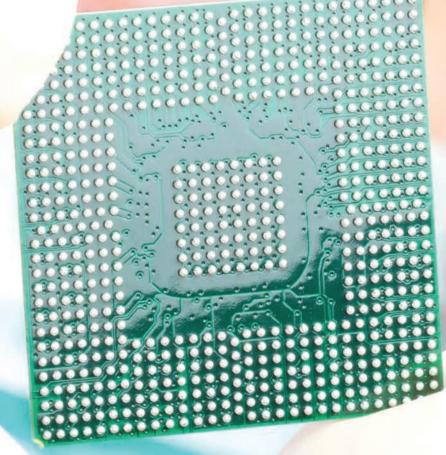
ELANCE REDOTT & SEPTEMBER 2014 \$4.50



BIG DATA, BETTER HEALTH?

Kentucky providers pursue the "ultimate best practice" with over \$600 million in analytics system investments

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LANE ONE-ON-ONE:

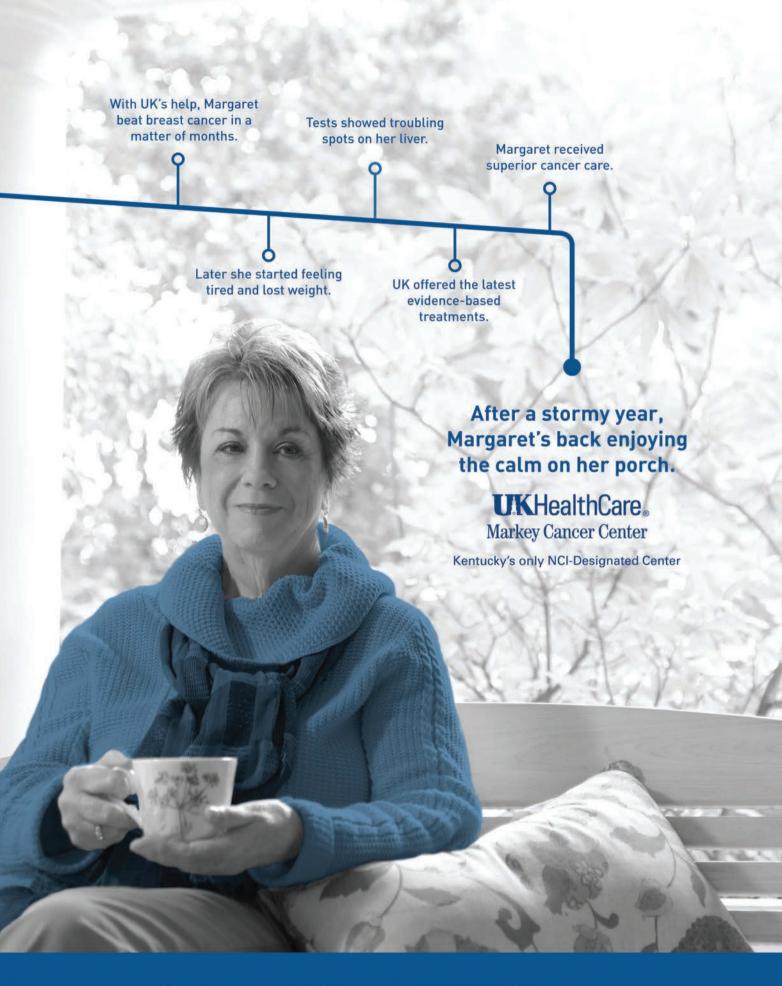
RON BUNCH
President & CEO,
Bowling Green Area
Chamber of Commerce





Whether you're at home or on the go, doing business with LG&E and KU is now easier than ever. Our new website offers an improved experience no matter how you connect with us. Features like outage reporting and online bill payments can be accessed easily whenever you need, and from wherever you are. Modernizing our services is just another way our energies go to serving you. Visit Ige-ku.com to see what's new.







Kentucky's Business News Source For 29 Years

SEPTEMBER 2014

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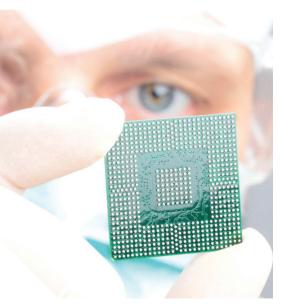
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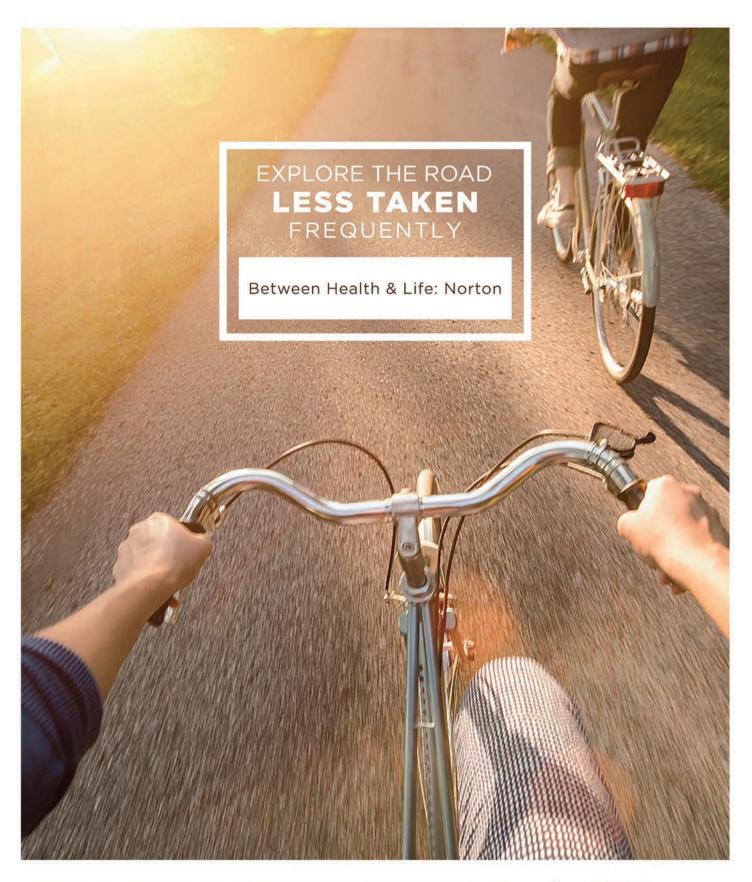
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Faster Lane

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Lane Communications Group is a member of

THE ALLIANCE () OF AREA BUSINESS PUBLICATIONS

The Lane Report is published monthly by: Lane Communications Group 201 East Main Street 14th Floor Lexington, KY 40507-2003 editorial@lanereport.com

For more information and advertising rates contact: PHONE: 859-244-3500

The annual subscription rate is \$29. (Kentucky residents add \$1.74 sales tax.)

Newsstand price is \$4.50.

Send check or money order to: Circulation Manager THE LANE REPORT 201 East Main Street 14th Floor Lexington, Kentucky 40507-2003 or go to lanereport.com/subscribe

THE LANE REPORT corrects all significant errors that are brought to the editors' attention.

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PERSPECTIVE

CREATING KY'S MUST-WIN CULTURE

Focus on competitiveness, fiscal efficiency and workforce

BY DAVE ADKISSON

T the Kentucky Chamber we think it is important to celebrate success, identify continuing challenges and plan for the future. We have been spending quite a bit of time this summer on that final category – planning for the future – as we think about the things that need to happen to move Kentucky forward.

