Maryville facility will also house a heritage center highlighting the history of Honda in North America, with an emphasis on the role of Honda operations in Ohio.



Honda photo

Honda's plant in Anna, Ohio, is producing the company's new generation of fuel-efficient engines known as "Earth Dreams." The new engine will be joined with an all-new continuously variable transmission being produced on a new assembly line at Honda's transmission plant in Russells Point, Ohio.

TENNESSEE: GM'S SPRING HILL PLANT TO BUILD 2 NEW CARS, CREATE 1,800 JOBS



GM photo

GM's Chevrolet Equinox has been produced on the Spring Hill plant's flex assembly line since September 2012.

GENERAL Motors plans to invest another \$167 million at its **Spring Hill (Tenn.) Assembly Plant**, in addition to a previously announced pledge of \$183 million.

The latest investment, which will be utilized for two projects, will "create or retain about 1,800 jobs," according to a press release issued by the company.

Approximately \$40 million of the new investment will support a future mid-sized vehicle program that will create or retain 1,000 jobs. The remaining \$127 million will support a second mid-sized vehicle program that will involve 800 jobs.

Located 40 miles south of Nashville, the Spring Hill site operates as a flexible-assembly plant, capable of building a variety of products on a range of platforms. The facility is designed to supplement production for plants being retooled for new products or add production to meet sales spikes.

The new programs will add to existing manufacturing operations at the Spring Hill site, which include vehicle assembly, stamping, engine and component parts production. GM said that product specifications and timing would be announced closer to the beginning of production.

KENTUCKY INTELLIGENCER®

A sampling of business and economic data

THE ROI ON A COLLEGE EDUCATION

Study analyzes the lifetime return on investment at Kentucky colleges

As the cost of a college education continues to climb, a recent study analyzed which colleges in Kentucky offer the best return on investment. The ROI was compiled with data from multiple sources to determine how much more graduates from each college would earn over 30 years compared to non-degree holders.

COLLEGE	TUITION	ROI
1. Northern Kentucky University	\$8,064	\$583,000
2. University of Kentucky	\$9,676	\$560,000
3. University of Louisville	\$9,662	\$474,800
4. Bellarmine University	\$33,270	\$415,000
5. Spalding University	\$20,550	\$391,000
6. Western Kentucky University	\$8,472	\$383,600
7. Eastern Kentucky University	\$7,320	\$366,100
8. Murray State University	\$6,840	\$292,800
9. Kentucky State University	\$6,096	\$270,700
10. Georgetown College	\$30,770	\$165,800
11. Morehead State University	\$7,284	\$90,290

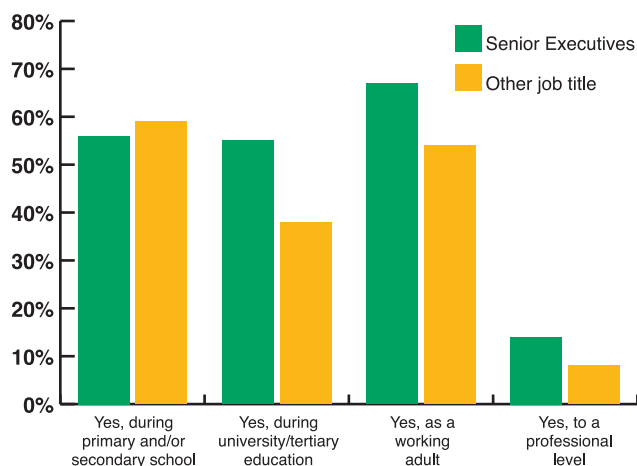
Sources: AffordableCollegesOnline.org, PayScale.com (2013 College Earnings Report), Integrated Post-Secondary Education Data System, The National Center for Education Statistics, and The Carnegie Foundation.

IT'S ALL ABOUT TEAMWORK

Survey finds strong connection between women's career success and sports

A global online survey conducted earlier this year by Ernst & Young reveals that 90 percent of the women sampled had played sports at some point and among women who were senior executives, that number rose to 96 percent. The study concludes that sports can play a positive role in developing leadership skills and especially help in coordinating performance across a team.

Professional women who have played sports



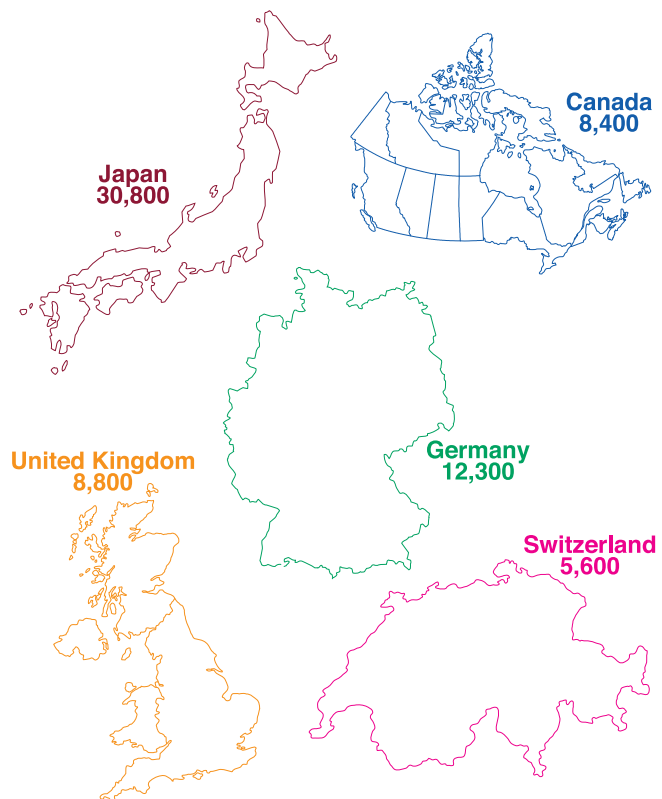
Sources: Ernst & Young

FOREIGN INVESTMENT IN KENTUCKY

Efforts to bring jobs to the Bluegrass State are paying off

For some time now, Kentucky's governors and economic development officials have been traveling the globe to tout the benefits of doing business in the Bluegrass – and statistics show that those efforts are translating into jobs.

Number of Kentuckians employed by companies based in:



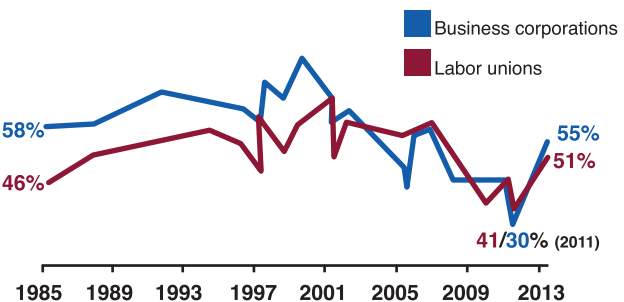
Sources: Business Roundtable/U.S. Bureau of Economic Analysis

AMERICA'S VIEWS ON BUSINESS AND LABOR

Favorable opinions rebound after reaching record lows

Overall, more Americans now hold a favorable view of business corporations compared to two years ago, when their opinions were reversed and favorable opinions came in at a record low of 38 percent.

Americans with a favorable view...



Sources: Pew Research Center

CORPORATE MOVES

New leadership for Kentucky businesses

ARTS

■ **Joel Aalberts** has been selected as executive director of the Eastern Kentucky University Center for the Arts. Aalberts comes to position from Illinois, where he served as performing arts director of the Bloomington Center for the Performing Arts.

BANKING

■ **W. Kelly Montgomery** has joined Bank of the Bluegrass & Trust Co. as vice president and senior portfolio manager.

■ **Crystal Wells** has been promoted to community reinvestment act officer for Community Trust Bank Inc., where she also serves as assistant vice president, assistant compliance manager.



Crystal Wells

■ **Jenny D. Foley** has joined PNC Financial Services Group as vice president and senior trust advisor for wealth management in the Lexington office. **Dwain K. Neeley** has been promoted to vice president for the wealth management group in Lexington. **Buckner Woodford V** has been named vice president and investment advisor in the Lexington office.



Jenny D. Foley



Dwain K. Neeley



Buckner Woodford V

■ **Rob Whartenby** has joined First Financial Service Corp. in Elizabethtown as executive vice president and chief credit officer. **Charles Darst** has been named market manager/team leader of the company's Louisville commercial division.

■ **Stephen P. Brunson** has been named president and chief executive officer of Citizens Bank of Northern Kentucky. Brunson previously served as vice president and director of business development for Republic Bank & Trust Co.



Stephen P. Brunson

ECONOMIC DEVELOPMENT

■ **Elizabeth Burton** has joined The Center for Rural Development in Somerset as director of business development and public relations. Burton previously served as director of sales administration for Polycom, a global telecommunications company.

EDUCATION

■ **Eric C. Gentry** has been named vice president for university advancement at Northern Kentucky University.



Eric C. Gentry

■ **Sam Corbett** has joined the University of Louisville as director of community engagement for the University of Louisville College of Education and Human Development.

■ **Heather Garcia** has joined Western Kentucky University's public affairs department as marketing manager for the university's regional campuses.



Heather Garcia

■ **Nina Martinez** has been promoted to vice president of admissions for Sullivan University. **Tyiana Watt** has been promoted to director of admissions for Sullivan's online campus.

■ **M. Dwaine Greene** has been named as the new president of Georgetown College.



M. Dwaine Greene



Ruth R. Staten

■ **Ruth R. Staten** has been named associate dean of undergraduate programs at the University of Louisville School of Nursing.



Meredith Wells-Lepley

■ **Meredith Wells-Lepley** has been promoted to director of research and consulting at the University of Kentucky's Institute for Workplace Innovation (iwin).

EQUINE

■ **Susan Schneider** has been named executive director of the Kentucky Horse Council. Schneider succeeds **Ginny Grulke**, who has retired after serving in the position for the last eight years.

FOOD/SPIRITS/HOSPITALITY

■ **Tony Thompson** has been promoted to president and chief operating officer of Louisville-based Papa John's International Inc.

GOVERNMENT

■ **Hiraku Tamura** has been appointed as Kentucky's economic development representative in Japan.



Hiraku Tamura

HEALTHCARE

■ **Jon B. Rousseau** has been named president of Kindred Healthcare's newly formed care management division.

■ **Kim Dickey** has joined Louisville-based Atria Senior Living as senior vice president of human resources. **Walter Hall** has joined the company as director of human resources.



Brett Bachmann

■ **Brett Bachmann** has been named as the new chief executive officer of Heuser Hearing Institute in Louisville. Bachmann succeeds **Mona McCubbin**, who has retired after serving as executive director for 22 years.

DEPARTURES

■ **Stephen Klein** has stepped down as president of the Kentucky Center for the Performing Arts. He will remain involved with the center as an independent consultant through the end of the season.

■ **Tom Rawlins** has joined Life Care Center of Bardstown as executive director.

NONPROFIT

■ **Malcolm Ratchford** has been appointed executive director of the Community Action Council, an organization that supports low-income people in Fayette, Bourbon, Harrison and Nicholas counties.

Jennifer Adrio has joined the American Red Cross as chief executive officer of the organization's Kentuckiana region. Adrio succeeds **Keith Alvey**, who has been promoted to division disaster executive for the American Red Cross.

PHARMACEUTICAL

■ **David W. Froesel Jr.** has been appointed executive vice president, chief financial officer and treasurer of Louisville-based PharMerica Corp.

TELECOMMUNICATIONS

■ **Hood Harris** has been named president of AT&T Kentucky.

TOURISM

■ **Andrea Hamblen** has been named convention sales manager for the Louisville Convention and Visitors Bureau.

TRANSPORTATION

■ **James P. Sohan** has been named director of public safety for the Louisville Regional Airport Authority. Sohan will oversee public safety functions – including police, fire fighting, EMS and dispatch services – at Louisville International Airport and Bowman Field.

OTHER

■ **Gary Friedman** has been named general manager of KFC Yum! Center Properties.



Gary Friedman

■ **Bob Decker** has been named president of Pallas Partners Inc., a Louisville strategic consulting firm.

■ **Scott Vanderventer** has joined Louisville-based Charah Inc. as director of agricultural product sales.



Scott Vanderventer

■ **Keith McCane** has been promoted to director of operations/general manager for ResCare Residential Services, overseeing operations in Lexington, Hazard, Frankfort, Bowling Green, Winchester and Somerset.

■ **William Edwards Jr.** has been promoted to regional vice president of Paducah-based Credit Bureau Systems Inc.

ON THE BOARDS

Kentuckians named to organizational leadership roles

CENTRAL KENTUCKY ASSOCIATION OF HEALTH UNDERWRITERS

■ The following individuals have been elected to serve on the 2013-2014 board of directors of the Central Kentucky Association of Health Underwriters, which represents licensed health insurance agents, brokers, consultants and benefit professionals: President – **Lauren Johnson**, President-Elect – **Daryl Carlson**, Vice President – **Nancy Atkins**, Treasurer – **Lisa Darby**, Secretary – **Deanna Johnson**, Past President – **Roger Kelley**. Board committee chairs: **John Melvin** and **Marci Johnson**, programs; **Holly McChord**, education; **Christina Walker**, membership retention; **Darryl Hofe**, legislation; **Kesha Lewis**, hospitality; **Greg Humpkey**, technology and community outreach; **Trish Kleykamp**, marketing; **Thomas Jones**, awards; **Sherry Wright**, symposium; **Matt Rueff**, sponsorships; and **Mark Onishi**, media.



Daryl Carlson

EDUCATIONAL PROFESSIONAL STANDARDS BOARD

■ **David C. Whaley**, **Laura Lee Schneider** and **Mary John O'Hair** have been appointed to the Education Professional Standards Board. Whaley, of Murray, is dean of the college of education at Murray State University. Schneider, of Walton, is a high school teacher for the Kenton County School District. O'Hair, of Lexington, is dean of the college of education at the University of Kentucky.

GATEWAY COMMUNITY AND TECHNICAL COLLEGE FOUNDATION

■ The Gateway Community and Technical College Foundation has elected **David J. Gooch**, **Kimberly Halbauer** and **John Schoener** as members of the foundation's board of directors. Gooch is president of Park National Bank of Southwestern Ohio & Northern Kentucky. Halbauer is a vice president and director of Fifth Third Bank's Greater Cincinnati

affiliate covering the Cincinnati, Northern Kentucky and Dayton markets. Schoener is project general manager for Toyota Engineering and Manufacturing America.

INTERNATIONAL COACH FEDERATION – OHIO VALLEY

■ The Ohio Valley chapter of the International Coach Federation has elected new officers and board members for the 2013-2014 term: President – **Ann Huttner**, Oak Tree Coaching; Vice President/President-Elect – **Jennifer Blair**, Excavive Life Coaching; Secretary/Treasurer – **Janet Fulton**, Fulton 180; Immediate Past President – **Michelle Hollingshead**, Imprint Coaching and Consulting; Directors – **Cyndi Hall**, Positive Impact Kentucky, and **Chris Padgett**, Growth Revolution.