We've stopped short of a "magic wand" exercise, where we speculate about what would happen if we could just wave a wand and get the results we want. Instead, we've developed what we call a "Working Agenda for Kentucky" to guide what we do in the coming months. Its elements will require vision and hard work – and a public-spirited ambition – from leaders in both government and business.

Our plan is to focus on moving the agenda forward in the next legislative session and to encourage the 2015 gubernatorial candidates and Kentucky's next governor to embrace it as a platform for progress. Here's a closer look at the key pieces:

Kentucky must create and support a culture of competitiveness. Elements of this "must win" culture should include:

- A pro-growth tax system that does not disadvantage citizens or employers compared to surrounding states.
- An aggressive economic development program that is customized for Kentucky's nine distinct, regional economies. A recent chamber report notes that regional economic performance can vary greatly across the state, and job-creation prospects are different in each.
- A deliberate plan to recruit talent and creativity, as well as new industries.
- An escalated emphasis on international trade, building on the gains Kentucky has made.
- The promotion of wellness for individual, civic and economic benefit. Kentucky's health problems are holding back our workforce and our economy.

Kentucky must embrace modern practices to ensure an efficient and fiscally sustainable government. These would include:

- Continuing to curtail increases in state spending on the leaks identified in the chamber's Leaky Bucket report, namely prison costs, Medicaid costs and public employee health insurance and pension costs. A recent update shows important progress in the past five years, but the state must maintain its focus on this critical area.
- Becoming more aggressive in fixing the public pension system by demanding a program of disclosures and a consensus approach to calculating long-term obligations.
- Enacting "P3" legislation to significantly expand the use of public-private partnerships. Let the private community save taxpayer dollars on important projects like building dormitories, managing state parks or administering public benefits.
- Undertaking a top-to-bottom management review by outside experts to ensure state agencies are necessary and are providing the best possible return on taxpayers' dollars.

Kentucky must accelerate the development of a highly skilled and well-educated workforce. To do this, we must:

- Work methodically to increase the relative funding levels for education to their previous peak as a percentage of the General Fund (48.2 percent for K-12 and 16.9 percent for postsecondary).
- Demand efficiency, accountability and transparency at all levels of education, primary through higher education.
- Institute demand-driven worker training and retraining programs. In Kentucky, we have too many jobs without people and too many people without jobs.
- Address Kentucky's dependency culture. The state has the second-highest rate of disability in the country (behind West Virginia) based on the percentage of population receiving disability benefits from the Social Security Administration.

Creative thinking and new solutions must become the norm for Kentucky. This agenda, which we consider a starting point, offers some ideas. Turning them into reality will require aggressive, well-executed strategies. We hope this will be the beginning of a continuing discussion about ways to move Kentucky forward in the months and years ahead.



Dave Adkisson is president and CEO of the Kentucky Chamber of Commerce



FAST LANE

A compilation of economic news from across Kentucky

PIKEVILLE: \$193M NG-TO-LIQUIDS PLANT IN E. KENTUCKY **GETS OK FOR TAX BREAKS; TWO MORE UNITS PLANNED**

CC Big Shoal LLC has received preliminary approval for up to \$18 million in tax credits to help build a \$193 million natural gas-to-liquids (GTL) plant in Pike County that would create 30 new jobs with wages of more than \$34 per hour, not including benefits.

RCC Big Shoal is a new company that has developed technology to convert natural gas extracted from the region into high-end products such as synthetic diesel fuel, base oils and lubricants. Because RCC Big Shoal's proposed project requires far fewer square feet than traditional GTL facilities, the company was able to select an industrial site in Pike County.

RCL Chemical Conversion LLC, which owns at least 20 percent of RCC Big Shoal, is pursuing modular GTL opportunities for remote and smaller gas fields where scale has been a limiting factor. According to the RCL Chemical Conversion website, it is estimated that less than 10 percent of the world's gas fields are capable of sustaining a 10,000-barrels per day (bpd) facility. However, scaling down to a 2,000-bpd production range potentially makes 70 percent of the world's gas fields economically viable. RCL Chemical Conversion and RCC Big Shoal believe Eastern Kentucky's shale gas reserves could fit that scaled-down model.

"The process and technology used at this facility would open new gas reserves, paving the way for similar facilities to locate throughout Eastern Kentucky and the energy-rich central Appalachian region," said RCC President and CEO David Farmer. "Pike County currently produces a significant amount of the natural gas produced in Kentucky, making it the ideal location for RCC. Our country has talked extensively over the years about using clean natural-gas conversion technology to reduce our dependence on imported crude oil; this facility offers one such solution.'

Farmer previously led construction, startup and operation of the world's largest commercial-scale chemical plasma gasification plant at **Dow Corning**'s Midland, Mich., facility.

The first unit of the proposed multi-unit facility in Pike County is designed to produce an estimated 1,750 barrels of oil per day. Plans for the project involve construction of three units, built at a total estimated cost of approximately \$500 million.

STATE: KY MAKES HUGE STRIDES IN CREATING POSITIVE **BUSINESS CLIMATE, NOW RANKS 4TH BEST IN NATION**

FTER being ranked near the bottom only a year ago, Kentucky's entrepreneurial climate is now being lauded as one of the best in the nation.

The annual State Entrepreneurship Index (SEI) recently ranked Kentucky fourth in the country for its ability to create businesses. Last year, the commonwealth was ranked 49th.

The SEI, first published in 2008, combines five factors to formulate the overall state rankings: establishment growth, establishment growth per capita, business formation rates, patents per 1,000 people and income levels for non-farm proprietors. In comparing these factors state-by-state and calculating their deviation from the median, the SEI ultimately reflects states' entrepreneurial environment.

To assist Kentucky's small businesses, the Kentucky Cabinet for Economic Development created the Office of Entrepreneurship last year to enhance the state's existing efforts to help businesses at every step of the growth cycle. The goals of the Office of Entrepreneurship are to develop an entrepreneurial climate in Kentucky, provide guidance and support to startups and assist existing small businesses with growth opportunities.

The Office of Entrepreneurship also oversees the Kentucky Innovation Network. Consisting of 13 offices throughout the state, the Kentucky Innovation Network offers extensive resources for small and new businesses, as well as innovative and high-tech companies by offering a lifecycle of services. Assistance can range from funding initiatives, marketing and sales assistance, small-business advocacy and resource referrals, along with a variety of financial and incentive programs to encourage investment and job growth. All services are provided free of charge.

LOUISVILLE: FORD INVESTING **\$129M. ADDING 300 JOBS** FOR LINCOLN PRODUCTION

***ORD Motor Co.** is investing \$129 million and hiring 300 new employees at its Louisville Assembly **Plant** to support production of the allnew 2015 Lincoln MKC. Production of Lincoln's newest vehicle began in May.

The MKC is the second of four allnew Lincoln vehicles being introduced by 2016 and will go on sale in China, along with the **MKZ** sedan, when the Lincoln brand debuts there later this year. The MKC is Lincoln's initial entry into the small premium utility segment.



The MKC is Lincoln's first entry into the small premium utility market.

Small premium utility vehicles make up the fastest-growing luxury segment, with more than 600 percent growth since 2008 and nearly 300 percent growth projected between now and 2018.

"Lincoln MKC is an important part of Lincoln as it attracts a new luxury customer," said Daryl Sykes, plant manager of Ford's Louisville Assembly Plant (LAP). "To have the opportunity to build an all-new vehicle - the first small utility ever from Lincoln - is very exciting for the hardworking men and women at Louisville Assembly Plant."

In 2010, Ford invested \$600 million in LAP to transform it into a modern, flexible facility with tooling and facility upgrades in its final assembly area and body shop. The transformation allows for the production of multiple vehicle models at the same time, without requiring downtime for tooling changeover making LAP one of the company's most flexible plants in the world. Because Louisville can build various vehicles at the same time, Ford can more quickly meet demand should changing economic conditions or other events result in shifting customer preferences.

STATE OF

Top 5

ENTREPRENEURSHIP

1. North Dakota

5. New Hampshire

2. California

3. New York

4. Kentucky

Bottom 5

46. Alabama

48. New Mexico

49. North Carolina **50.** Michigan

47. Indiana

LONDON: INNOVATIVE DAIRY PLANT WILL PRODUCE LOW-CAL, LACTOSE-FREE MILK

Product Innovations LLC (KYDPI) is investing nearly \$4 million to open a new dairy processing plant in London that will produce a low-calorie, lactose-free skim milk produced exclusively from Kentucky cows.

KYDPI's product will be formulated by dairies and manufacturers into new recipes to attract more health-conscious consumers.



A new beverage being produced through Kentucky Dairy Product Innovations will use milk produced exclusively by Kentucky dairy farms.

"Through the use of our patented processing technologies, our product will contain all of the nutrients found in milk, but none of the calories associated with lactose," said KYDPI President Matthew Clark.

KDPI's initial customer will be **Fizza LLC**, a company that produces a "sparkling dairy nutrient beverage" that has been approved by the USDA for sale at middle and high schools across the country.

Fizza is has the taste, mouth-feel and sensory appeal of soft drinks yet provides the qualitative nutrients found in milk. The drink is fat-, lactose- and preservative-free, all natural, low in calories and comes in four flavors: orange, apple, strawberry and cola.

Fizza's new beverage is being co-packed by the **Prairie Farms Dairy** of Somerset and is initially being introduced into the retail market by **Shaw's Supermarkets** of New England (80 stores) as well as into 113 select middle and high schools across the nation.

KYDPI has entered into a lease-purchase agreement to acquire a 12,000-s.f. facility in the London-Laurel County Industrial Park and plans to hire up to 20 employees to support the operation. KYDPI expects to be in production by year's end.

LOUISVILLE: KY HEALTHCARE TECH HUB ATTRACTS PROCESSING HQ & 70 JOBS

Virginia company that provides technology and billing and claims processing services to the healthcare industry has moved its headquarters to Louisville with plans to add 70 new jobs.

iHealth Solutions LLC focuses on revenue cycle support for physician offices and hospitals, providing services such as electronic health records, medical billing and collection, medical coding and medical information technology support. In addition to its U.S. operations, the company also has more than 50 employees in India.

"Louisville may be situated 738 miles from Wall Street, but it is at the heart of an active hub for healthcare," said Venkat Sharma, CEO of iHealth Solutions. "We are excited about setting up our headquarters in Louisville and growing the company nationally – offering technology-enabled services to physician practices as well as to hospitals across the United States."

The healthcare industry now ranks as one of Kentucky's largest, with more than 3,400 jobs added last year. Currently, more than 116,000 are employed in healthcare-related occupations in Kentucky, while more than 51,000 are employed in healthcare support occupations.

BUSINESS BRIEFS

CLARKSON

■ The Walter T. Kelley Co., a 90-year-old Clarkson company that is a leader in the beekeeping supply market, has been acquired by Minnesota-based Frandsen Corp. for an undisclosed amount. Kelley, which has more than 100 employees, will join the Frandsen Corp. family of companies and will become a sister company to Miller Manufacturing Co., operating as Kelley Beekeeping Co. Kelley has been a supplier to Miller and a strategic partner in expanding the availability of beekeeping supplies to the retail channel.

ELIZABETHTOWN

■ Quest Industries has opened its doors in Elizabethtown, bringing 45 new jobs to the area. Quest specializes in producing decorative labels for glass beverage and cosmetics containers and has a client list that includes companies such as Beam Suntory, Maker's Mark, Coca-Cola, Diageo, Sazerac and Buffalo Trace, among others. The company, which chose the Kentucky location in order to be close to its clients in the bourbon industry clae has facilities in New Lorger, Maydond on



industry, also has facilities in New Jersey, Maryland and California.

FRANKFORT

- Commonwealth Credit Union plans to expand into the Louisville market with a new location in the St. Matthews area. The new location, which is expected to be open by late September, will be the eighth branch for the Frankfort-based credit union. Commonwealth currently operates offices in Frankfort, Lawrenceburg, Lexington and Georgetown.
- ConnectKentucky has partnered with the Thorn Hill Education Center in Frankfort to offer its Digital Works program, which trains participants for jobs as inbound customer service representatives for call centers. The 144-hour training program which is being offered to residents of Franklin, Anderson, Woodford, Scott, Owen, Henry and Shelby counties also provides continued mentoring, with opportunities for advanced placement for upward mobility. The program was launched in Ohio in June 2013 and has already placed approximately 200 Ohians in jobs, with more expected in the coming months.



HEBRON

■ Allegiant Travel Co. will begin offering nonstop flight service from the Cincinnati/Northern Kentucky International Airport to Las Vegas beginning Dec. 18. Flights will operate on Thursdays and Sundays, utilizing the 216-seat Boeing 757.

HIGHLAND HEIGHTS

■ Northern Kentucky University's College of Informatics is offering a new online cyber security certificate, beginning this fall. The certificate is designed for both existing NKU students as well as non-NKU students who already have a degree and are looking to develop skills in cyber security with online classes. The certificate covers information technology fundamentals – databases, operating systems, networking and programming – to provide a foundation for learning about the major areas of cyber security, including cryptography, secure programming, network security, authentication, access control, security policies and governance and web security.

LEXINGTON

■ Hamburg Pavilion, a 1 million-s.f. retail center situated off I-75 in Lexington, has been sold by Fourth Quarter Properties to Connecticut-based Starwood Capital Group for \$185.7 million in what is thought to be the priciest total real property transaction in Kentucky history. The property is 99 percent leased to prominent retailers such as Garden Ridge, Kohl's, Regal Cinemas, Dick's Sporting Goods and PetSmart. Starwood Vice President Ethan Bing noted the strong demographic and growth trends Hamburg Pavilion brings to the Starwood portfolio: The three-mile radius surrounding the center has seen population growth of 44 percent since 2000 and is projected to grow another 8 percent over the next five years.

FAST LANE

BUSINESS BRIEFS



LEXINGTON

- Becker's Hospital Review magazine has listed the University of Kentucky Albert B. Chandler Hospital among the nation's "100 Hospitals and Health Systems with Great Oncology Programs" in its recently released compilation of leading cancer care providers in the United States. The UK Markey Cancer Center, whose clinical programs are integrated with Chandler, received a National Cancer Institute cancer center designation in July 2013.
- A company that produces in-flight destination-specific films for airline passengers has announced plans to establish its headquarters in Lexington. The programming produced by **A Look At Media** introduces travelers to dining, shopping and attractions available at their destination point and gives advertisers the opportunity to promote their businesses to area visitors. Founded by Lexington entrepreneur Fred Mullins, the company's management team includes Jim Rosenfield, former president of **CBS Television**, and Travis Christ, former vice president of marketing for **US Airways**. The company plans to add 20 employees by November.
- Lexmark International has succeeded in its months-long effort to purchase Sweden's ReadSoft AB. Lexington-based Lexmark twice



increased its cash offer for ReadSoft as a result of what became a bidding war with **Hyland Software** of Ohio, but Hyland ultimately withdrew its bid for ReadSoft in late August. Lexmark plans to merge ReadSoft – a company that reported 2013 revenues of approximately \$117 million and approximately 625 employees – into its **Perceptive Software** division.