KENTUCKY BAR ASSOCIATION

■ **Douglass Farnsley** has been named president of the Kentucky Bar Association board of directors.

KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION

■ **Robert H. Staat** and **Glenn L. Means III** have been appointed to serve on the Kentucky Council on Postsecondary Education. Staat, of Goshen, is a professor at the University of Louisville School of Dentistry and represents faculty members from a state institution. Means, of Mount Sterling, is a graduate student and represents students.

KENTUCKY FILM COMMISSION

■ **Daniel Leland Diamond** has been named to serve on the Kentucky Film Commission. Diamond, of Frankfort, is a feature film producer at QED Holdings LLC.

KENTUCKY REGISTRY OF ELECTION FINANCE

■ **L. Reid Haire** has been appointed to serve on the Kentucky Registry of Election Finance. Haire, of Utica, retired from the IRS after more than 25 years and served as Daviess County judge-executive from 1999 to 2010.

NATIONAL KIDNEY FOUNDATION OF KENTUCKY

■ **Chandler N. Hodge** has been appointed to the board of directors of the National Kidney Foundation of Kentucky. Hodge is an attorney in the Louisville office of Frost Brown Todd.

SAINT JOSEPH BERE A FOUNDATION

■ The Saint Joseph Berea Foundation has announced new appointments to its 2013-2014 executive committee and board of directors: Chair – **Charles F. Hoffman**, attorney; Vice Chair – **Stephanie Moore**, White House Clinics; Treasurer – **Barry Poynter**, Eastern Kentucky University; Secretary – **Flora Washburn**, Saint Joseph Berea. New board members include: **David Gilliam**, Madison Southern High School; **Craig Loftis**, State Farm Insurance Co.; and **Nola Newman**, Nola Newman Realty.

SAINT JOSEPH HOSPITAL FOUNDATION

■ The Saint Joseph Hospital Foundation has announced new appointments to its 2013-2014 executive committee and board of directors: Chair – **Alan VanArsdall**, Central Bank; Vice Chair – **Greg Yeary**, Merrill Lynch; Treasurer – **Susan A. Dean**, U.S. Bank. New members to the board of directors include: **Susan A. Dean**, U.S. Bank; **William E. Henderson III**, R. J. Corman Railroad Co.; **Stephen Hillenmeyer**, Stephen Hillenmeyer Landscape Services; and **Dr. Kimberly Stigers**, Saint Joseph Breast Center.



Susan A. Dean



William E. Henderson



Stephen Hillenmeyer



Kimberly Stigers

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LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Dr. Eli Capilouto

Dr. Eli Capilouto was named as the 12th president of the University of Kentucky in July 2011. Prior to being selected to lead the state's flagship university, Capilouto served as provost of the University of Alabama-Birmingham (UAB) and dean of the UAB School of Public Health. A native of Montgomery, Ala., Capilouto earned his bachelor's degree from the University of Alabama and his master's in epidemiology and doctor of dental medicine degree from UAB. He also holds a doctorate in health policy and management from Harvard School of Public Health. At UK, Capilouto has overseen the process to increase institutional investments in merit-based financial aid and expand the University Honors Program. Under his leadership, the university has entered an innovative public/private partnership to modernize student housing and is also self-financing capital projects to expand the business college, build a new science building and renovate athletic facilities.

'THE UNIVERSITY OF KENTUCKY HAS MADE INCREDIBLE PROGRESS'

President Eli Capilouto discusses UK's initiatives and financial needs to serve and educate Kentuckians

BY ED LANE

Ed Lane: UK recently announced the opening of the first phase of its new on-campus dormitories. How is student housing progressing, and what has been the response from the new residents?

Eli Capilouto: Students, parents, community leaders, have all raved when they've seen UK's new student housing. It's the most modern living and, I would say, learning space you can find anywhere. UK had 3,000 applicants for the first 600 beds that opened in Central Hall, so that confirms the strong demand we knew was out there. UK has an additional 4,000 beds under construction; 2,000 will be ready a year from now and the other 2,000 in 2015.

EL: UK entered into a public-private venture with EdR Collegiate Housing to develop UK's new student housing. How is this joint venture structured?

EC: EdR has great competence in this area. The firm has built 40,000 beds across the country. This month alone, EdR opened facilities not only at UK but also at University of Connecticut in Storrs, University of Texas in Austin, and University of Mississippi in Oxford. UK gets the benefit of EdR's expertise and excellence, which is hard to organically produce on construction projects if you don't do them day after day. EdR's inter-

ests are aligned with UK's. We have given no guarantees of occupancy. EdR has to maintain a tremendous facility to ensure constant demand – so their teams are on the ground. While they maintain the facilities, they also work hand-in-hand with our student life directors and leadership who hold responsibility for student success. EdR is also able to provide something that was very important at Kentucky and for the projects that are underway – that's \$265 million of their shareholders' money that comes from outside of Kentucky to help UK rebuild its housing stock. Before EdR, UK only had 600 modern beds out of about 6,000.

As part of the construction process, we're experiencing incredible job creation. New state and local taxes are being generated. UK hosted a break-fast for the construction workers and had about 400 people show up. We went around and shook hands and talked to those folks. They're driving hours to get here for this kind of work, the integrity that comes with holding a job and what it means to their families. I think that means a lot for Kentucky. To finish this project in record-breaking time, our contractors worked seven days a week in 10-hour shifts each day so UK could move students in for the 2013 fall semester.

EL: Not having adequate on-campus student housing created a zoning issue in Lexington neighborhoods near the UK campus because single-family homes were being used for student housing. Does UK's analysis indicate that the high demand for off-campus housing will be reduced when all the planned dormitory units on campus are finalized?

EC: The new housing should relieve some pressure and decompress some of the places where students congregate. There are also other developers moving into the Lexington market to develop high-quality student housing. UK's development of quality housing ramps up the competition for housing that is comparable. UK doesn't have enough land area on campus to build residence halls for all its students. There will always be some students living off-campus in the community.

EL: Do you foresee an ongoing program to demolish and rebuild existing student housing or to upgrade and remodel housing?

EC: Two of UK's large housing complexes – Centrals 1 and 2, which just opened, and the Avenue of Champions complex (under construction) – were built on parking lots or green fields. The old Haggin Hall was demolished, and we are rebuilding on that site. The old apartments on Cooperstown were demolished to build the new Woodland Glen.

I think subsequent phases will involve demolition. I looked at one of our older residence halls this morning; to put central air in that hall was prohibitively expensive. It just doesn't make financial sense to repurpose some of these housing units.

EL: What are UK's plans to provide more food service on campus as the number of students who reside on campus increases?

EC: UK is looking at opportunities to engage partners from the private sector. We're not there yet; we haven't reached that decision. It's something we're considering. If UK does something like that, we've already assured current employees that they're going to have jobs. UK also would take steps to really enhance its purchases from local vendors. UK has a good record there, but we want to make it even better in any subsequent arrangement.

UK is going to have to have new dining facilities. Some of the ones in our old student center are very dated. We will be creating a 10,000 or 12,000-s.f. dining facility in the Haggin Hall replacement. The old K-Lair was on that site.

EL: What is UK's policy regarding alcoholic beverages on campus, and will the policy be modified in the near future?

EC: I charged a group a few months ago to look at how UK can best ensure the legal, appropriate and responsible use of alcohol on its campus. Whether you allow it or disallow it on campus, alcohol consumption is a reality with students of this age. Survey data show that the inappropriate use of alcohol, binge drinking and illegal use of alcohol has improved slightly, but it's still a challenge with this age group.

EL: UK received approval from the Kentucky General Assembly to bond \$110 million to expand and improve Commonwealth Stadium and \$165 million to build a new science building and to renovate the Gatton College of Business building. When will these projects start construction? How will the debt service for these projects be repaid?

EC: The construction fence is currently up at the Gatton College of Business, so it's going to be the first to break ground. The goal is to raise \$65 million for the business college. UK has raised \$35 million so far, and we hope to raise an additional \$30 million. Some very generous donors have stepped forward, and we hope to have many others. The donors won't pay off their pledges immediately, so UK must borrow money to finance the renovation. With the pledges, UK should be able to pay off the interim construction cost over a short period of time, but it does have to issue debt.

The science building is \$100 million for its first phase. It will be later this year before we'll start construction. Donovan Hall, which is the residence hall on that site, would have to go down first, so construction can't happen until then. Sixty-five million dollars of the science building's cost will be paid for by athletics. The \$110 million renovation of Commonwealth Stadium is to be funded by revenue from additional suites and the premium seating that will be added. The Athletic Department will hold responsibility for this. Its budget, like all budgets at the University of Kentucky, falls under the auspices of the administration and the board of trustees.

EL: How are UK's research efforts growing, and what is the near-term outlook for new NIH grants and other research funding?

EC: Success in the funded research arena is built on facilities and talent. UK was fortunate that several years ago the state provided funds to build a state-of-the-art College of Pharmacy building that contains cutting-edge biopharm labs. These facilities made it possible for UK to begin



Two new residence halls are being built on the University of Kentucky campus adjacent to Memorial Coliseum, UK Good Samaritan Hospital and the UK Student Center.

recruiting researchers three or four years ago. That talent positioned UK to be successful in its application for the National Cancer Institute (NCI) designation for the UK Markey Cancer Center. This success is a perfect example of what has to come together in an even more competitive environment because the federal government's support for research is flat and declining in some ways.

EL: How will being designated an NCI facility affect future research grants for the Markey Center and UK's ability to recruit cancer researchers?

EC: UK will immediately qualify for several million dollars of additional research funding. We also, through the consortia of cancer centers through the country, will be able to make available to our patients new clinical interventions and participation in clinical trials with the latest drugs that are being tested.

EL: Does UK have any available research and lab space, or is it all committed?

EC: UK has very limited high-quality lab space remaining. To recruit the types of researchers that made UK competitive for the NCI designation, you've got to have state-of-the-art laboratory facilities. UK is out of that.

EL: Do you feel building research lab space would be a good cash investment for state government to make? In prior years, the state had a program called Bucks for Brains, which provided matching funds using bonds to help recruit researchers and build facilities.

EC: UK has \$500 million in projects underway that are being self-financed, and that includes a new science building that will have research floors in it. In the initial phase, some floors will be shell space. UK would love to have state support to complete the research lab space.

It is very difficult for a university to entirely self-finance its infrastructure. I do hope the state will be in a position to support the completion or building of new research space. Research creates high-paying jobs and attracts other businesses associated with a particular

research that's ongoing, because of the spin-off intellectual property created.

A perfect example is Allylix Inc., a company that was really birthed out of research in the UK College of Agriculture. The company has attracted several rounds of venture capital funding. In many cases, research is closely associated with the clinical care UK provides, creating opportunities to raise the sophistication and quality of healthcare provided to Kentuckians.

EL: Four cancer researchers have announced they were moving from the University of Louisville to UK. Was this move already planned prior to the Markey Center receiving the NCI designation?

EC: The UofL research group approached UK in the early spring and said they were looking to leave UofL and Kentucky if they did not find a home at UK. I learned just recently that they were considering two out-of-state sites. UK immediately communicated with UofL about the interest of this group, wanting to give UofL every opportunity to work something out with them. It was only when it was clear they were going to leave Kentucky if they didn't have an appropriate home at UK that we seriously engaged them.

The more important issue is not whether this is a gain or a loss for UK or UofL, but that what attracted this group here were the researchers that UK had recruited over the last few years and the quality lab space UK had available in which they could conduct research. This group is occupying UK's last available high-quality lab space. I would imagine UofL is out of high-quality lab space as well. If Kentucky wants to have two successful research universities, it's time for the General Assembly to step back up to the plate and provide the funding to make that vision a reality.

I have the highest respect for UofL President Jim Ramsey. He contacted

LANE ONE-ON-ONE

me before I arrived at UK; he reached out to me. The president I served in Birmingham (Dr. Carol Z. Garrison) spent a good number of years as provost at the University of Louisville, and she was interim president there for a brief time. She had wonderful things to say about Jim Ramsey. I felt like I had known him awhile before I came to UK. I think the University of Louisville and the city of Louisville are blessed to have his leadership.

EL: What other capital improvements are planned or being evaluated for the UK campus?

EC: UK has a strategic plan approved by the board of trustees that we basically follow. It is a five-year plan that runs from 2009 to 2014. When I arrived two years ago, we took a look at where we were and where we needed to be going and adopted some additional tactics that I think still follow the basic goals of the current plan. Over the next year, UK will undertake a planning exercise and robust dialogue with our many constituents: students, faculty, staff, community leaders, elected officials. We'll more clearly define what our forward-looking priorities are. Always, UK puts the students first – undergraduates, graduates and professional students. UK also has to conduct research for and with partners in Kentucky so it can improve the richness, quality and length of life of Kentuckians.

EL: Is the cost of attaining a postsecondary degree increasing to a level that it makes it difficult for U.S. students to pay off student debt as well as earn an adequate return on the cost of their education?

EC: Access and affordability have long been priorities at UK. It started before I arrived, and it certainly has remained on the forefront of our considerations here. This is why UK had the lowest tuition increase in 15 years and has dramatically worked to increase scholarship support by several million dollars.

Eighty-five percent of all Kentuckians who attend UK have some financial aid. Much of that is in the form of scholarships and grants that they don't have to pay back. Consequently, when we examined a recent graduating class, we found about 50 percent have debt while 50 percent have no debt. Of those with debt, it averages around \$23,000.

When you compare the typical earning salary of a Kentuckian with a high school degree to one with a college degree, the one with a college degree earns several thousand dollars a year more. Somebody with a loan should be able to get a return on his or her investment in a college education and pay off that loan in a reason-

able length of time. UK is not encouraging students to take on burdensome debt. We've been very careful about that.

EL: Lexington Mayor Jim Gray and the Lexington Center Corp. are working on a master renovation plan for Rupp Arena and the Lexington Convention Center. From UK's perspective, how is the mayor's initiative progressing and what are the important issues regarding Rupp Arena's renovation?

EC: First of all, let me say that it is helpful to the University of Kentucky to have a vibrant and attractive downtown city center. Our destinies are intertwined. Regarding Rupp Arena, we're working closely with leadership to examine ways in which the reinvention of Rupp Arena could be undertaken. As a primary tenant, UK certainly has a role in a partnership to see what's financially feasible. We're deeply engaged in that process right now.

EL: Based on preliminary estimates, what is UK's fall 2013 enrollment? How does the size of the freshman class this year compare to last year?