■ Kentucky's first Manufacturing Innovation Conference – a joint venture of the Kentucky Association of Manufacturers and the Kentucky Chamber of Commerce and the latest initiative from the Bluegrass Economic Advancement Movement (BEAM) – has been scheduled for Oct. 24 with the goal of spurring discussion among the state's 2,400 manufacturers about the latest topics that are changing the face of manufacturing in the 21st century. The event, which will take place in Lexington, will feature presentations and panels that will cover topics ranging from 3-D printing and mass customization to big data, battery technology and more. Visit KyManufacturingConference.com for more information.

LOUISA

■ The Kentucky Public Service Commission (PSC) has approved a plan that will enable **Kentucky Power Co.** to continue generating electricity at its Big Sandy plant by converting the smaller of its two coal-fired units to run on natural gas, thus enabling the unit to meet stricter federal air quality requirements to reduce emissions of mercury and other toxics. The decision does not affect plans to close the larger unit by June 1, 2015. The PSC said that conversion of the unit was the most cost-effective way for Kentucky Power to meet its generation needs and also "preserves a viable generating plant operating within the commonwealth, thus retaining some of the current employees and supporting the local tax base." Without the conversion, the 278-megawatt unit would have to be shut down in April 2015.

LOUISVILLE

■ PGXL Laboratories, a Louisville company that specializes in the development of pharmacogenetic testing, has received regulatory clearance for its PerMIT software to be used in a clinical trial involving up to 720 patients who take warfarin, the most commonly prescribed anticoagulant. The PerMIT:Warfarin software analyzes genetic and other data to provide information physicians can apply in the dosing and monitoring of the medication. An earlier, small study of PerMIT indicated that use of the software got patients to therapeutic stability in a shorter time than those treated without the software. This new clinical trial is designed to determine whether the software reduces the risk of adverse drug reactions in real-world therapy.

LOUISVILLE: **UofL HELPING TO DEVELOP ANTI-HIV GEL FROM TOBACCO PLANTS**

ESEARCHERS from the University of Louisville are leading an international effort to utilize tobacco plants to develop a gel that will prevent the transmission of HIV.

"Approximately seven years ago, UofL and **Owensboro Health** created a joint venture to develop a world-class plant pharmaceutical program that would have an impact globally," said David L. Dunn, executive vice president for health affairs at UofL. "Today's announcement, coupled with the announcement we made in May about the **Helmsley Charitable Trust** providing funding to our research into two other cancer vaccines utilizing tobacco plants, demonstrates that the vision is becoming a reality."



Kenneth Palmer, professor of pharmacology and toxicology at the University of Louisville, is leading a team of researchers who are exploring the use of tobacco plants to develop a gel to prevent the spread of HIV.

Kenneth Palmer, professor of pharmacology and toxicology and director of the Owensboro Cancer Research Program of UofL's James Graham Brown Cancer Center, is leading the project, which is being funded by a five-year, \$14.7 million grant from the National Institutes of Health. His team includes researchers from University of Pittsburgh; the Magee-Women's Research Institute in Pittsburgh; the Centers for Disease Control and Prevention; Karolinska Institutet in Stockholm, Sweden; the University of Manitoba in Winnipeg, Canada; the University of Maryland, Baltimore; and Kentucky Bioprocessing Inc. and Intrucept Biomedicine LLC in Owensboro.

The team is working with the carbohydrate combining protein Griffithsin (GRFT), which is found in red algae. In laboratory work, the protein has shown to have broad-spectrum activity against HIV. The team plans to develop a gel containing the protein for use during sexual intercourse by people at risk for HIV transmission.

STATE: SMALL BUSINESSES GET HELP IN COMPETING FOR KY HIGHWAY PROJECTS

HE **Kentucky Transportation Cabinet** has implemented a new program to help ensure that qualified small businesses have a role in federally funded transportation projects in Kentucky.

The newly launched **Small Business Enterprise** program (SBE) is part of the cabinet's established program for Disadvantaged Business Enterprises (DBE).

As is already done for DBEs, the cabinet will set a small-business participation goal for each transportation project that is assisted by the **Federal Highway Administration** and is of \$2 million or more. Firms can compete for these prime contract and subcontract awards if they become SBE-certified and do not have gross receipts in excess of \$22.4 million. SBE goals for projects will be set in addition to DBE goals.

To become SBE-certified, firms must meet criteria established by the **U.S. Small Business Administration**. In addition, the personal net worth of the firm's majority owner must be less than \$1.32 million. If majority ownership rests with multiple owners, the same limit applies to each.

Information and application packets are available from the Small Business Development Branch of the transportation cabinet's Office of Civil Rights and Small Business Development.



Need a place to meet? There's a whole lot of awesome right here.

From conventions to conferences, trade shows to high-tech training, sporting events to retreats and reunions, Northern Kentucky has the connections to make your next gathering an outstanding success. In fact, 97% of groups say they would return for another event. So, look us up, then let us hook you up with the regions's most exceptional meeting experience. meetNKY.com









FAST LANE

BUSINESS BRIEFS

LOUISVILLE

■ The University of Louisville Department of Pediatrics has signed agreements with three Chinese universities that will generate approximately \$1 million in research support over three years. UofL Pediatrics Chair Dr. Gerard Rabalais said the agreements with Wenzhou Medical University, Jiangxi Provincial Children's Hospital and Jilin University "substantially expand collaborative pediatric clinical and research programs, facilitate the exchange of research trainees, and create opportunities for new global health rotations and telehealth programs." Over the next three years, up to five senior physicians from each Chinese institution will come as visiting faculty to UofL for up to six months. In addition, as many as 15 junior clinicianinvestigators or basic scientists from each institution will spend one to two years working with UofL researchers. Funding, including stipend, mentorship and laboratory expense for each visiting researcher, will be paid by the sponsoring institutions in China.



■ Memphis-based EdR, one of the nation's largest developers of collegiate housing, has executed a joint venture agreement with Georgia-based Landmark Properties Inc. to develop and manage a \$45 million cottage-style housing community adjacent to the University of Louisville. The Retreat at Louisville will feature 157 cottages, providing 656 beds in a mix of cottage styles ranging from two- to six-bed-

room models. EdR has managed approximately half of UofL's on-campus beds for more than 14 years.

- The **UofL Foundation** has purchased a former nightclub and restaurant building in downtown Louisville with plans to incorporate the 6,400-s.f. space into its **J.D. Nichols Campus for Innovation and Entrepreneurship**. The campus is being developed by a foundation affiliate **Nucleus: Kentucky's Innovation Center** as space for entrepreneurs, researchers and corporate office users.
- PharMerica Corp., a Louisvillebased pharmaceutical provider, has acquired Rx Advantage Inc., a company that provides comprehensive pharmacy services to long-term care



facilities and other customers, primarily in Alabama and Florida. PharMerica CEO Greg Weishar said the acquisition increases the company's national footprint "in an important region where we have complementary operations." PharMerica operates 93 institutional pharmacies, 14 specialty infusion centers and five specialty oncology pharmacies in 45 states. Financial details of the acquisition were not released.