EC: I know enrollment is up in our freshman class. Last year, UK had the most diverse, best prepared and largest class. I expect continued improvement on those fronts, but I really won't know exact numbers for a few more weeks. As students arrive, it takes several weeks to finalize the enrollment data. You can have family situations that cause someone to defer their enrollment; there are a variety of reasons for the delay. We're very encouraged. It's becoming increasingly clear to us that UK's goal to be the first choice for Kentucky's best and brightest is being fulfilled.

EL: What are UK's revenue and cash-flow outlooks for the coming academic year?

EC: Our board of trustees keeps a close eye on these finances along with the rating agencies like Moody's (Moody's current bond rating for UK is AA2). The university maintains financial positions that give it a strong bond rating by external agencies.

EL: How would you describe UK's working relationships with President Bob King of the Council on Postsecondary Education, Gov. Steve Beshear, Senate President Robert Stivers, and Speaker of the House Greg Stumbo?

EC: They've been wonderful partners in all of UK's endeavors, very supportive and helped UK find a way to get to where it needs to be. The General Assembly gave UK permission to self-finance the infrastructure that it's rebuilding on campus. I'm very pleased by the work we've been able to undertake with that entire group. They're terrific, model leader-servants.



Central Hall I and II, two new University of Kentucky residence halls, are the "first of many new villages at UK created by a village of innovators, risk takers and dreamers who sought a new way to build," said UK President Eli Capilouto at the grand opening ceremony in August.

They are available to UK and help us work through challenges. I have nothing but good things to say about the entire group.

EL: Do you have a closing comment?

EC: I just want to share my optimism about the future of the University of Kentucky and the ways in which we serve the commonwealth. The University of Kentucky has made incredible progress. The infrastructure UK is restoring on campus; the quality, diversity, and size of the classes being admitted; the achievements UK has had in research; the NCI designation; and the service UK provides through its extension centers. I find this to be the glue that holds Kentucky together. Despite the many challenges, the University of Kentucky is going to fulfill an aspiration – one that has been here since its birth 150 years ago – to be a promise that ensures hope and a guiding light to overcome any obstacle we face. ■



Ed Lane (edlane@lanereport.com) is chief executive of Lane Consultants, Inc. and publisher of The Lane Report.

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EHR Adoption Accelerates

Those with electronic health records report better work flow and fewer errors

BY JOSH SHEPHERD

ACCORDING to a 2012 report by the Office of the National Coordinator for Health Information Technology (ONC), Kentucky is one of eight states where the adoption rate of electronic health records by office-based providers is under 30 percent. Not that the nation as a whole is doing much better – the same survey indicates barely a handful of states have a rate of EHR adoption over 50 percent.

Hospital adoption rates are slightly better. The ONC's most recent survey indicates about 40 percent of Kentucky's hospitals have made the transition to some kind of EHR. Those figures, however, are from a 2012 survey and, according to Dr. Carol Steltenkamp, chief medical information officer for University of Kentucky Healthcare and director of the Kentucky Regional Extension Center (Kentucky REC), paint a slightly distorted picture of

state healthcare providers and resistance to adoption.

It's a safe bet, she said, that adoption rates in Kentucky are much improved over the ONC's 2012 surveys. EHR adoption in Kentucky is not only progressing, Steltenkamp said, but commonwealth hospitals and office-based practices are making the transition to EHR at an accelerating rate.

"Providers that have made the transition to an EHR have discovered how these systems improve patient care and office efficiency," she said. "With few exceptions, once they go 'live' with an EHR, our clients often give us very positive feedback about how their system reduced charting errors, enabled more accurate and efficient billing for services, and streamlined their work flow in a way that they realized made sense."

From a big picture perspective, the national transition to an electronic health

record of some type is inevitable. There are too many benefits associated with EHRs not to be proactive in making that change, Steltenkamp said. But the scale for such a transition is massive, and it will take years of careful coordination to realize. However, resistance to implementing an EHR system has more to do with concerns over costs than fear of change.

To help the nation's clinics and medical centers make that transition by the January 2015 deadline set by the federal government, the ONC introduced two very significant programs. Steltenkamp attributes an improvement in Kentucky's general progress toward EHR adoption to these programs and other factors. The first program is an incentive that reimburses some hospitals and medical clinics for their investment in a certified EHR system. The reimbursement comes either through Medicare or Medicaid.

The other program awarded grants for the creation of regional extension centers.

Kentucky REC program

Steltenkamp said she is generally skeptical of the efficiency of most federal programs. But in the national effort to encourage the wholesale adoption of electronic health records, she feels the federal government has done something right with the regional extension centers (REC) program.

Kentucky REC, based in Lexington, is one of 64 RECs throughout the United States that received grant funding. Another REC, Cincinnati-based Healthbridge, also serves Kentucky clients. The general mission of an REC is to assist hospitals and office-based medical practices in the adoption of an electronic health record system.

"They organized these national REC's based on the agriculture extension model and it has functioned very well. We have our central office on Huguenard Lane near the Regency Center in Lexington. But we also have satellite offices that enable us to serve office-based practices and hospitals across the state," Steltenkamp said.

In the last three years the Kentucky REC has overachieved.

According to a recent ONC survey, the Kentucky REC has assisted or is in the process of assisting more than 2,000 medical clinics and hospitals in their effort to adopt a system. The program has received awards and special recognition for exceeding its primary outreach goals of helping providers start the process of acquiring an EHR system; "going live" with a system; and achieving "meaningful use."

"Depending on where an organization is in this process, Kentucky REC can get them to achieving meaningful use. We also advise our clients on changing work flows, best practices, and the

best direction to go in order to capitalize on the federal incentive program," Steltenkamp said.

One of the most interesting facets of implementing an EHR system is observing the change in attitude among administrative and clinical staff as their system goes "live."

Going live

A classic case in point is the experience of VIP Pediatric Associates in Hopkinsville.

Michelle Steil, office manager for the clinic, said the reimbursement incentive program was a key motivating factor that finally pushed the partners toward an EHR system. Despite the leadership's decision, though, Steil was prepared to face resistance.

"We were starting from ground zero. Our patient charts were all paper. Our operations did not involve much computer software, and we were going to replace that system completely with an EHR," Steil said. "Our doctors and providers hated the idea. They really didn't want to do it. But we knew we would have to eventually."

VIP Pediatrics had already bought a system and acquired equipment when it reached out to Bethany Jones, a senior implementation specialist with the Kentucky REC whose specialty is working with office-based clinics. Jones assisted with training, arranged for clinical staff to participate in seminars and provided other informational programs that alleviated much of the staff's anxiety.



*Bethany Jones,
Senior
Implementation
Specialist,
Kentucky REC*

"We did a study to determine the incentive program (Medicare or Medicaid) that would benefit them most. We also provided individual seminars and helped establish connections between their software and the Kentucky Health Information Exchange," Jones said.

The office went live with its system in stages, beginning with billing and accounting systems, then progressing to scheduling and transfer of existing records. Charting and clinical programs, which directly involved the providers, was the last step in process.

Once committed to making the transition, resistance melted away and VIP Pediatrics' providers began realizing just how effective and easy it was to input and access information. VIP Peds made some changes in the organization of its work stations and patient flow because of the system interface, but soon initial resistance became enthusiastic support.

"Kentucky REC helped us implement the program and guided us on what our system could do. They have been a valued



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partner ever since,” Steil said. The next challenge is for VIP Pediatrics’ EHR system to share patient-care data with the local hospital where it orders most of its tests and admits patients.

Dr. Stephen Besson, a partner with Licking Valley Internal Medicine and Pediatrics, has medical offices in Harrison and Nicholas counties. Licking Valley’s clinics made the transition to an EHR system in 2006 but its was a decision of practicality. The two clinics often served the same patients, and before EHR staff wasted paper and toner faxing specific files or transporting bulky patient files back and forth to each office.

“With our EHR, we rarely use paper anymore. Wherever I am, I can easily access patient histories and records for the last six years,” Besson said, adding that he can’t conceive of working without an EHR anymore. “One of the best things about the system is the ability to make e-prescriptions. That feature is just fantastic. I have always hated writing out scrips, and this system makes it so easy. There are no call-backs for clarification. It’s just done.”



Dr. Stephen Besson, Partner, Licking Valley Internal Medicine and Pediatrics

Because of his experience with EHRs, Besson has been able to lead his practice to the next level. He became one of the team leaders handling Harrison Memorial Hospital’s transition to an integrated EHR. Now almost all of the hospital’s outpatient procedures are linked up with its medical staff’s offices throughout Cynthiana so that information is never entered more than once.

“In terms of EHR, Harrison Memorial Hospital is among the most advanced in the state,” Besson said. The hospital is one of the very few in Kentucky to have achieved Health Information Management Service Level 6 certification, he said. All service lines at the hospital are now electronic and are mostly integrated with the medical offices in Harrison County.

Meaningful use and future directions

Working with Harrison Memorial has made Besson as enthusiastic a proponent of EHR system integration as Steltenkamp and the Kentucky REC. Between his two offices and the hospital, Besson has access to a robust information source that covers the entire perspective of care.

He has been fortunate also that his EHR provider has been proactive to keep its system compliant with federal certification standards. However, Besson differs

somewhat in his definition of meaningful use compared to that of the ONC.

“As a practicing physician, what I consider to be meaningful use is a bit different from the federal definition. A lot of data that EHRs are being asked to gather is important to researchers, but it’s not that meaningful for patient-provider interaction on a given day,” he said.

Besson’s observation is a common criticism but at this point in the development of EHR technology, Steltenkamp said, the objectives of accomplishing the goals of this first stage of meaningful use standards is geared simply toward clinics and hospitals capturing and sharing data. Such a goal is achievable on a local, state and national level, she said.

The current state of the system, as it functions for his medical clinics, Besson said, works well within the narrow framework of data sharing between his clinics and the local hospital. If one of his patients decides to get hospital care from a tertiary hospital outside of his system, “I’m stuck back in my old mode of waiting for a fax,” Besson said. “Greater sharing of information across multiple platforms is becoming more and more of an issue. There is yet to be a realistic region-to-region integration of care [through EHR] that goes beyond diagnosis codes or visit



dates," he said, acknowledging one of the goals of meaningful use.

Further demonstrating the significance of EHR meaningful use standards, Steltenkamp related the results of a project the Kentucky REC conducted in partnership with the Kentucky Cancer Registry, the Centers for Disease Control (CDC) and a dermatologist's office in Paducah that was an REC client.

Implementation specialists helped align the dermatologist's EHR system to share cancer-related data with the registry and CDC. When the dermatologist entered information on a melanoma diagnosis, pertinent data was received simultaneously, which is a classic example of the greater goals of meaningful use standards, Steltenkamp said. Only the pertinent data was shared between the parties; there were no unnecessary details nor did it violate patient confidentiality.

"The record was entered once, the data was shared and the potential for errors from having to enter information multiple times was reduced. Over a brief period of time, it is possible for information specialists and health researchers to use integrated EHR systems to track health data and trends," she said.

Ultimately that information can be used to improve public health.

However, Steltenkamp and Besson agree there is room for improvement.

While EHRs have improved the efficiency of his private practice, Besson said, there is one way in which paper records are still superior to the standard EHR. Medical imaging and lab test results all have unique presentations, but most EHR systems have yet to present patient information that incorporates formats specific to the test results of a particular procedure.

"The paper medical record is cumbersome and inconvenient, but it contains information in its proper context. In addition to the next stages of meaningful use – however the ONC wants to define it – the next challenge of EHR companies is to develop a product that presents information that is clearly visible and interpretable in a digital setting," Besson said.

Another sticking point is cost.

While the incentive programs have done a lot to alleviate costs, there is no indication EHR systems are any cheaper now than they were in 2006. If free market forces are allowed to work, Besson believes

costs for EHR system maintenance and upgrades will be very affordable.

"That's the way the market works. As long as competition among system developers is allowed to flourish, a company will develop a quality, low-cost system. Their competitors will be forced to lower their costs to stay in the market," Besson said.

At this late date, hundreds of Kentucky practices are making the same jump that VIP Pediatrics and Licking Valley have made. Fortunately, those clinics and hospitals still hesitant about investing in an EHR system have an excellent partner and resource in the Kentucky REC.

"Kentucky REC's services are available to any office-based practice, multi-specialty clinic or hospital system. You don't have to be a primary care provider anymore to take advantage of Kentucky REC's services," Steltenkamp said.

The time to make the transition, however, is now. By 2015, the incentive program designed to move practitioners forward will be replaced by Medicare and Medicaid penalties. Of those who have gone ahead and made a careful investment in EHR, few have regretted it and many have come to embrace the change. ■



Dr. Carol Steltenkamp, Director, Kentucky Regional Extension Center

Josh Shepherd is a correspondent for The Lane Report. He can be reached at editorial@lanereport.com.

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COVER STORY

Taking the Pulse of Health Reform

10 Kentucky leaders predict market forces will change a financially unsustainable industry

BY MARK GREEN



Kentucky business executives continue trying to understand the exact impact of the federal Patient Protection and Affordable Care Act that begins going into effect Oct. 1.

WHILE Kentucky business executives continue to seek clarity on what the federal healthcare reform that goes into effect Oct. 1 will bring, top leaders in the commonwealth's healthcare sector say they see several distinct trends occurring – prompted by the market forces Obamacare is unleashing.

- Health insurance products for individuals spending their own dollars are in ascendance.

- Cost pressures are driving individuals, employers, insurers and providers alike to assume more risk, according to Kentucky healthcare executives.

- Wellness programs are sprouting, as people and organizations seek to avoid rather than treat costly illnesses and chronic conditions.

- Care providers and the organizations paying for care are seeking more effective management to avoid expensive mistakes and readmissions.

“Without a doubt the most significant development in healthcare in many years will begin Oct. 1, when consumers will be able to enroll for health insurance benefits online,” said Deb Moessner, president of Anthem Blue Cross and Blue Shield of Kentucky, which has 1.2 million policyholders in the state. “The online exchanges will be available (also) for small businesses to purchase health benefits.”

Already, the rise in healthcare spending, which has outpaced inflation for decades, has slowed significantly as group medical insurance plans have shifted more of the cost to individuals.

“If it’s my money I’m spending, I spend it differently than I do if I’m spending my company’s money,” said Garry Ramsey, chief marketing officer with Bluegrass Family Health, a group insurance provider to Kentucky and Southern Indiana businesses that is based in Lexington. “The biggest impact of the law, I think, will be this move into individual products, and the consumer-based decision making this will create.”

People spending their own dollars are willing to assume more risk to spend less. Individual plans with higher deductibles and lower premiums will be popular.

Meanwhile, similar market incentives are at work at the provider level.


“The central force shaping the change in our healthcare delivery system is clearly



Deb Moessner, President, Anthem Blue Cross and Blue Shield of Kentucky

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A portrait of Stacy King, a woman with short blonde hair, smiling. She is wearing a grey ruffled top over a pink shirt. The background is a solid purple color.