- Human resources firm **Integrity HR** is moving to a new facility in east Jefferson County that will give the Louisville-based company room to expand its staff and provide additional meeting space for clients and continuing education classes. The company, which specializes in human resources services to entrepreneurs, small businesses and not-for-profit companies, plans to add up to 20 jobs that will pay a yearly average of \$50,000.
- Steel Technologies has leased approximately 56,000 s.f. at 700 North Hurstbourne, the second new building at the University of Louisville's ShelbyHurst Office and Research Park. The company plans to consolidate multiple office locations there, including its corporate headquarters, and will be the anchor tenant for the building. Other tenants at 700 North include TEK Systems and Akzo Nobel Coatings.

MAYSVILLE

■ Green Tokai Co. is expanding its operations in Maysville, where it has produced rubber, plastic and injection-molded parts for the automotive industry since 1996. The Ohio-based company is investing \$4.4 million to add 15,000-s.f to its 160,000-s.f. facility, which will provide the space needed to add new equipment and develop new processes for the production of weather stripping and auto trim. The expansion will add 24 new jobs.

MUHLENBERG COUNTY: LG&E AND KU NIX PLANS FOR 2ND NATURAL GAS FACILITY

OUISVILLE Gas and Electric Co. and Kentucky Utilities have withdrawn their application for a second natural gas combined-cycle generating (NGCC) facility but plan to continue to pursue a solar generating facility.

The announcement comes as a result of nine municipal utility customers' decision to terminate in 2019 their wholesale power contracts with KU. The contracts total approximately 320 megawatts of peak demand.

LG&E and KU filed a request with the Kentucky Public Service Commission in January to build a 700-megawatt NGCC in Muhlenberg County and a 10-megawatt solar photovoltaic facility in Mercer County. The need for the NGCC – which was expected to be complete by 2018 and cost approximately \$700 million – was based in part on energy forecasts through 2035 that included serving the municipal customers.

Following the municipal utilities' termination notices, LG&E and KU put the new generation requests on hold for 90 days to weigh the impacts of the termination notices on future generation plans. As a result, LG&E and KU have decided to withdraw their application for the NGCC. Plans remain in place for the \$36 million solar facility at KU's existing **E.W. Brown Generating Station** facility. If approved, the solar unit would go online in 2016.

"We've analyzed the situation carefully and believe that it is in the best interest of all of our customers to withdraw our current application for the natural gas combined-cycle unit in western Kentucky," said Paul W. Thompson, chief operating officer. "Removing more than 300 megawatts of demand changes our load forecasts and thus delays the need for new generation."

STATE: LEGISLATION EXPANDS ROLE OF NURSE PRACTITIONERS IN KENTUCKY

A new law that went into effect in July allows nurse practitioners in Kentucky to have an expanded role in treating patients.

Nurse practitioners who meet certain require-



ments can now prescribe some medications without having a collaborative agreement with a physician, which previously was required. Supporters of the law say it will remove the barrier nurse practitioners face when they want to open their own practices. With their own practices, they can prescribe blood pressure and cholesterol medicines, antibiotics and some antidepressants, for example.

"Expanding the scope of practice for nurse practitioners in Kentucky is absolutely critical to close the gap in tremendous healthcare needs of Kentuckians," said Janie Heath, dean of the **University of Kentucky College of Nursing**. "For decades NPs have demonstrated their ability to increase access to care, increase quality of care and at the same time decrease costs. Having this level of regulatory authority speaks volumes about our legislators' commitment to improve health and wellness in Kentucky."

A state-commissioned study last year said Kentucky is approximately 4,000 physicians short in meeting the current demand for healthcare providers.



FAST LANE

BUSINESS BRIEFS

PADUCAH

■ Texas-based Fluor Corp. has been selected by the U.S. Department of Energy to handle the next phase of cleanup at the Paducah Gaseous Diffusion Plant, a 3,423-acre federal reservation that was built in the 1950s as part of the nation's nuclear weapons complex and enriched uranium from 1952 until 2013. Limited cleanup activities have been underway since 2010. It is anticipated that the new contract, valued at approximately \$420 million over three years, will help reduce environmental risks and create local job opportunities.

SHELBYVILLE

■ A groundbreaking ceremony was held on Aug. 21 for **Diageo**'s new bourbon distillery in Shelby County. Diageo is investing \$115 million to build the 1.8 million proof gallon distillery, which will be called **Bulleit Distilling Co.** and will be home to the company's Bulleit brand, currently being made on contract by a distillery in Lawrenceburg. The project will also include six barrel warehouses.



WALTON

■ Corrosion Resistant Reinforcing (CRR) is building a new 70,000-s.f. facility in Walton that will house the company's fabrication operation of corrosive-resistant steels. The facility, which is being built by commercial and industrial construction firm Furlong Building Enterprises, will house 25 full-time CRR team members when it opens in January.

WESTERN KENTUCKY

■ Patriot Coal held a job fair on Sept. 3 to fill 71 positions in Western Kentucky and northern West Virginia. Of the positions currently open, 59 are located in western Kentucky and include jobs in underground mining and surface/prep plant as well as salaried positions in production and safety.

STATE

■ Sales from Keno games have helped push **Kentucky Lottery Corp.** revenues to a record high this year. KLC reported total sales of \$858.9 million, breaking the previous record of \$846.6 million set



the year before. A total of \$225.5 million was returned to the state to provide funding for the Kentucky Educational Excellence Scholarship (KEES) program and other educational grant programs.

- NASA has awarded a \$750,000 grant to Kentucky engineers and scientists for a research project that will take place, in part, aboard the International Space Station. The project a collaboration with scientists and engineers from the University of Kentucky, the University of Louisville and Western Kentucky University will conduct fundamental physics experiments on colloids, which will provide insights needed to develop new materials with enhanced energy, thermal, optical, chemical and mechanical properties.
- Amazon is continuing to expand its employee group in Kentucky. The company is adding 300 full-time jobs at its fulfillment centers in Hebron and 400 full-time positions at its fulfillment centers in Shepherdsville, Ky., and Jeffersonville, Ind. (just across the Ohio River from Louisville). The positions are in addition to the 500 jobs Amazon recently added in Shepherdsville. The company said the additional staffing is needed to help meet growing customer demand.
- Kentucky Retirement Systems will have \$23 million returned to its system as the result of a \$16.65 billion settlement with Bank of America Corp. to resolve federal and state claims against the bank and its former and current subsidiaries, including Countrywide Financial Corp. and Merrill Lynch. As a result of the settlement, the bank acknowledges that it sold billions of dollars of residential mortgage-backed securities without disclosing to investors key facts about the quality of the securitized loans. When the RMBS collapsed, investors, including KRS and other public pension funds, suffered billions of dollars in losses.

NORTHERN KY: AUDITOR SAYS OVERHAUL WILL END CVG AIRPORT BOARD ABUSES

TATE Auditor Adam Edelen released a special examination of the Cincinnati/Northern Kentucky International Airport (CVG) board in August, calling for an overhaul of the governance structure to end what he called "decades of waste and abuse."

Edelen also recommended a restructuring that would better reflect the regional significance of the airport. Currently, the Kenton County judge/executive appoints all seven voting members and the majority of the board's 11-mem-



ber advisory committee, a structure that increases the risk of political influence affecting board member decisions.

Edelen noted that CVG is routinely ranked as one of the most expensive airports in the country and has lost 500 daily flights and some 17 million passengers since 2005.

"Although some strides have been made in the past year to add flights, the board's dysfunction cannot be permitted to hinder the airport's ability to attract new carriers and flights, which helps grow the economy of the region," Edelen said.

Edelen has proposed an 11-member board that would consist of the following: three appointments by the Kenton County judge/executive; two appointments by the Boone County judge/executive; one appointment by the Campbell County judge/executive; two appointments by the Kentucky governor; one appointment by the Ohio governor; one appointment by the mayor of Cincinnati; and one appointment by the Hamilton County (Ohio) board of commissioners.