AT THE JAMES GRAHAM
BROWN CANCER CENTER,
I WAS GIVEN MORE THAN
HOPE, I WAS GIVEN
MY LIFE BACK.

-Stacy King
Cancer Patient

For Stacy, the six-hour round trip to the James Graham Brown Cancer Center for treatment is a journey worth making. After three years of treatment elsewhere that ended with little hope, she welcomes the patient- and family-centered approach that combines the expertise of multidisciplinary teams of physicians, nurses and other care providers. "You don't feel like a number. Every doctor and nurse I see is totally devoted to treating me while I'm there." The team approach, along with access to a host of clinical trials and state-of-the-art treatments and technologies, ensures that each patient receives both innovative and personalized care all in one.

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COVER STORY

Continued from page 24

emerging: The system will be value-based and providers will be expected to deliver cost-effective, high-quality outcomes,” said



Dr. Michael Karpf,
Executive
Vice President,
UK Healthcare

Dr. Michael Karpf, executive vice president of UK Healthcare. “To transition to this value-based system, most experts agree that the system must move from the current fee-for-service reimbursement model to another approach that shifts risk to providers.”

Hospitals, clinics and others that achieve better health outcomes will be paid better. Medicare has announced it will stop paying for care given patients readmitted to a facility within 30 days for the same problem – facilities will eat the cost of unsuccessful treatment.



Jeff Bringardner,
Kentucky
President,
Humana

Financial models are changing.

“We are changing our financial model in Kentucky to compensate providers for quality outcomes versus paying for each medical service that’s provided,” said Jeff Bringardner, Kentucky president for Humana, a \$40 billion health and wellness company based in Louisville. “We’ve had a positive response from doctors and hospitals because it mirrors their shift into accountable care.”

Humana and Norton for the past three years have been conducting one of four national pilot programs seeking to develop best practices for accountable care organizations.

Seeking clarity amid Obamacare confusion

With the Oct. 1 deadline to begin implementing some of the Patient Protection and Affordable Care Act’s major provisions, many in the Kentucky business community are still wondering what the impact on their operations will be. Political opponents of the Affordable Care Act continue to strongly oppose it and call for its repeal, even though the U.S. Supreme Court upheld its general legality last year. The Republican majority in the U.S. House of Representatives has held at least 40 votes to overturn Obamacare.

In July, the Obama administration delayed by one year the mandate set to come into effect in October that employers must report whether they meet the 50 full-time employee (FTE) threshold that requires them to offer healthcare plans to workers – and show that they do, indeed, offer health insur-



Tim Webb/Kentucky Chamber of Commerce photo

ance plans that is strong enough and within ACA cost guidelines.

Given this environment, *The Lane Report* decided to ask a selection of commonwealth healthcare sector leaders for their views on what will happen over the next six to 12 months.



John Hackbarth,
Chief Financial
Officer,
Owensboro
Health

“The IRS already has a poor track record on enforcing unpaid taxes,” Hackbarth said. “Add the non-covered penalty to the mix and therein lies another element of poor government enforcement with higher government administrative costs and little to no increased revenue to offset the cost of the program.”

Regarding healthcare reform, he said, Owensboro Health customers continue to ask, “It is really law?” along with “What does it mean to me?”

Kentucky healthcare leaders may not agree with all the provisions of the federal law, but they strongly back the need for significant healthcare reform.

“The financing system for American healthcare is fundamentally dysfunctional. It has to change,” said Norton Healthcare CEO Stephen Williams. “Am I an advocate of everything that’s in the

Piers Harvey, owner of multiple Massage Envy spa locations in Lexington, listens during one of two Kentucky healthcare reform seminars in May put on by the Kentucky Chamber of Commerce.

Affordable Care Act? I assure you I am not. But the absolute necessity for financial change is there, and most anybody in healthcare the last 20 to 30 years would subscribe to that notion.”

UK Healthcare’s Karpf agrees.

Bigger systems trend will continue

“The healthcare system in the United States must change because of unsustainable costs and limited access to care,” Karpf said.



Stephen Williams,
CEO, Norton
Healthcare

U.S. healthcare does offer the best services, Williams said, “but the system doesn’t work well. It’s too expensive. There are access issues. Folks are going to hospital emergency rooms to get primary care. We all know intuitively it’s inefficient, so there’s great frustration on many levels about the system. Fundamentally we do have the best – we set the standard for quality – but we have a lot of things that need to be fixed.”

One key reform goal is shifting the financial model from fee-for-service to fee-for-outcomes – healthier patients and populations will generate the most revenue rather than increasing the volume of tests and procedures conducted and medicines prescribed.

Continued on page 28



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COVER STORY

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"Hospitals will respond in different ways," Karpf said. "The Affordable Care Act and the federal debate over budget deficits have accelerated the change process. Healthcare providers must understand their strategic goals and identify the necessary resources to achieve them."

Over the next 12 months, Karpf predicted that healthcare providers "of all types will continue to formalize existing and new relationships with both providers and payors to forge virtual or real networks" whose goal is better outcomes.

UK Healthcare for several years has been partnering with other providers, including Louisville-based Norton Healthcare and entities in nearby states to grow a regional network. It seeks to provide care efficiently close to home when possible or refer more serious cases to larger facilities that can develop into specialty-procedure centers of excellence.

Karpf has explained the approach repeatedly the past few years as UK Healthcare built a new \$800 million medical center that opened last year. To develop expertise in complex life-saving services such as major organ transplantation, providers have to draw patients from a geographic footprint with a population large enough to generate those cases – and if Kentucky does not have centers of excellence facilities, its residents must leave to receive care.

"However, there must be an appreciation that these relationships are challenging to establish and manage, and will evolve over time," Karpf said. UK Healthcare has spent 10 years "revamping its organizational and operational model and developing a single corporate support group to serve the hospital, College of Medicine, the faculty practice plans and ambulatory services. UK developed a common vision and strategy by coordinating four simultaneous planning processes – financial, facilities, strategic and academic. This structure is critical to facing the changing landscape of healthcare."

Louisville-based Baptist Health includes seven acute-care facilities from Paducah to Corbin and manages a large Elizabethtown hospital. Within the past year it added the former Trover system in Madisonville and consolidated its branding.

"The Patient Protection and Affordable Care Act will drive hospitals to expand the care networks, including physician practice acquisition," Baptist



Stephen Hanson, CEO, Baptist Health

CEO Stephen Hanson said. "There will be a continuation of mergers and consolidations to control costs and improve operational efficiencies." KentuckyOne Health (KOH) came into existence in early 2012 as another large regional network when Louisville-based Jewish Hospital and St. Mary's HealthCare merged with Lexington-based St. Joseph's Health System, a six-hospital subsidiary of Catholic Health Initiatives (CHI). University of Louisville Hospital and the James Graham Brown Cancer Center were able to join later, and Denver-based CHI is investing \$320 million into the deal, much of it going to improve operations at UofL, which provides the most indigent care in the state.

Systems adding access points for new patients

"Over time, we expect to see more and more people with access to health insurance, which is very positive," said Ruth Brinkley, CEO of KentuckyOne Health. "How people access that care is the next question."

KOH is increasing the number of access points for care in the commonwealth, Brinkley said. Areas of the state face doctors shortages, she said, explaining that this is one reason KOH has partnered with UofL, which has a medical school.

"KentuckyOne Health is developing a strategy to offer more primary care providers in the state, as well as increasing opportunities with telemedicine programs," she said. "We want to be able to treat patients as close to home and at the most cost-effective and high-quality setting that is possible."

Putting enough access points in place will help achieve the population health goals that are a concern for KOH, which has a focus on the underserved and vulnerable.

"Collectively, KentuckyOne Health facilities are providing more charity care than anyone else in the state, and University of Louisville Hospital continues to provide more charity care than all the other Louisville hospitals combined," Brinkley said.

"The 'gap' between the uninsured and the insured is a concern," she said. "The assumption is that everyone will have insurance under the Affordable Care Act, but it has been estimated that

even after full implementation, 10 percent of Kentucky residents will still be without insurance. We will still need to serve those patients."

Lexington Clinic, a multispecialty medical group that sees more than 2,000 Central Kentucky patients a day, expects many of the currently uninsured to be covered as of Jan. 1 and to begin coming to medical offices rather



Andrew Henderson, CEO, Lexington Clinic

than emergency rooms, said Dr. Andrew Henderson, CEO.

"While this injection of newly insured patients will exacerbate the issue of primary care access, it also offers the opportunity for patients to receive preventive and ongoing maintenance of healthcare issues rather

than crisis management," Henderson said.

"As insurance coverage expands, we will continue to see increasing premiums, deductibles and co-pays, which place a heavier financial burden on our patients. This added financial responsibility will force many patients to be selective of services, and will determine whether or not patients make, or keep, their appointments. Healthcare organizations need to be sensitive to this increased burden and continue refining best practices to ensure they provide responsible care that is of value to the patient."

They also need to be aware, he said, of patient worries that reform will force them to change doctors or dictate services and reassure patients that their care is top priority and their needs will be met regardless of what changes take place.

"It is essential that healthcare leaders surround themselves with knowledgeable, forward-thinking people to help lead their organizations through the ongoing changes," Henderson said. "We must be open to new ideas and opportunities as the world of healthcare continues to evolve."

Market forces urge taking risk to cut costs

Healthcare is going to become more competitive, according to Ramsey at Bluegrass Family Health, because the shift to individual insurance from group plans means many patients will be more cost-conscious. There are increasing avenues by which patients can compare costs (see article on page 30).

The health insurance industry will be more competitive, too, as a result.

"Instead of being sold B2B (business to business), it's going to be B2C – business to consumer," Ramsey said. "That's a new dynamic."

He compared the coming change to the travel industry.

"How many people use a travel agent today?" Ramsey said. "Almost none. They do it themselves. It's consumer driven."

By the end of 2014, Ramsey expects 55 to 60 percent of Kentucky's population will have individually obtained insurance. Medicaid, which is expanding in the state, will cover 27 to 28 percent of the population, and Medicare another 20 percent.

The rise of the individual insurance product presents marketplace opportunities, he said.

"You're going to see different risk-takers in the marketplace. You will see employers and employees who will be bigger risk-takers," Ramsey said. "They will choose higher deductibles because of the cost of premiums."

While the individual insurance product is growing, large employers' group plans will continue to play a large role for many Kentuckians, with millions of dollars at stake.

Higher deductibles guarantee lower premium costs – and avoid the new health insurance premium tax – but risks higher out-of-pocket costs for services if they are needed. To manage the need for

services, employers will add onsite clinics and medical managers, Ramsey said, and providers will sell these services, perhaps on an hourly basis.

Opportunity: Managing employee health

In the past year, Baptist Health has created a new division called Baptist Health Employer Solutions to fill this need. Humana has introduced Humana Vitality.

"At Humana, we've tried to tackle the trend from a different perspective by encouraging people to get healthy and stay healthy," Bringardner said. "One of the ways we've done this is through integrated care ... centering on individual members and their primary care physicians. We're engaging members through a variety of platforms, such as our wellness rewards program – HumanaVitality. HumanaVitality and other integrated care programs include sophisticated data analytics that allow members – and their supporting medical teams – to address gaps in care and develop a plan for a long, healthy life."

"We are incentivizing providers to manage their patients' health. That's because putting the individual at the center of the health system yields better medical results and improved affordability for everyone," Bringardner explained.

Humana and Baptist Health are themselves large employers that bear significant costs for their workers' healthcare.

"As a large employer in Kentucky, focused on the health and well-being of our own associates, Baptist Health recognized the challenges that the rising direct and indirect costs of unhealthy employees pose to the bottom line," said Traci Elliott, executive director of Employer Solutions. "In response, Baptist Health created a division called Baptist Health Employer Solutions, focused on delivering products and services to employers that improve quality and overall costs. The services and products center around narrow networks, wellness and population management, on-site clinics and medical home models. The demand from employers is increasing and our business will continue to grow across the state as we bring value and proven solutions to the table." ■



*Traci Elliott,
Executive
Director,
Baptist Health
Employer
Solutions*

*Mark Green is editorial director of The Lane Report.
He can be reached at markgreen@lanereport.com.*

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HEALTHCARE



Price Shopping for Healthcare Pays

Charges vary widely partly to recoup less-than-actual
cost reimbursements by Medicare and Medicaid

BY LORIE HAILEY

IF you think you're having a heart attack, there isn't time to research the most affordable hospital for cardiac care. You want to get to the nearest facility as soon as possible.

There is more time, however, to plan for a non-emergency procedure, and if you do the research, you might be surprised to learn that the hospital may charge anywhere from \$26,171 to nearly \$90,000 for knee replacement surgery, depending on where in Kentucky you choose to have it done.

In May 2013, for the first time ever, the federal government released a list of

the charges that hospitals across the country bill for the 100 most common procedures. The Centers for Medicare and Medicaid Services (CMS) released the information to "show the significant variation across the country and within communities in what hospitals charge for common inpatient services." Releasing the information, CMS said, would help "make our healthcare system more affordable and accountable."

The data included hospital-specific charges by the more than 3,000 U.S. hospitals that receive Medicare Inpatient Prospective Payment System (IPPS) payments

for the top 100 most frequently billed discharges, paid under Medicare for fiscal year 2011. (Hospitals determine what they will charge for items and services provided to patients, and these charges are the amount on the hospital bills.)

Huge range of charges for same procedures

Each hospital has its own charge structure, according to Steve Miller, vice president for finance at the Kentucky Hospital Association. Every patient suffering from heart failure, for example, must be charged the same amount within that hospital.

On average, Kentucky hospitals collect about 50 cents on every dollar charged, he said.

Medicare, Medicaid and private insurance companies negotiate with medical facilities and end up paying a percentage of the billed amount.

"Depending on the contracts (hospitals) have with different insurers and different groups, some may pay 85 to 90 percent of that charge; others may be paying 35 percent of that charge. That's all negotiated with the hospital," Miller said.

In most every category, the CMS data showed a wide range of charges for procedures performed in Kentucky hospitals.

Continued on page 32

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HEALTHCARE

Continued from page 30

The cost of surviving heart failure with no major complications, for example, ranged from \$5,816 at Saint Joseph Mount Sterling to \$36,308 at Paul B. Hall Regional Medical Center in Paintsville. Rounding out the top five highest billers for heart failure procedures were: University of Louisville (\$21,241); Three Rivers Medical Center (\$19,582); Parkway Regional Medical (\$19,413); and Frankfort Regional Medical Center (\$19,143).

Bills for renal failure with complications at Kentucky hospitals ranged from \$8,666 to \$45,493. Bourbon County Hospital had the lowest average charge; the highest was again Paul B. Hall Regional Medical Center.

The bills for treating hypertension without major complications ranged from \$5,956 at Clinton County Hospital in Albany to \$25,427 at UofL, where more charity care is provided than all other Louisville hospitals combined, according to Ruth Brinkley, CEO of KentuckyOne Health.