Edelen's proposal already has broad, bipartisan support and has been endorsed by Kentucky Gov. Steve Beshear, Kenton County Judge/Executive-elect Kris Knochelmann, Boone County Judge/Executive Gary Moore and Cincinnati Mayor John Cranley, among others.

STATE: 5 KY AGRIBUSINESSES AWARDED FEDERAL GRANTS TO ASSIST EXPANSION



Equus Run Vineyards in Midway plans to use funding from its recently awarded USDA grant to expand its marketing area. IVE Kentucky agribusinesses have been awarded \$412,846 in **USDA** Value Added Producer Grants to help expand their companies.

The grants are designed to have a farreaching impact by supporting and financing the distribution of local and regional products.

Equus Run Vineyards in Midway will use the funds to expand the marketing area of its Kentucky-branded fruit beverages.

Lazy Eight Stock Farm LLC in Berea plans to expand the market for Kentucky-grown certified organic produce.

Hill and Hollow Farm in Metcalfe County will add value to raw fleece by pro-

ducing organic natural yarn and wool roving, including using their own organic indigo and goldenrod dyes.

Need More Acres Farm LLC in Bowling Green will use the funds to expand the customer base and introduce new value-added products.

Reid's Orchard, a 140-year old family farm in Owensboro, will expand the marketing area of its products.



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INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

ΙΝΟΙΔΝΔ

- The **Indiana Economic Development Corp.** reports that at the midway point in the year, the state had worked with 173 companies that will create a projected 17,040 jobs more than any other year on record. The new positions, which the companies anticipate adding over the next five years, will pay an expected average hourly wage of \$21.27.
- Lutheran Health Network is expanding business operations at its Shared Services Center Fort Wayne, where the company handles medical insurance claims processing, billing, appeals, insurance collections and customer service operations. The expansion will add up to 320 jobs in Fort Wayne, where the company currently has a staff of approximately 175.

оню

- Borgers USA Corp., an automotive supplier based in Germany, has chosen Norwalk, Ohio, for its second North American manufacturing plant. The new \$60 million facility will employ a staff of 230.
- Ohio's **natural gas production** nearly doubled from 2012 to 2013 because of increasing activity in the Utica shale and continued development midstream infrastructure. The Ohio Department of Natural Resources projects all oil and gas wells in Ohio produced 8 million barrels of oil and 171 billion cubic feet of gas in 2013. Compared to 2012, Ohio's total oil production increased by 62 percent and natural gas production increased by 97 percent. The percentage increase in natural gas production is the largest in Ohio history, and the total production is the fourth highest annual total in state history.

TENNESSEE

■ Academy Sports + Outdoors is investing \$100 million to build a new 1.6 million-s.f. distribution center on 200 acres in Cookeville, Tenn. The project is expected to create approximately 700 new jobs over the next five years. The new facility will be operational in early 2016.



- **TTI Floor Care North America** is adding more manufacturing capacity at its facility in Cookeville, Tenn., where the company plans to add 211 new jobs over the next five years to support the expansion. TTI, a subsidiary of Techtronic Industries Co., owns three of the floor industry's most iconic names - Hoover, Dirt Devil and Oreck - and ranks as one of North America's largest floor care manufacturers. As the company's operations expand and product lines are moved to Cookeville, TTI plans to return portions of their production capacity from China and Mexico. The additional jobs will nearly double TTI's existing Cookeville workforce.
- Clarcor Inc., a global provider of filtration products and services, is investing \$10 million to establish a facility in Columbia, Tenn., that will serve as the company's central research and development center. The Clarcor Innovation Center will house research scientists and engineers and will include research labs, high-end testing equipment, pilot and semi-works production lines, and a learning center. The company, which is headquartered in Franklin, Tenn., expects to add 35 new jobs over the next five years.

WEST VIRGINIA

■ Protea Biosciences Group has partnered with the University of Southampton, a leading biomedical and clinical research institution in the United Kingdom, to identify markers that indicate risk of developing Alzheimer's disease. Protea, headquartered in Morgantown, W. Va., is a molecular information company that uses LAESI (Laser Ablation Electrospray Ionization) technology with mass spectrometry, which enables researchers to directly identify and display hundreds of molecules produced by cells from a single analysis.

INDIANA: TOYOTA ADDING 300 JOBS TO EXPAND PRODUCTION OF HIGHLANDER

TOYOTA is investing \$100 million to boost production of its Highlander midsize sport utility vehicle at its plant in Princeton, Ind., where it plans to add 300 new jobs by 2016 to support the expansion.



Toyota has seen a double-digit increase this year in the sales of its Highlander SUV.

Since produc-

tion of the Highlander began in the Indiana plant in December 2013, sales of the vehicle have been strong: The company sold approximately 90,000 Highlanders between January and July of this year, an increase of 16 percent over the same period the previous year.

Currently, **Toyota Indiana** builds the Highlander only in the West Plant alongside the **Sequoia** full-size sport utility vehicle. To meet increasing demand for the Highlander, annual production of up to 30,000 of the midsize SUVs will be added to Toyota Indiana's East Plant, where the **Sienna** minivan is built. Toyota Indiana currently employs a workforce of approximately 4,700.

OHIO: SCRIPPS MERGES BROADCAST OPS WITH JOURNAL, NEWSPAPERS SPUN OFF

HE E. W. Scripps Co., a Cincinnati-based media company that dates back to 1879, is merging its broadcast operations with Milwaukee-based **Journal Communications** and will spin off and merge the companies' newspapers, creating two separately traded public companies.

The merged broadcast and digital media company will be based in Cincinnati and will retain the Scripps name, with the Scripps family shareholders continuing to have voting control. The company will have approximately 4,000 employees across its television, radio and digital media operations and is expected to have annual revenue of more than \$800 million.

The newspaper company will be called **Journal Media Group** and will combine Scripps' daily newspapers, community publications and related digital products in 13 markets. The company, with expected annual revenue of more than \$500 million and approximately 3,600 employees, will be headquartered in Milwaukee.

The deal is expected to close in 2015.

TENNESSEE: SL CORP. HIRING 1,000 FOR AUTOMOTIVE FACILITY IN CLINTON

UTOMOTIVE supplier **SL Corp.** is investing \$80.5 million to construct a new 250,000-s.f. facility in Clinton, Tenn., that will create 1,000 new jobs.

The newly announced project represents the South Korean company's fifth expansion in Clinton and will double SL's workforce there, making it the largest employer in the east Tennessee community. The plant will manufacture and produce headlamps and tail lamps for the automotive market.

The new facility is expected to be operational by April 2015.

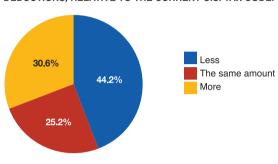
KENTUCKY INTELLIGENCER®

A sampling of business and economic data

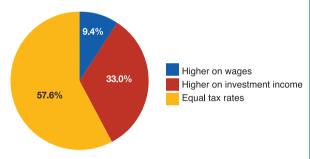
TAXES: WHO SHOULD PAY AND HOW MUCH?

The issue of taxes – who pays what and how – has long been a hot-button issue, with politicians on both sides crying for reform yet finding little consensus about what needs to be done. Meanwhile, Americans are struggling to navigate an increasingly complex tax code. A recent survey – designed to be nationally representative by age, race and gender – asked 1,086 Americans the following questions:

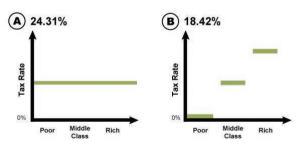
THE FAIREST POSSIBLE TAX CODE WOULD HAVE _____ POTENTIAL DEDUCTIONS, RELATIVE TO THE CURRENT U.S. TAX CODE.