Need a pacemaker? Kentucky hospitals charged anywhere from \$21,815 to \$80,856 for that procedure.

Why so varied? Why so high?

Medicare patients make up 50 to 55 percent of a Kentucky hospital's volume, and Medicaid patients represent 15 to 18 percent of volume, according to KHA.

Medicare pays 93 to 95 percent of the cost of delivering care to a patient, Miller said.

"Not 93 percent of the charge, but 93 to 95 percent of the actual cost of caring for that patient," he said.

Medicaid pays about 85 percent of the cost of care.

"As a result of that, you've got some 70 percent of your patient load – and that doesn't include bad debts and charity – that on average are paying less than 90 percent of the cost of delivering that care," Miller said. "Somewhere along the line, as bad as it may sound, somebody's got to be paying more than their (actual) cost to make up for the cost that is not being covered with the other patients. Consequently, somewhere through the hospital's charge structure, they have to make sure they have the charges in place to cover that and maintain a positive bottom line."

This informal cost-shifting arrangement is sometimes referred to as the "sick tax."

To illustrate that point, the heart procedure for which Paul B. Hall Regional Medical Center billed \$36,000 brought in an average Medicare payment of \$3,898 in 2011. Medicare payments for renal failure procedures, for which hospital charges ranged from

\$8,666 to \$45,493, produced an average reimbursement of \$6,174.

The addition of more than 300,000 Kentuckians to Medicaid as part of the Affordable Care Act will compound the problem, at least in the short term, Miller said.

"That puts about 30 percent of the state's population on Medicaid, which will pay an average of 85 percent of the costs of caring for them," he said. "In our projection, we saw that the increased payment coming from those individuals who will now have insurance does not offset the payment reductions that we've incurred to help finance that expansion of insurance."

Combine that with reimbursement issues, reductions in payments on the federal level and insurance companies that know they have been paying "more than just their cost and are tired of doing that," according to Miller, and you have "a challenging opportunity," he said.

"It makes for a perfect storm when you've got those who have been paying more-than-cost don't want to anymore, and you've got more people coming on board that will be covered by policies that pay less-than-cost," he said.



Mike Rust,
President,
Kentucky
Hospital
Association

What's the solution?

Good question, said Mike Rust, KHA president.

Hospitals continue to look for ways to be more efficient, provide better outcomes for patients, improve quality-of-life care and develop population-health-management strategies, he said.

In the long term, more access to healthcare will improve overall health, thereby driving down costs, but it will take a while to get there, Miller said.

Assessing the real costs to consumers

As expected, the release of hospital charges by CMS got a lot of attention. *TIME* magazine printed the longest story in its history, "Bitter Pill: Why Medical Bills are Killing Us."

"We now spend 20 percent of our GDP – an estimated \$2.8 trillion for 2013 – on healthcare. It's time to cut through the policy debate and follow the money," *TIME* wrote. (Read the story here: <http://ti.me/11WkvkP>)

The data certainly piqued the public's interest, but for 99 percent of consumers, the information was "immaterial," said Mike Lorch, regional vice president for provider services at Anthem Blue Cross Blue Shield of Kentucky, which serves 1.2 million of Kentucky's 4.38 million residents.

"The whole thing is kind of interesting," Lorch said. "The public did get interested when the data came out, but

Procedure charges vary widely across Kentucky

In 2011, Kentucky hospitals billed a sweeping range of charges for the same procedures, according to data released by the Centers for Medicaid and Medicare Services.

Condition treated: Hypertension without major complications

Charges: \$6,000 to \$25,000

Highest: University of Louisville

Lowest: Clinton County Hospital

Condition treated: Permanent cardiac pacemaker implant

Charges: \$21,185 to \$80,856

Highest: Lake Cumberland Regional

Lowest: Hardin Memorial Hospital

Condition treated: Pneumonia and pleurisy with complications

Charges: \$12,600 to \$55,400

Highest: Pikeville Medical Center

Lowest: Crittenden Health System

Condition treated: Major joint replacement or reattachment

Charges: \$26,000 to \$89,000

Highest: University of Louisville

Lowest: Hardin Memorial Hospital

it didn't really have anything to do with them. Ninety-nine percent of people aren't paying those billed charges."

"It doesn't matter what the hospitals charges are," he said. "It matters what your actual cost is, based on what your health plan has negotiated with each of the hospitals."

There are multiple ways to determine the actual cost of care, but not everyone has access to the information.

Anthem has developed several tools, including an online application that shows the "estimated real cost of care." Before having surgery or a procedure, Anthem members can find out and compare the facility cost and professional

Continued on page 34



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Having a baby?

The average charges in 2011 for the vaginal delivery of a baby (without complications) in Kentucky was \$7,392, not including doctor fees, according to the Kentucky Hospital Association's online database. Paul B. Hall Regional Medical Center in Paintsville had the highest charges, billing \$28,404 for the procedure. In 2011, 60 women vaginally delivered a baby there without complications. Western Baptist Hospital (now Baptist Health Paducah) had the lowest bill for the procedure, \$3,351.

Access KHA's online database at info.kyha.com/Pricing/MSDRG/main.htm.

Continued from page 32

costs (doctors fees, etc.) at various hospitals or outpatient facilities, Lorch said. Because individual care can vary, the rates are plus or minus 10 percent.

At the beginning of 2013, Anthem instituted an "interactive process" to help its members find the best prices for medical procedures. For example, when a member's doctor orders an MRI, during the insurance company's pre-certification process, "we will look at the choice of provider to see if there are more cost-efficient providers in the area with the same quality, of course," Lorch explained. "If there is, we will attempt to contact you and give you that information."

Louisville-based Humana, one of the country's largest health insurance companies, also provides cost comparison tools to its 10.2 million members. One of the most robust is MyChoice Tools on the MyHumana member portal, where members can compare physicians, hospitals and outpatient facilities.

"If an individual is searching for a physician, he/she may look at the estimated costs of an office visit, related pharmacy and drugs and lab tests," said Rich Johnson, Humana's director of provider analytics and transparency.

For outpatient procedures and hospitalization, members may review a range of costs for the procedure and a rating of facilities based on cost and quality."

The range of costs is all-inclusive, meaning if a patient is receiving surgery the procedure assessment includes payments to the anesthesiologist, radiologist and surgeon as well as recovery costs, Johnson said.

Other companies also are getting into the act. Lexington-based IF Technologies developed a subscription-based medical cost-comparison software tool for preferred-provider networks and employers. Health eReports allows patients to log into an online database that provides historical data on the prices charged by area physicians for medical procedures, as well as patient satisfaction ratings in categories such as professionalism, cleanliness and other parameters.

Websites such as the Healthcare Blue Book and Medicare.gov also offer ways to compare providers and facilities, and KHA provides data about procedures performed in Kentucky facilities, including the number of discharges, the median charges, length of stay and median age of the patient. (Access KHA's online database at info.kyha.com/Pricing/MSDRG/main.htm.)

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Getting consumers to use cost-comparison tools

While the information is available in many formats – some hospitals now publish their master charge list on their websites, Miller said – the real trick is getting consumers to actually use it.



Mike Lorch,
Regional Vice
President for
Provider
Services,
Anthem Blue
Cross Blue
Shield of
Kentucky

Although Anthem has provided tools to its members for several years, “we get very little usage of it,” Lorch said.

“I still don’t think that it is in people’s natural DNA to shop for medical services, and you’ve got to keep the availability of that information at the top of everyone’s mind for the one time maybe in your lifetime you’re going to need to shop for that,” he said. “It is pretty

hard to get that done.”

Patients who are required to pay a significant amount of the costs of the procedure, however, are more likely to shop around.

“Patients with high deductibles are going to have a bigger stake in the actual cost of care. They’re more interested in comparing costs,” Lorch said.

Several cost comparison tools available online

Medical spending in the United States increased 88 percent to \$2.59 trillion in the past decade while out-of-pocket expenses rose 49 percent to \$299.7 billion. Consumers can save money with several cost comparison websites:

- medicare.gov/hospitalcompare/search.html
- healthcarebluebook.com
- info.kyha.com/Pricing/MSDRG/main.htm
- newchoicehealth.com



Over time, Anthem expects its cost-comparison tools to become more popular, especially as the landscape of healthcare continues to change.

KHA also predicts more involvement on the patient level.

“John Q. Public is being encouraged and in some cases forced to get more informed,” Miller said. ■

Lorie Hailey is associate editor of *The Lane Report*. Follow her on Twitter at twitter.com/loriehailey.



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ECONOMIC DEVELOPMENT



Staff photo

UPike Launches College of Business

Named for banker Burlin Coleman, new program will teach Appalachia to hit the economic curveball

BY MARK GREEN

UNIVERSITY of Pikeville aims to boost business and job creation in a region that has long needed it by launching the Coleman College of Business. It's the brainchild and first initiative of the school's industrious, recently inaugurated 20th President James Hurley.

UPike's existing business education program already bestows more degrees than any other category at the nearly 2,200-student school, but administrators feel the need to do more for a region long identified as economically underperforming, with higher unemployment

and a lower percentage of college graduates than the rest of the state.

"We've got to be academically entrepreneurial," said Howard Roberts, a UPike faculty member of 30 years who is dean of the new business college. "We need to think differently in how we create curriculum and in what we prepare college graduates to do."

Economic conditions continue to change rapidly and Eastern Kentucky must be able to compete like the rest of the state and nation, meaning UPike must make sure its graduates are adaptable, nimble and can craft new openings themselves.

The nine-story \$40 million Coal Building at the University of Pikeville houses the UPike School of Osteopathic Medicine, offices, classrooms and a 400-seat cafeteria on the sixth floor with views overlooking downtown Pikeville.

"We want to create economic opportunity that is beyond the energy sector," Hurley said. "Coal is a very large part of our economy, but ... it is taking a beating now. We have to train young business leaders to create other opportunities."



James Hurley,
President,
University
of Pikeville

UPike's new business college wants to teach its students "how to hit the curveball" when it inevitably comes, Hurley explains.

"We are part of a global economy," Roberts said. The fact that Appalachian culture has a strong focus on its traditions "makes things a little more challenging. The residents of any rural area of America must embrace that; to survive, the world they know and cherish must change," he said.

That doesn't mean the past will be forgotten, though. UPike's new business pro-



Howard
Roberts,
Dean, Coleman
College of
Business

Dr. James Hurley, left, president of the University of Pikeville, announces that retired banker and longtime UPike supporter Burlin Coleman, right, donated \$1 million for the launch of the school's new Coleman College of Business.

gram will be housed, beginning next spring, in the historic Pikeville Academy building, a distinctive two-story brick structure built in 1888 and expanded in 1892. It is the oldest educational building in Pike County and the original home of Pikeville College. The university regained ownership earlier this year after it spent two decades as the property of the city of Pikeville, which had renovated and used it for government offices.

The city installed modern technological infrastructure, but the university is upgrading further to include the latest digital communication and classroom information-sharing platforms, Roberts said. There will be a Center for Entrepreneurship and Small Business Development with meeting spaces for student teams, exchanges with faculty, study, and casual interaction, including a coffee shop.

"Looking at the needs of the region and how to meet them will be part of the mission," he said, adding that the business college will actively foster collaboration of all stripes, including the eight-county Southeast Kentucky Chamber of Commerce based in Pikeville. "We know that as a united force we can accomplish much more."

Collaborating with other universities

The primary focus will be on the students and increasing the region's rate of college education, according to Roberts and Hurley. While 19 percent of adults across Kentucky hold four-year degrees, in UPike's primary service area that figure is only 10 percent.



University of Pikeville photo

"It is going to take all of us working together," Hurley said. "One institution cannot solve this."

UPike will partner with other Kentucky organizations and universities – specifically Morehead State, with which there was friction last year regarding a proposal to bring UPike into the state university system. With public postsecondary education funding declining in Kentucky – as it is across the nation – Morehead State officials argued that cutting another slice from a shrinking pie would further starve their Appalachian institution.

However, Hurley recently earned his Ph.D. from Morehead State, and says he and MSU President Wayne Andrews are now allies actively exploring how they can collaborate to their mutual benefit.

UPike ended efforts to join the state system after its students were made eligible for Kentucky Coal County College Completion Scholarship assistance. Known as K4C\$, the program can provide up to \$6,820 a year to students who are high school graduates (or GED recipients)

from Bell, Floyd, Harlan, Johnson, Knott, Letcher, Magoffin, Martin and Pike counties and who have earned 60 credit hours toward a four-year degree. That filled the funding need UPike had that prompted its effort to go public.

"President Andrews and I are great friends," Hurley said in August, and the pair now regularly brainstorm together to find ways their deans and chairmen can collaborate and coordinate programs.

UPike's College of Business hopes to play a public role and pursue involvement in any regional efforts that target improving workforce training, management skills or otherwise fulfill the needs of the business community. Hurley said he is working with visioning consultants.

One of those initiatives will be a rebirth of the Central Appalachian Institute for Research and Development. CAIRD came into existence during the 1967-70 administration of the late Gov. Bert T. Combs but fell to the wayside over the years. The new CAIRD's aim is to encourage long-term economic growth and prosperity through education improvement, economic development planning and providing applied research for public policy decision processes.

CAIRD's revival "was my dissertation topic," Hurley said. The Eastern Kentucky Leadership Foundation conducted a study, whose results Hurley developed into a plan that the Appalachian Regional Commission has funded for three years. Bill Weinberg, president of Clean Gas Inc. and son-in-law of Gov. Combs, now heads CAIRD.

An influential board of directors includes Bruce Ayers, president of Southeast Kentucky Community and Technical College; James Ramsey, president of the University of Louisville; Jim Ward, judge-executive of Letcher County; Kelly Callahan, judge-executive of Martin County; officials from Morehead State, the University of Kentucky and Eastern Kentucky University; and others.



Staff photo

UPike's Coleman College of Business will be housed in the oldest educational structure in Pike County, the former Pikeville Academy structure built in 1889 and expanded in 1892. It is being renovated for academic use after 20 years under city of Pikeville ownership and use.

ECONOMIC DEVELOPMENT

Gov. Paul Patton's key role

Another former Kentucky governor, Pike County native and resident Paul Patton, is a central player in this mix of education and economic development initiatives. Patton, who also is a former Pike County judge-executive, proposed reviving CAIRD during his two terms as governor from 1995 to 2003. He also served as both lieutenant governor and state economic development secretary from 1991 to 1995.

Patton now serves on the board of directors at CAIRD.

More recently, Patton was UPike president from early 2010 until he passed the baton to Hurley on July 1. Hurley, in fact, was the first person Patton hired after stepping into what he initially believed would be a one-year interim stint at the school's helm, he said.



Paul Patton,
Chancellor,
University
of Pikeville

Patton had a long relationship with the college, having served 30 years on its Board of Trustees, including time as chairman. He had been appointed chairman of the Kentucky Council on Postsecondary Education in 2009. Postsecondary education improvement and reorganization was a signature achievement during Patton's administration in 1997 when the General Assembly passed House Bill 1, followed in 1998 by the Kentucky Educational Excellence Scholarship and "Bucks For Brains" programs to help state students attend Kentucky schools and recruit university researchers, respectively.

When he agreed to become UPike president, however, the school's enrollment was in decline and as a tuition-revenue-dependent institution the financial situation was becoming precarious, Patton said. Undergraduate enrollment was at 673 for 2009-10. He knew what education assistance programs to tap, if only the school could get tuition-paying students on campus – which is why he brought



Staff photo

Hurley aboard as executive vice president at his alma mater.

Working together, Hurley and Patton have made the school one of the fastest growing in the South.

Hurley played sports regionally in high school and Pikeville College, and began his work career with coaching jobs in Bullitt and then back in Pike County, where he was a middle school principal with a master's in education leadership from Indiana University. Patton said Hurley's knowledge of the high school landscape was an important asset.

Hurley began an ongoing campaign of recruiting trips, often accompanied by Patton. Pikeville shifted to university status in 2011 and added masters' programs in business administration and sports management; it created a new nursing bachelor's program and four-year degrees in Spanish, media arts and film.

The expanding central Appalachia campus now has set enrollment records the past four years. Undergraduate enrollment is at 1,314 for the fall 2013 semester with another 37 graduate students, 430 in UPike College of Osteopathic Medicine and 415 in dual-credit courses for an overall total of 2,196 students.

Plans to renovate an existing campus building for the College of Medicine grew under Patton and Hurley instead into the \$40 million Coal Building, a new nine-story 96,000-s.f. state-of-the-art health science facility. It has a 400-seat campus cafeteria overlooking downtown Pikeville and allowed UPike to expand the medical school's annual class size from 75 to 135. It opened in fall 2012.

Hurley enlisted Burlin Coleman

On July 1, at age 37, Hurley took office as one of the youngest university presidents in the nation, and Patton became UPike's first chancellor. President Hurley then announced creation of the Coleman College of Business.

Howard Roberts, a faculty member at the (College, now) University of Pikeville for 30 years, is the first dean of the Coleman College of Business.

It is named for key benefactor Burlin Coleman, the retired CEO of Kentucky's largest domestically headquartered bank holding company, Pikeville-based Community Trust Bank. Though Coleman avoids the limelight, at Hurley's request he donated \$1 million toward establishing a formal business school and agreed to allow his name to be used.

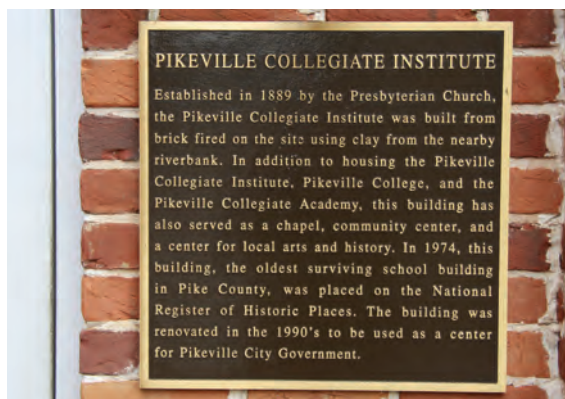
Hurley said he wanted Coleman linked by name with the project because he is so respected regionally that his association provides instant credibility. Coleman began at the former Pikeville National Bank in 1949 as a clerk, rose to CEO and built it into a publicly traded bank that, according to the most recent FDIC reports, has 70 Kentucky offices and \$3 billion in deposits.

Many Eastern Kentucky business leaders over the past six-plus decades can trace their first loan back to Coleman, who is known as a shrewd investor and a generous philanthropist, Hurley said. He has made many donations over the years to UPike, which has professorships in both his and his wife Jean's names. He was instrumental in founding

"He is so humble," Hurley said. At the early July event announcing the new business college, he told the story of going to Coleman to ask that he allow his name to be used and that he make the lead gift.

"He didn't want to do it," Hurley said. "He said, 'There's so many more deserving individuals than me,' – and there's not." ■

Mark Green is editorial director of The Lane Report. He can be reached at markgreen@lanereport.com.



Staff photo

A historic marker explains the various usages since 1889 of the building that will be home to the University of Pikeville College of Business beginning with the spring 2014 semester.



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The High-Functioning Alcoholic



Work performance can hold up for extended periods, but disease process takes its toll

BY DEBORAH GOAD

ALCOHOL is the single most used and abused drug in America. Nearly 14 million U.S. adults – one in 13 – abuse alcohol or are alcoholics, according to estimates by the National Council On Alcohol and Drug Dependence (NCADD). Odds are you do or have worked or interacted with one.

While alcoholism causes economic harm to businesses estimated in the tens of billions of dollars annually, it poses a difficult management issue because it is an often imprecise disease condition that can be covered by the Americans with Disabilities Act.

Despite familiar stereotypes and media images such as the wobbling town drunk or the slovenly sodden neighbor, for many alcoholism is nearly invisible.

The drinker might not even know – or be in full denial about their condition. They can be responsible, hard-working and functioning well in most areas of their lives, yet chemically dependent. A surpris-

ing number are even top-achievers and hold high positions in their careers.

These people are referred to as high-functioning alcoholics (HFAs).

Rather than the classic signs and patterns, the issues and symptoms with HFAs often are well hidden. Though holding jobs and appearing “typical,” they do drink alcoholically, meaning their consumption is far above average. Many are able to avoid alcohol during the workday, yet consume large quantities in the evening.

Of the alcoholic population in America, it is estimated nearly 20 percent are HFAs. Getting them to recognize they are alcoholic is difficult because most are in denial and point to their careers or standing in the community as proof that they do not have a problem.

There are myriad reasons the HFA drinks, with stress prevalent in a large number of cases, according to experts. However, the outcomes are the same: health problems, turbulent relationships or eventual meltdowns.

Out of sight, but still troubling

Indeed, if the problems are invisible and job performance is average to well above average, then why be concerned? There are many reasons, experts say. Alcoholism rarely (if ever) decreases and typically can be counted on to continue to worsen. And as it does, performance does suffer or on-the-job behavioral issues do surface. It is, after all, a disease, and it erodes mental capacity, judgment and overall well-being.

As the individual’s career develops, he or she becomes more important to the company and usually is awarded more responsibility – while at the same time the disease gains a bigger foothold in their lives. A familiar pattern is that as the HFA individual continues to “climb the ladder,” the stress of new increased responsibilities on the job leads to an increasing dependence on alcohol outside of work.

Alcoholism progresses and increases like any disease, but often the HFA’s tolerance to alcohol likewise increases.

An HFA might consume as much as a stereotypical chronic “problem” drinker yet not appear intoxicated to the casual observer. They develop a tolerance that requires them to drink far more than average to feel any effects. This slow build-up of tolerance leads to drinking at levels that can result in organ damage, cognitive impairment and a profound alcohol dependence.

At some point, however, disease and consumption eclipse the ability to handle stress or workload, and performance does begin to suffer. Destructively, substance abuse experts report, the feeling of losing control or of “losing their edge” then pushes the high-functioning alcoholic to drink more and self-medicate in an effort to numb the emotional discomfort. With work and disease progressing in tandem, they reach a critical point in their inability to handle stress and their disease becomes unmanageable.

In the worst situations, serious health issues also occur.

Definitions, behaviors and solutions

HFAs usually are not viewed by society as “alcoholics” because the usual stereotypes don’t fit. According to research literature and other sources, about half are tobacco smokers and around one-third have a multigenerational family history of alcoholism.

Additionally, having one drink is nearly impossible because they crave more. Despite committing to themselves or others that they will only drink a certain amount, they cannot predict how much they will have.

Among the prevalent HFA behaviors:

- Using alcohol as a reward.
- Obsessing about when they will have their next drink.
- Staunch denial that their lives are unmanageable due to their drinking.
- Drunkenness prior to arriving at social events.
- Repeating uncharacteristic behaviors.
- Memory loss and/or blackouts.
- Attempt sobriety only to consume larger quantities upon resumption.
- Not being able to imagine their life without alcohol.

It is difficult to help or to effect change in these situations, according to substance abuse and human resource experts.

Many people tie much of their identity and self-esteem to their careers, thus most HFAs are very resistant to the suggestion they have a problem. Relative competence at work is wielded as a shield: "I don't have a problem – look how well I do at work."

Additionally, the high-functioning alcoholic can hit bottom in areas of their life, yet not recognize it.

Here are some job attendance and performance characteristics and behaviors can reflect likely alcoholism, although they are not definite proof. Individual indicators must be examined in light of a range of behaviors and symptoms, and no one item should be taken as a definite sign or diagnosis. They do merit closer monitoring and follow up for potential identification of a larger pattern and to make a better supervisory assessment.

Attendance issues supervisors should be alert to include:

- Unexplained absences from work.
- Frequent tardiness, especially after lunch.
- Numerous sick days.
- Frequent Monday absences.
- Frequent absences the day after being paid.

Performance issues supervisors should be alert to include:

- Missed deadlines.
- Careless work.
- Repeatedly missing production quotas.
- Faulty analysis and poor decision making.

Although no one sign means that an employee is an alcoholic, when conduct and performance problems are mixed with multiple indicators, then it is time to enlist professional guidance. This includes human resources consultants, employee assistance programs, behav-



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HUMAN RESOURCES

ioral health facilities and other trained behavioral health professionals.

Given the nod to the Americans with Disabilities Act, employers should consider consulting with an employment attorney, too.

Helping them, helping your company

According to the NCADD, studies suggest that the cost of alcoholism in the workplace ranges from \$33 billion to \$68 billion per year, and that absenteeism among alcoholics is estimated to be four to eight times that of their sober coworkers – who in turn can end up resentful about having to perform their absent colleague's work.

It is easy to think HFAs pose danger only to themselves, yet they are one of the greatest dangers to employers; they present distinct liability issues inside and outside of a company beyond self-inflicted damage.

For instance, if an employee is involved in an accident involving non-employees, liability issues can be dire. Dangers to themselves and others in the workplace can be just as onerous, and vigilance in any case is important.

A complicating factor is that alcoholism is covered under the Americans with Disabilities Act, as outlined in this excerpt from "ADA Questions and Answers" by the U.S. Equal Employment Opportunity Commission and the U.S. Department of Justice: "... (A) person who currently uses alcohol is not automatically denied protection. An alcoholic is a person with a disability and is protected by the ADA if s/he is qualified to perform the essential functions of the job. An employer may

be required to provide an accommodation to an alcoholic. However, an employer can discipline, discharge or deny employment to an alcoholic whose use of alcohol adversely affects job performance or conduct. An employer also may prohibit the use of alcohol in the workplace and can require that employees not be under the influence of alcohol."

So, the question remains: How to handle an alcoholic in your workplace? If you think there is a real potential an employee or coworker is an alcoholic, the general best practice is to seek professional guidance in dealing with the individual. If this person is a good employee or is key to the company's operation, an employer-sponsored treatment program could benefit them and you.

In that circumstance, there are means to monitor the progress of treatment.

"It's very helpful when employees include their employer on a release-of-information form if they are referred for treatment or admit themselves," said Jason Staats, director of outpatient and inpatient addictive diseases at The Ridge Behavioral Health System in Lexington. "This helps the employee stay in good standing at work by keeping the employer apprised of their progress and shows they are motivated to return to work."

Treatment programs, such as those offered by The Ridge, offer a variety of options depending on the individual's need. For instance, those who may experience withdrawal symptoms – because they have built up to very high usage levels – would benefit from an inpatient detoxification program.

Besides the usual three-week inpatient stay for treatment, for those not requiring detox there are day or evening outpatient programs that allow the person to continue their employment.

Leslie Flechler, a spokesperson with Lincoln Trail Behavioral Health System in Radcliff, Ky., recommends that human resources personnel at the patient's employer be included as eligible recipients of patient information on Health Insurance Portability and Accountability Act (HIPAA) release form.

"While too much HR involvement can be interpreted as intrusive," Flechler said, "a caring attitude is helpful, and can help them get back to work more quickly."

Preemptive and proactive

It is important for companies to have policies in place to deal with alcohol abuse, drinking on the job, confidentiality and referral sources. While it can be difficult to assess each case individually, there are many reasons to do so and then make a decision as to how to proceed. In any case, it is crucial to make it clear to all employees that substance abuse of any kind on the job is unacceptable. For those cases where the individual shows signs of an addictive disease, care should be taken to assess not only their condition but the options your company feels appropriate, based on their overall performance and their history and value to the company. ■

Deborah A. Goad, MA, MS, LMFT, of Lexington has 25 years experience ranging from inpatient and outpatient clinical programs to individual substance abuse therapy.

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HUMAN RESOURCES



RULING LESSENS LIABILITY EXPOSURE

Supreme Court clarifies confusing workplace harassment issue

BY HANNAH HODGES

ON June 24, 2013, the United States Supreme Court issued a very important ruling that weighs in favor of employers. *Vance v. Ball State University* centered on employers' liability for workplace harassment. The Supreme Court's decision in *Vance* is a welcome clarification to a long-confusing definition in the semantic landscape of employment law.

The Supreme Court held many years ago that under Title VII of the 1964 Civil Rights Act, employers could be held liable for the acts of "supervisors" who harassed subordinate employees.

When the harassment culminates in a tangible employment action, strict liability is the standard.

When a tangible employment action is not involved, there is still a presumption that the employer is liable for the "supervisor's" harassing actions, which can only be disproved by establishing that the employer exercised reasonable care to prevent and correct any harassing behavior and that the plaintiff unreasonably failed to take advantage of the opportunities that the employer provided.

If the harasser is merely a co-worker, employers may only be held liable if the plaintiff shows that he/she gave the employer notice of the alleged harassment and the employer was negligent in controlling workplace conditions.

Thus, the accused harasser's status as a "supervisor" (versus a "co-worker") makes a big difference in determining the potential liability of an employer

faced with a harassment suit. Until now, however, there has been little guidance on which employees could be deemed "supervisors" for purposes of determining what standard of liability applies.

In *Vance vs. Ball State University*, Maetta Vance was employed as a catering assistant at Ball State. Over the course of two years, Vance submitted several complaints, both to BSU and the Equal Employment Opportunity Commission, alleging discrimination and racial harassment. The majority of her complaints stemmed from incidents involving BSU employee Sandra Davis, a catering specialist.

It was stipulated by both parties that Davis did not have authority to "hire, fire, demote, promote, transfer, or discipline" Vance. However, Vance filed suit in the U.S. District Court for the Southern District of Indiana, claiming she was discriminated against and harassed because of her race under Title VII.