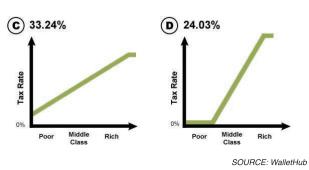


WHICH OF THE FOLLOWING OPTIONS DESCRIBES THE FAIREST POSSIBLE RELATIONSHIP BETWEEN TAX RATES ON INVESTMENT INCOME AND WAGES?



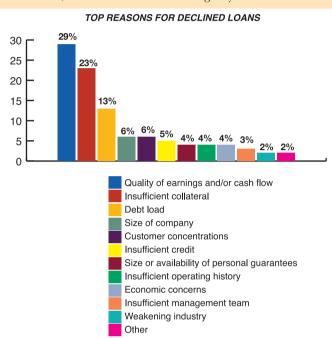
IN YOUR OPINION, WHICH OF THE FOLLOWING FOUR CHARTS DISPLAYS THE FAIREST INCOME TAX RATES?





WHY BUSINESS LOANS GET REJECTED

According to data from Pepperdine University's 2014 Capital Markets Report, nearly 89 percent of business owners have the enthusiasm to execute growth strategies but only 46 percent have the capital resources to successfully execute those strategies. That, of course, necessitates seeking a business loan. Yet many small-company owners are turned down for such loans, often without ever knowing why.

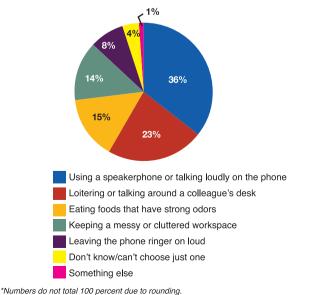


SOURCE: Pepperdine University/U.S. Department of Commerce

OFFICE ETIQUETTE

As most everyone can attest, working with people day in and day out can be a stressful venture – and that's aside from the work. A recent survey of 450 office workers asked the following question:

WHICH ONE OF THE FOLLOWING DO YOU CONSIDER TO BE THE BIGGEST BREACH OF WORKPLACE ETIQUETTE WHEN WORKING IN AN OPEN OFFICE SPACE*?



SOURCE: Accountemps

CORPORATE MOVES

New leadership for Kentucky businesses

ADVERTISING/MARKETING

■ Scott Joseph, owner of Louisville-based J&L Marketing, is taking on the role of CEO of the company. Joseph, who previously served as president of the company, has named Jamil Zabaneh to succeed him in that role.



7ahaneh

ARTS

- Ben Hawkins, Transylvania University professor of music, has been named music director of the Central Kentucky Concert Band. Hawkins succeeds Peter LaRue, director of bands at Georgetown College, who has served as CKCB's conductor for 20 years.
- Miranda Lash has been appointed as the new curator of contemporary art at the Speed Art Museum in Louisville.
- Robert Curran has been named artistic director for the Louisville Ballet.

BANKING

■ Kevin Lippert has been promoted to vice president, tecĥnology services for Lexingtonbased Central Bank. Vina





Kevin Lippert

Vina Risner

Risner has joined the bank as assistant vice president, mortgage loan originator.

EDUCATION

- Brigitte Blom Ramsey has been named associate executive director of the Prichard Committee for Academic Excellence. She succeeds Cynthia Heine, who has retired.
- Nicholas J. Perlick has been named vice president for development and alumni relations at Eastern Kentucky University.
- Charles Williams has been named as dean of Midway College's newly formed School of Business, Equine and Sport Studies.
- **Kimberly C. Scranage** has been named vice president for enrollment and degree management at Northern Kentucky University.
- **Kevin Gue** has joined the University of Louisville's J.B. Speed School of Engineering as head of the Logistics and Distribution Institute. Gue comes to the position from Auburn University, where he was an associate professor of industrial engineering.

EQUINE

■ Javier Barajas has been named track superintendent at Keeneland.



Nicholas Perlick



Kimberly Scranage



Kevin Gue

the leadership of the company. William E. Mudd has been promoted to president and chief financial officer of the company. FOOD/SPIRITS/HOSPITALITY ■ Richard Sible has been named executive chef of Garage Bar in Louisville. Sible succeeds Michael Paley, who is departing this fall to pursue other opportunities.

■ William C. Carstanien has been named

chief executive officer of Churchill Downs Inc.

Carstanien succeeds Robert L. Evans, who

will continue as chairman of the board and

will continue his full-time daily involvement in

GOVERNMENT

- Richard L. McQuady has been named director of Lexington's newly created Office of Affordable Housing.
- Miranda Denney has been appointed deputy commissioner of community and mental health services for the Kentucky Department of Juvenile Justice.



McQuady

- Mark Bowman has been appointed executive director of the Office of Kentucky Veterans Centers.
- Roger Thomas has been named director of the Governor's Office of Legislative Services. Robin Morley has been named deputy director of the legislative office.

HEALTHCARE

■ Stephen K. Toadvine has been named chief medical officer for Baptist Health Lexington, effective Nov. 5. Toadvine currently serves as chief medical officer and vice president for Hardin Memorial Health in Elizabethtown.

HUMAN RESOURCES

■ Norma Taylor has been

named vice president of con-

sulting and business develop-

ment at Lexington-based CMI

■ Lynette Guzzino has joined

the Hammond Law Group as

of counsel, consulting with the

firm on immigration cases and

assisting with business develop-

ment. Guzzino will continue as

a professor in the Thomas

More College business depart-

ment, where she focuses on

international management and

■ Greyson Meers has been

named director of quality at Lexington-based Link-Belt

Construction Equipment.

MANUFACTURING

Consulting.

business law.

MILITARY



Stephen Toadvine

Norma Taylor



Lynette Guzzino



Meers

■ Col. Blaine Hedges has been named commander of the 7th Brigade, U.S. Army Cadet Command at Fort Knox.

DEPARTURES

■ Maria Hampton will retire as vice president and regional executive of the Louisville branch of the Federal Reserve Bank of St. Louis effective Dec. 31.



Maria ■ Craig Turner has retired Hampton as president of Kentucky Wesleyan College, effective Sept. 15.

■ John Conti, founder and owner of the john conti Coffee Co., has retired effective Aug. 8.

NONPROFIT

■ James Wheeler has been named medical director of Cedar Lake Lodge, a private, nonprofit organization that provides care for individuals with intellectual and development disabilities.



Iames Whoolo

REAL ESTATE

■ Ernie Brown has been named director of asset management and leasing for Covingtonbased Corporex.

TELECOMMUNICATIONS

■ Lauren Love-Wright has been named region president for Verizon Wireless' Kentucky/Indiana/Michigan region.

TECHNOLOGY

■ Laura Mills has joined Insight Direct USA Inc. as a market leader, overseeing commercial enterprise client relationships in



Lauren Love-Wright

Kentucky. **OTHER**

- Zack Raubuck has been named event supervisor for the Owensboro Convention
- Cindy Collins has been appointed manager of the Eastern Kentucky Exposition Center in Pikeville.
- Katie O'Mallev has been named chief executive officer of Zipie, a full-service digital and social media agency in Lexington, and Beasley Digital, a company that specializes in graphic design, printing and visual communications.