The district court held, and the Seventh Circuit affirmed, that BSU could not be held vicariously liable for Davis' alleged harassment because Davis was not a "supervisor" under the Seventh Circuit's "hire, fire, demote, promote, transfer, or discipline" framework. Thus, because Davis was merely a co-worker, the less stringent negligence standard applied.

The evidence showed BSU had reacted and responded to the complaints in a reasonable manner.

Vance then appealed to the Supreme Court, arguing that an employee should

The U.S. Supreme Court ruled that an employee is considered a "supervisor" only if he or she is empowered by the employer to take "tangible employment actions" against the employee. A "supervisor must be able to 'effect a significant change in employment status.'"

be considered a "supervisor" if he or she has authority to control someone else's daily activities and evaluate their performance. This definition for "supervisor" is not unheard of; in fact, the Equal Employment Opportunity Commission defines "supervisor" in its Enforcement Guidance as someone who has the ability to exercise significant direction over another's daily work. In response, BSU sought a narrower definition (in line with the Seventh Circuit's standard). It argued that the term "supervisor" should only include those individuals who possess more power, such as the ability to hire, fire or promote.

In a 5-4 decision, the U.S. Supreme Court held that an employee is considered a "supervisor" only if he or she is empowered by the employer to take "tangible employment actions" against the employee. Siding with the employer, the court stated that a "supervisor must be able to 'effect a 'significant change in employment status,' such as hiring, firing, failing to promote, reassignment with significantly different responsibilities, or a decision causing a significant change in benefits."

The court said its new and clearer definition will result in supervisory status being determined earlier in harassment cases, which may assist the trial court in determining whether summary judgment is appropriate. Further, when a harassment case does reach a trial, the new definition will assist juries to more easily determine liability.

In the wake of this ruling, employers should review their anti-harassment policies and procedures for investigating claims. If a clear anti-harassment policy has not been emphasized, training and enforcement should be a priority. There should be established protocol employees can rely on to call attention to harassing or discriminatory conduct.

In addition, employers should ensure that job definitions are clearly outlined and definitively decide what employees are empowered to take "tangible employment actions" against other employees.

Employers still hold the real key to limiting liability: They can demand a harassment-free workplace and properly handle claims as they arise, so that suits are less likely. ■

Hannah Hodges is a legal writer with McBrayer, McGinnis, Leslie & Kirkland PLLC in Lexington.

THE LANE LIST



KENTUCKY'S LARGEST JOB CATEGORIES

Eighty-nine percent of Kentucky's population makes up the state's civilian labor force. Of those 2,096,740 residents, 91.5 percent are currently employed. The per capita income is \$33,989, according to Kentucky Labor Market Information, an online database affiliated with the Commonwealth of Kentucky, the Office of Employment and Training and the Kentucky Career Center.

Distribution of occupations in Kentucky (For 2010 to 2020)

OCCUPATION	2010 ESTIMATED EMPLOYMENT	2020 ESTIMATED EMPLOYMENT	GROWTH
Office and administrative support	288,300	317,310	10.06%
Sales and related occupations	187,870	209,490	11.50%
Transportation and material moving	159,830	183,850	15.02%
Food preparation and serving	160,210	169,500	5.79%
Production	159,740	167,380	4.78%
Healthcare practitioners	120,700	150,800	24.93%
Management	124,240	130,540	5.07%
Education, training and library	106,660	122,210	14.57%
Installation, maintenance, repair	83,840	95,650	14.18%
Construction and extraction	81,900	96,230	17.49%
Business and financial operations	65,810	75,610	14.89%
Building/grounds cleaning and maintenance	60,030	66,210	10.29%
Personal care and service	59,700	74,830	25.34%
Healthcare support	53,080	66,390	25.07%
Protective service	36,850	40,040	8.65%
Computer and mathematical	29,590	35,090	18.5%
Community and social services	26,330	31,860	21%
Architecture and engineering	24,060	26,590	10.51%
Farming, fishing, forestry	22,960	22,130	3.61%
Arts, design, entertainment, sports and media	21,190	23,920	12.8%
Legal	12,340	13,570	9.96%
Life, physical and social	10,360	11,930	15.15%

Source: Kentucky Labor Market Statistics, Occupational Employment Projections Unit

Top 10 Highest Paid Occupations in Kentucky (2011 Estimated Median Wage, latest statistics available)

OCCUPATION	WAGE
Family and general practitioners	\$158,553
Podiatrists	\$157,833
Pediatricians	\$150,845
Judges	\$137,092
Chief executives	\$133,988
Obstetricians and gynecologists	\$128,168
Dentists (specialty)	\$117,557
Law teachers, postsecondary	\$115,647
General dentists	\$114,361
Pharmacists	\$113,979

Source: Occupational Employment Statistics and Wages Program, Kentucky Labor Market Information

OPINION

THE TRAGEDY OF ISOLATION

Leaders promoting separate culture 'identity' are inflicting hardship

BY THOMAS SOWELL

IN the 20th century, Western intellectuals' two most dominant explanations of disparities in economic, educational and other achievements were innate racial differences in ability (in the early decades) and racial discrimination (in the later decades).

In neither era were the intelligentsia receptive to other explanations. In each era, they were convinced that they had the answer – and dismissed and disparaged those who offered other answers.

Differences in mental test scores among different racial and ethnic groups were taken as proof of genetic differences in innate mental ability during the Progressive era in the early 20th century.

A closer look at mental test data, however, shows that there were not only individual blacks with higher IQs than most whites, but also whole categories of whites who scored at or below the mental test scores of blacks.

Looking at achievements in general, people living in geographically isolated environments around the world have long lagged behind the progress of people with a wider cultural universe, regardless of the race of the people in these isolated places. When the Spaniards discovered the Canary Islands in the 15th century, they found people of a Caucasian race living at a stone age level.

Many mountain communities around the world have also been isolated, especially during the centuries before modern transportation and communications.

A pattern of poverty and backwardness could be found from the Appalachian Mountains in the United States to the Rif Mountains of Morocco, the Pinus Mountains of Greece and the mountains and uplands of Ceylon, Taiwan, Albania and Scotland.

Cultural isolation can also be due to government decisions, as when the gov-

ernments of 15th century China and 17th century Japan deliberately isolated their peoples from the outside world. At that time, China was the leading nation in the world. But it lost that lead during centuries of isolation.

Sometimes isolation is due to a culture that resists learning from other cultures. The Arab Middle East was once more advanced than Europe but, while Europe learned much from the Middle East, the Arab Middle East has not translated as many books from other languages into Arabic in a thousand years as Spain alone translates into Spanish annually.

Against this background, racial and ethnic leaders around the world who promote a separate cultural "identity" are inflicting a handicap on their own people. Isolation has held back many peoples in many lands, for centuries. But such social and cultural isolation serves the interests of today's ethnic leaders. ■



Thomas Sowell is a senior fellow at the Hoover Institution, Stanford University



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SPOTLIGHT ON THE ARTS

Kentucky Cities Receive Federal Arts Funding for Community Projects

TWO Kentucky arts organizations are among 59 nationwide that will receive Our Town grants for creative placemaking projects through the National Endowment for the Arts.

Covington Arts will receive \$50,000 for a community design project. Covington is one of the state's six Kentucky Cultural Districts. Appalshop, working with the city of Jenkins, will receive \$150,000 to support a multipronged community arts project.

NEA Our Town grants support projects to help communities become lively and sustainable places with the arts at their core. Projects encourage creative activity, develop community identity and a sense of place, and help revitalize local economies. All Our Town grant awards are made to partnerships that consist of at least one nonprofit organization and a local government entity.

Covington's grant will support the CoSign initiative to generate artist-designed storefront signage in Covington's newly identified economic redevelopment area downtown. A partnership among Covington Arts, the American Sign Museum and Renaissance Covington will commission local artists and professional fabricators to design, produce and install creative signs for local businesses.

The grant in Jenkins will create murals, a large-scale photographic installation and a media-rich walking tour celebrating the city's American coal mining heritage and its evolving contemporary image. The temporary and permanent public art and tour are expected to attract visitors from the Appalachian region.

The NEA will award 59 grants in 36 states totaling \$4.725 million to fund projects that engage the arts to help shape the social, physical and economic character of communities. Since the Our Town program's inception in 2011, the NEA has supported 190 projects totaling more than \$16 million in all 50 states and the District of Columbia.

Kentucky Arts Council Announces Al Smith Fellowship Award Recipients

SEVEN Kentucky visual artists and one media artist have been awarded \$7,500 each as recipients of the Kentucky Arts Council Al Smith Individual Artist Fellowship.

The program supports practicing, professional Kentucky artists. The fellowship awards are named after Al Smith, a retired Kentucky journalist and past Arts Council board chair.

The eight fellowship recipients are:

- Hui Chi Lee, Fayette County, drawing
- Felicia Szorad, Fayette County, metal
- Jenny Zeller, Jefferson County, photography
- Dominic Guarnaschelli, Jefferson County, experimental
- Robert Salyer, Letcher County, video
- Brandon Smith, Madison County, painting/acrylic
- Seth Green, Rowan County, ceramics
- David Marquez, Warren County, sculpture

Fellowship awards are made using a "blind jurying" system under which the selection panel does not know applicants' names. Criteria for the awards include artistic excellence and professional achievement.

In alternate years, the Al Smith Individual Artist Fellowships are available to writers, composers and choreographers. The next application deadline is Feb. 15, 2014. For more information about Kentucky Arts Council opportunities for artists, contact Individual Artist Program Director Tamara Coffey at tamara.coffey@ky.gov or (502) 564-3757, ext. 479.

Arts Events Around the State

Art Off Pike

27 West 7th St., Covington
11 a.m.-5 p.m. Sept. 29
artoffpike-es2.eventbrite.com
(859) 292-2322

Charlotte Babb, Blake Simone and Matt Sims Exhibit

Capitol Mezzanine Gallery
SkyPac, Bowling Green
Through Dec. 31
theskypac.com
(270) 904-1880

Studio Art Quilt Associates Seasonal Palette

The National Quilt Museum, Paducah
Through Dec. 13
quiltmuseum.org
(270) 442-8856

Vince Gill

The Kentucky Center
for the Performing Arts
Whitney Hall, Louisville
7 p.m. Sept. 29
kentuckycenter.org
(502) 562-0100

Aegean Echoes

Headley-Whitney Museum
Through Dec. 22
headley-whitney.org
(859) 255-6653

Capturing the Art of Sport: Works by Kentucky Artisans

Kentucky Artisan Center at Berea
Through Feb. 22, 2014
kentuckyartisancenter.ky.gov
(859) 985-5448



Douglas Naselroad is a stringed-instrument maker.

Grants Help Artists Pass Their Skills to the Next Generation

SIX Kentucky master artists will receive Folk and Traditional Arts Apprenticeship Grants from the Kentucky Arts Council to provide training to others in traditional art forms next year.

The grant provides up to \$3,000 to a Kentucky master traditional artist to teach skills, practices and culture to a less experienced artist from the same community to aid in the conservation of the state's folk art forms.

The fiscal year 2014 apprenticeship grants have been awarded to:

- Bent-willow furniture maker George Beard, of Murray, who will teach Justin Roberts, of Murray. Grant: \$3,000.
- Stringed instrument maker Douglas Naselroad, of Winchester, who will teach Mike Slone, of Mousie. Grant: \$2,981.
- Storyteller Pamela Holcomb, of Putney, who will teach Theresa Osborne, of Bledsoe. Grant: \$3,000.
- Traditional African-American gospel musician John Edmonds, of Bowling Green, who will teach Devon Satterfield, of Bowling Green. Grant: \$3,000.
- Quilter Patricia Brennan, of Fort Thomas, who will teach Helen Bailey, of Cold Spring. Grant: \$3,000.
- Pipa player Hong Shao, of Nicholasville, who will teach Yuyao Ding, of Louisville. Grant: \$3,000.

For more than 20 years, the annual Folk and Traditional Arts Apprenticeship Grant has supported a wide variety of traditional art forms practiced in Kentucky, including square-dance calling, jazz music, Chinese traditional dance, fiddling, drumming and basket making.

"The willingness of Kentucky master artists to share their skills to continue the practice of these art forms means they will continue to be celebrated as an important part of our state culture," said Lori Meadows, arts council executive director. "There are art forms found regionally and locally within the state's many communities."



Lori Meadows is executive director of the Kentucky Arts Council.



Leaf Your Stress Behind

Tree-climbing adventures make for great fun, team-building experiences

BY KATHERINE TANDY BROWN

I spent much of my childhood climbing trees, either a showy sugar maple outside my sister's second-story bedroom or a prim Chinese elm that shaded our patio. These leafy friends provided a place to play, to read and above all, to hide. Bill Byrne says he hears this a lot from clients.

An electrical engineer, he and his wife, Shelly, a physical therapist, own and run EarthJOY Tree Adventures, a recreational tree-climbing business based in Alexandria that offers outdoor adventure tours for kids and adults,

events such as birthday parties and anniversaries, couples' retreats, and team building for any sort of organization, from schools to corporations.

Oh, and of course, all of these activities take place in trees.

An adventurous pair, Bill and Shelley have hiked the Appalachian Trail and were whitewater rafting seven years ago when they heard about recreational tree climbing. Fascinated, both traveled to Atlanta for the three levels of certification required to climb on their own, to facilitate others and to instruct.

Nostalgia and adventure go hand-in-hand with EarthJOY Tree Adventures, a recreational tree-climbing business based in Alexandria that offers outdoor tours for kids and adults.

Recreational tree climbing has been popular for some 20 years, and EarthJOY, up and running for six years now, has become the sport's top company in the world. To date, some 40,000 kids and adults have experienced the thrill of exploring trees with the Byrnes in Northern Kentucky.

Targeting participants from ages "five through 105," tree climbing takes on most all comers. Professional facilitators take you a step at a time into the heart of the tree, and no one is ever pressured to climb higher than they feel comfortable, although people often surprise themselves, Bill says. Certified arborist support ropes test up to 5,000 pounds, so there is no weight limit, although some degree of fitness is required. One should be able to hike a quarter mile on uneven ground and climb three flights of stairs easily. All equipment – carabiners, helmets, harnesses and gloves – are top rated and ANSI (American National Standards Institute) approved.



Recreational tree climbing, a safe way to relieve stress and have fun, has been popular for some 20 years.

EXPLORING KENTUCKY



More than 40,000 children and adults have experienced the thrill of tree-climbing with Bill and Shelly Byrne, owners of EarthJOY Tree Adventures in Northern Kentucky.

"Recreational tree climbing is safe, though we like it to feel adventurous and dangerous," Bill adds with a smile.

Once, the couple even devised a special rigging for a young girl with one arm.

For corporate teambuilding, EarthJOY meets with a company rep to determine its focus and goals for its employees, then designs a custom team-building package, incorporating climbing and trees into activities that emphasize working together for common goals through blind faith experiences, during which participants must rely on other team members. They all then take the resulting bonding back into the workplace.

Heather Dominick of EnergyRich, a holographic technology health products company, took four high-end clients to an EarthJOY retreat, and raved about the results: "...One member climbed higher than she thought was possible and realized she can create this in her business as well..."

Options include a half-day, full-day or weekend "power retreat."

According to EarthJOY's website guide, during a full-day session, you can "explore the canopy tops, learn to get in and out of hammocks (in the tree), surf the branches and hang upside down like Spiderman." Then you learn how to swing in the branches and how to rappel. Sheer fun!

Speaking of heights, a 72-year-old man received an EarthJOY climb as a birthday present from his daughters. He climbed up 40 feet to a hammock, where his daughters serenaded him with "Happy Birthday." Bill reported that the man proclaimed it his best birthday present ever.

As for couples' retreats, Bill explains, many tend to focus primarily on communication issues, while EarthJOY teaches men and women how to experience fun with each other, emphasizing setting up play dates with one another.

How exactly does climbing in a tree accomplish team bonding, relationship healing and recreating childhood joy? According to the Byrnes, stress builds up in our daily lives, leaving us feeling trapped. Spending time and moving in nature helps release negativity and worries, eases the mind, and in the case of corporate teams, can turn stresses into inspired ideas.

And what about the trees? In order to qualify as climbable, a tree must be inspected by a certified arborist, be poison-ivy free, look like fun and be welcoming, with limbs that spread out, some of which can be walked on. A tree that's happy with hammocks and frog chairs hung here and there, and with kids and adults crawling through it.

Though EarthJOY's base of operations is at A. J. Jolly Park in Campbell County, the company also offers tree climbing at Hueston Woods Lodge and

Upcoming Bardstown Events

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Kentucky Bourbon Festival, September 17-22

The Bardstown Opry, September 20, 27; Oct. 4, 11

A Visit with the Spirits of Wickland, September 20, 27; Oct. 4-5, 11-12

Bardstown Ghost Trek, September 21, 28; Oct. 5, 12

Half Pint of Whiskey History with a Shot of Humor, September 19-20

Springhill Winery's Kick Back Friday Dinner, September 20

Celebrating Bourbon & Art, September 20-21

Kentucky Railway Museum's Murder Mystery Theatre, September 21

Kentucky Railway Museum's Bootlegger's Hijacking, September 21-22

My Old Kentucky Dinner Train's Murder Mystery, September 28

Harvest Tea at Wickland, October 5

FFA Field of Terror October 5, 12

My Old Kentucky Dinner Train's Bourbon Excursion, October 11

33rd Annual Bardstown Arts, Crafts & Antiques Fair, October 12-13

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Conference Center in Oxford, Ohio, and at a number of other locations with friendly trees. The Byrnes also travel to conduct tree-climbing adventures as part of on-site events, such as the Marsh Madness Festival, a wetlands awareness day each March in Linton, Ind.

As of May, Bill, an electrical engineer, is delighted to be working full time with EarthJOY.

"Often people arrive 'in their heads,' stressed out, uptight," he said. "But they leave in their hearts. That's why we call it EarthJOY, because it's pure fun."

Find out how to grab that gusto for yourself, your family and/or your corporate team at ClimbTrees With EarthJOY.com or call (859) 635-0320. ■

Katherine Tandy Brown is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.

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PASSING LANE

Commentary on Kentucky

Will the 2018 World Equestrian Games Jump into Kentucky?



ACCORDING to recent world news reports, eight countries initially indicated an interest in bidding for the 2018 FEI World Equestrian Games. The countries indicating interest were Canada, Morocco, Austria, the U.S.A., Hungary, Australia, Russia and Sweden.

Australian, Swedish and Russian applications were withdrawn prior to the start of the official bid process, leaving five bidders for the 2018 games – Wellington, Fla., USA; Rabat, Morocco; Bromont, Quebec, Canada; Budapest, Hungary; and Vienna, Austria.

For various reasons, all bidders but Bromont, Quebec, elected to withdraw from the final bidding process.

In July, the FEI rejected the Bromont bid and announced it would reopen the bidding process because Bromont did not provide the necessary financial guarantees on or before the day it was due to be awarded the bid for the 2018 World Games.

Since the FEI will be reopening the bid for the 2018 World Games, it seems appropriate for Kentucky to consider indicating its interest in hosting the 2018 Games.

Research studies conducted on the Alltech 2010 FEI World Games at the Kentucky Horse Park indicate a 2018 repeat performance in Kentucky is a very viable opportunity:

- In the autumn of 2010 (FY11), the Horse Park hosted the 2010 Alltech FEI World Equestrian Games. The 16 days of the games alone had a total economic impact of \$201.5 million, including \$18.4 million in state taxes, according to a report commissioned by the Kentucky Tourism, Arts and Heritage Cabinet and conducted by Certec Inc.

- For FY11 as a whole – excluding the 2010 Games – the cabinet calculated the

park's economic impact to be \$179 million, generating \$14.2 million in taxes. As a result of combined events and activities held at the Kentucky Horse Park during FY11, \$32.6 million in tax revenues were added to the general fund of the Commonwealth of Kentucky.

- The total attendance at the 2010 Games was 507,000.

- On four days of the 2010 Games, the attendance was more than 40,000 persons.

- 96 percent of residents felt hosting the 2010 event was beneficial to Kentucky.

- 74 percent of international visitors stated they were likely to return to Kentucky as a result of the World Games.

- TV channels around the world aired 1,556 broadcasts. Total broadcast time was 474 hours.

- 38 hours were broadcast in the United States, of which 20 were live.

All research data seem to indicate hosting the 2018 FEI World Equestrian Games in Kentucky would be a winning and financially successful idea for the FEI and Kentucky. Due to the quality facilities already in place at the Kentucky Horse Park, the financial investment and risk of hosting the 2018 World Games would likely be greatly reduced.

Lexington Named Google eCity

LEXINGTON is Kentucky's first-ever Google eCity Award winner, which recognizes the strongest online business community in each state – the digital capitals of America.

"This award proves what we all feel – there's a whole lot of digital innovation going on here in Lexington," said Mayor Jim Gray. "I'm so proud of how our small businesses are leveraging the Web to reach customers both at home and around the world. Successful companies create jobs and are a big part of building a Great American City."



Google and independent research firm Ipsos analyzed the online strength of local small businesses in cities across the country. Scoring was based on company size, web and social media presence, and e-commerce capabilities.

"We're proud to recognize the growing entrepreneurial spirit of businesses in communities such as Lexington – and the role that spirit plays in both creating jobs and sustaining local economies," said Scott Levitan, Google's director of small business engagement. "With 97 percent of Internet users looking for products and services online, it's clear that success is about being connected."

Businesses that use the web are growing twice as fast and creating twice as many jobs, Levitan said. There is more information on the eCity initiative at google.com/ecities.



UofL Freshman Class is Most Prepared, Largest in History

The University of Louisville welcomed its largest and most academically prepared freshman class this fall.

More than 2,800 first-time students are enrolled with an average ACT score of 25.2, the highest in UofL history and well above the national average of 21.1. Admissions officials said 42 percent of the incoming students had already earned some college credit.

"This year's freshman class continues our amazing upward trajectory in student quality," said UofL President James Ramsey. "Great students want to attend college with other top students at a place where academics, research, athletics and the facilities are on the rise. That's what's happening at UofL."

Eighty-four percent of UofL freshmen are from Kentucky and one in five are students of color; the 335 African Americans are the most ever.

Berea Opens World's 'Greenest' Dorm

THREE years in the making, Berea College opened what might be the world's "greenest" residence hall to students for the 2013 fall term. Dubbed "Deep Green" until a permanent name is chosen, this \$16.5 million, three-story facility with 66 rooms houses 120 students.



Deep Green is expected to achieve Leadership in Energy and Environmental Design (LEED) v2009 Platinum Certification by the U.S. Green Building Council and meet Petal Recognition under the Living Building Challenge 2.0 (LBC) by the International Living Future Institute. With these certifications, college officials expect the 42,000-s.f. building to be recognized as one of the greenest in the world.

Oriented along an east-west axis to maximize sunlight into its interior and allow 114 photovoltaic panels to soak up as much direct sunlight as possible, Deep Green uti-

lizes a geothermal heat pump system, high-efficiency windows, Energy Star-rated appliances and low-flow plumbing fixtures. The features result in 35 percent less energy usage and 55 percent less annual energy costs than typical residence halls of the same size.

Energy usage intensity (EUI) is most often expressed in terms of annual energy used per square foot. Residence halls across the country average an EUI of 90. Deep Green is designed to achieve an EUI of 32.

It is the first new residential facility at Berea College since the Ecovillage a decade ago and will be the third campus building to meet LEED certification. Lincoln Hall, the college's administration building, earned a Silver certification in 2004 and historic Boone Tavern Hotel & Restaurant in 2010 was the first Kentucky hotel to earn LEED Gold.

All wood in Deep Green, including 267 pieces of furniture made by Berea's student crafts program, was harvested by mule teams in the 8,000-acre Berea College forest, a Forestry Stewardship Council-certified forest.

New Era in Student Housing Begins at UK

A new era began last month at the University of Kentucky with an unprecedented public-private partnership resulting in hundreds of millions of dollars of investment in high-tech living and learning spaces that will bolster student success.

Just days before 601 students, faculty and staff associated with the UK Honors Program took up residence in Central Hall I and II, Gov. Steve Beshear, UK President Eli Capilouto and other dignitaries opened the \$25.8 million, 172,064-s.f. modern living space. Academic planning was a primary focus in the facilities and those being constructed in the future.

Highlights of the new residence halls include:

- Each four-person suite – as well as other UK housing planned and under construction by EdR – includes Tempur-Pedic mattresses thanks to a collaboration between Tempur-Pedic, EdR and UK. Tempur-Pedic's global headquarters are located in Lexington.
- A microwave-fridge combination unit, substantial storage, high-tech study areas and other amenities.
- Generous community living, study and classroom areas, and 16 active learning/meeting spaces.
- Communal kitchens capable of catering for 100 guests and high-tech laundry facilities in each building.
- Three classrooms will have furniture on casters, allowing a switch to open programming space in three minutes.

Central Hall I and II, and future residence halls, aim to meet Silver LEED standards with geothermal heating and cooling technology and an abundance of bike racks.

With 74 percent of project expenditures in state, Kentucky sales tax revenue is projected to total \$399,943. Eventual new housing construction is estimated at \$133.7 million with 2,328 direct workers, 1,580 indirect workers and projected Kentucky sales tax revenues of \$2.24 million.



Representatives from NKU and Toyota celebrate Toyota's gift to support Kentucky STEM education with a fifth-grade class from Stephens Elementary School in Boone County. The school piloted NKU's Next Generation STEM Classroom program last year.

Toyota's Gift to NKU Supports STEM Classrooms

WHEN Northern Kentucky University STEM Outreach Director Reeda Hart brought out hissing cockroaches, tuning forks and homemade guitars, teacher Amber Carter knew immediately the NKU Center for Integrative Natural Science and Mathematics (CINSAM) was onto something. She could tell by the reaction and interest of her fifth-grade science class.

The Stephens Elementary teacher was part of a pilot program last year designed to help develop more effective methods of teaching science, technology, engineering and mathematics (STEM). Teaching science isn't easy, particularly when students have varied backgrounds and skill levels.

"The CINSAM outreach program is unmatched," Carter said. "I've never, ever seen them engaged like that; they truly began to take ownership of their learning."

Toyota USA Foundation last month announced a \$560,000 investment in the Next Generation STEM Classroom program, which last year worked with elementary and middle school teachers like Carter in eight Kentucky school districts. It models best practices in STEM education and train teachers to apply the techniques.

The gift will allow CINSAM, NKU's Program of Distinction, to expand the program to 17 districts, providing evidence-based professional development on the Next Generation Science Standards to 1,100 teachers and administrators, and by extension to at least 26,000 students, through the program. These standards emphasize active learning, which has been shown to be more effective in student learning, particularly for those most at risk.

"Kentucky stands at a crossroads in the education of the next generation of citizens of the commonwealth," said CINSAM Director John Farrar. "The Next Generation Science Standards are an important scaffold for the improvement of STEM education in our state and country."

KENTUCKY PEOPLE

LEXINGTON: RIBBON IS CUT ON 239-BED \$129 MILLION EASTERN STATE HOSPITAL



Gov. Steve Beshear, center, is joined by mental health, healthcare and public officials for the Sept. 4 ribbon cutting of the 300,000-s.f., \$129 million Eastern State Hospital at the University of Kentucky Coldstream Research Campus in Lexington. To Beshear's left is Audrey Tayse Haynes, secretary of the Cabinet for Health and Family Services; to his right is state Rep. Jimmie Lee of Elizabethtown, chief advocate for the new facility in the General Assembly. The modern 239-bed care complex replaces a 185-year-old facility.

LOUISVILLE: UNIVERSITY OF LOUISVILLE HONORS FORMER PROVOST GARRISON



The University of Louisville held a ceremony on Aug. 15 to unveil a portrait of former Provost Carol Garrison in its Hall of Provosts. Garrison served as provost from 1997 to 2002 and is credited with growing the school's honors program, increasing the number of faculty advisors, enhancing students' on-campus experience and driving improvements to UofL's technology infrastructure. Garrison left UofL to accept the presidency at her alma mater, the University of Alabama at Birmingham, where she served until stepping down in 2012. Pictured here with Garrison (second from left) are (from left) current UofL Provost Shirley Willingham; University of Kentucky President Eli Capilouto, who was the provost at UAB when Garrison became the president there; and UofL President James Ramsey.

LOUISVILLE: BOURBON ENTHUSIASTS RAISE GLASSES TO KENTUCKY'S SIGNATURE SPIRIT AT GLI SHOWCASE



September is National Bourbon Heritage Month, and Greater Louisville Inc. kicked off the celebration with Business of Bourbon Showcase on Aug. 28 at the Ice House. The event focused on the many beverage companies, craft distillers, retailers and restaurants that have made bourbon a signature product and a significant part of the culture in Louisville and throughout Kentucky. Joining in the celebration were Kevin and Cindy Fuqua of Mountjoy Chilton Medley, at left, and Laura Knoth of the Kentucky Corn Producers Association, shown with GLI CEO Craig Richard.

HIGHLAND HEIGHTS: LIPPING NAMED AS NKU'S 2013 OUTSTANDING PROFESSOR



Dr. Alar Lipping has been named Northern Kentucky University's 2013 Frank Sinton Milburn Outstanding Professor. Lipping has served as president of the NKU Faculty Senate for the past four years and is now the chair of NKU's Department of Kinesiology and Health. A primary focus of his scholarly activity combines sport history and sport sociology, examining the relationship between sports and societal institutions such as education, mass media, economics and politics.

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