■ Louisville-based CafePress



Katie O'Malley

Inc. has announced the following changes to its senior management: Bob Marino has retired as chief executive officer. Fred E. Durham III, co-founder of the company, has returned to the company to succeed Marino as CEO. Co-founder Maheesh Jain has also rejoined the company as chief marketing officer. Garett Jackson has been named chief financial officer.

ON THE BOARDS

Kentuckians named to organizational leadership roles

AMERICAN JOURNAL **OF PUBLIC HEALTH**

■ Douglas Scutchfield has been appointed to the editorial board of the American Journal of Public Health for a three-year term. Scutchfield is the Bosomworth Professor of Health Services Research and Policy in the University of Kentucky's College of Public Health.

BOYS & GIRLS HAVEN

■ Timothy Findley and **Gregg Brooks** have been named chair and vice chair, respectively, of Boys & Girls Haven, a nonprofit organization that serve at-risk youth across Kentucky. Findley is system director of diversity and inclusion at Norton Healthcare. Brooks is a principal of Worldwide Benefit Services LLC. Newly appointed members to the board of trustees include Ivy Brito, Ivy Brito State Farm Insurance; Zach Fry, Keller Williams Realty; Judi Vanderhaar, Jefferson County Public Schools; and Doug Whyte, J.D. Whyte Co.

ELECTRIC POWER RESEARCH INSTITUTE

■ Kentucky Public Service Commission Vice Chairman James Gardner has been named to the advisory council of the Electric Power Research Institute Inc., the international research arm of the electric power industry. Gardner is one of 10 advisory council members representing the National Association of Regulatory Utility Commissioners.

FRIENDS OF THE NATIONAL **INSTITUTE OF NURSING RESEARCH**

■ Ellen Hahn, professor at the University of Kentucky College of Nursing, has been appointed as one of 12 ambassadors for the Friends of the National Institute of Nursing Research, an independent nonprofit group advocating for nursing science on behalf of the National Institute of Nursing Research.



Ellen Hahn

GREATER LOUISVILLE MARCH FOR BABIES

■ Mark Carter will serve as chairman for the 2015 Greater Louisville March for Babies. Carter is chief executive officer for Passport Health Plan.

KENTUCKY ASSOCIATION OF CONVENTIONS AND VISITORS BUREAU

■ Katie Fussenegger has been named treasurer of the Kentucky Association of Conventions and Visitors Bureau.

KENTUCKY BAR ASSOCIATION

■ Ken Gish Jr. has been elected chair of the Kentucky Bar Association's environment. energy and resources law section. Gish





Gish Ir.

Brones Huber

is an attorney with Stites & Harbison PLLC's Louisville office. Lisa Brones Huber has been named chair of the KBA attorneys' advertising commission for 2014-2015.

KENTUCKY CHAMBER OF COMMERCE

■ Wil James, president of Tovota Motor Manufacturing of Kentucky, will chair the board of directors of the Kentucky Chamber of Commerce, effective Oct. 1. Kevin Canafax, vice president of public affairs for Fidelity Investments - Mid-



James

west Region, has been named chair-elect for 2015.

KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION

■ Joshua Tunning has been named to serve as a member of the Kentucky Council on Postsecondary Education. Tunning, of Newport, is a student at Northern Kentucky University and represents students at a state institution of postsecondary education.

KENTUCKY EMERGENCY **RESPONSE COMMISSION**

■ Michael E. Dossett has been appointed as a member of the Kentucky Emergency Response Commission. Dossett, of Louisville, is director of Kentucky Emergency Management.

KENTUCKY STATE BOARD OF ACCOUNTANCY

■ Lori Dawn Warden and Margaret D. Combs have been appointed to serve on the State Board of Accountancy. Warden, of Edgewood, is a certified public accountant with Rudler PSC. Combs, of London, is a certified public accountant and professor at the University of the Cumberlands.

KENTUCKY STATE UNIVERSITY

■ Sara Elaine Farris has been named to the Kentucky State University board of regents. Farris, of Shelbyville, is a retired school superintendent.

LOUISVILLE AFFORDABLE HOUSING TRUST FUND

■ Natalie Harris and **Travis Yates** have been named to the 13-member board of the Louisville Affordable **Housing Trust**





Natalie Trans Harris Yates

Fund. Harris is executive director of the Coalition for the Homeless of Louisville. Yates is president and chief executive officer of Beacon Property Management.

LOUISVILLE REGIONAL AIRPORT AUTHORITY

■ Jim Welch has been named chairman of the board of directors for the Louisville Regional Airport Authority. Phil Lynch and Jon Meyer have been named vice chairman and secretary/ treasurer, respectively. Welch is vice chairman of the Brown-Forman Corp. Lynch is vice president and director of corporate communications for Brown-Forman. Meyer is partner and chairman of the board of Jones, Nale & Mattingly PLC, Certified Public Accountants in Louisville.

MADISONVILLE COMMUNITY COLLEGE

■ Robert W. Brooks has been named to the board of directors for Madisonville Community College. Brooks, of Hanson, is a healthcare administrator at Baptist Health Madisonville.

METRO BANK

■ Marland Cole, Gerald Reynolds and John Rippy have been named to the board of directors at Louisville-based Metro Bank. Cole is vice president of development at Simmons College of Kentucky. Reynolds is general counsel and chief compliance officer and corporate secretary for LG&E and KU Energy LLC. Rippy is senior vice president and risk management officer for Republic Bank & Trust Čo.

MURRAY STATE UNIVERSITY

■ J. Daniel Kemp, mayor of the City of Hopkinsville, has been appointed to the Murray State University board of regents.

NATIONAL ASSOCIATION OF COUNTY AND CITY **HEALTH OFFICIALS**

■ Georgia Heise has been named president of the National Association of County and City Health Officials. Heise is director of Three Rivers Health District Health Department in Owenton.

NATIONAL NEUROTRAUMA SOCIETY

■ Diane Snow has been elected to serve as president-elect of the National Neurotrauma Society. Snow is an endowed chair and professor of the Spinal Cord and Brain Injury Center at the University of Kentucky.

SAINT JOSEPH HOSPITAL FOUNDATION

■ The Saint Joseph Hospital Foundation has named three new board members and elected its 2014-2015 executive committee: New board members include: Clint Long, vice president, Investment Advisors, Institutional Services, Fifth Third Bank; Jay E. Ingle, attorney, Jackson Kelly PLLC; David M. Blake, neurologist, Lexington Neurology; and Teresa Wallen, owner Abigail Lynne LLC. Named to the executive committee are: Chair - Alan VanArsdall, president, Central Bank; Vice Chair - Greg Yeary, Merrill Lynch Yeary Group; Treasurer - Stephen Hillenmeyer, Stephen Hillenmeyer Landscape; and Secretary Tony Ottaiano, Lexus of Lexington.

SOUTHERN REGIONAL EDUCATION BOARD

■ Mary Ann Blankenship has been appointed to the Southern Regional Education Board. Blankenship, of Midway, is executive director of the Kentucky Education Association.

UNIVERSITY OF KENTUCKY

■ Cammie DeShields Grant and Robert D. **Vance** have been appointed to the University of Kentucky board of trustees. Grant, of Winchester, is a retired educator. Vance, of Maysville, is the retired secretary of the Public Protection Cabinet.

UNIVERSITY OF LOUISVILLE

■ Craig Greenberg has been appointed to the University of Louisville board of trustees. Greenberg, of Louisville, is president of 21c Museum Hotels.

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Ron Bunch

Ron Bunch is president and chief executive officer of the Bowling Green Area Chamber of Commerce, where he leads economic development efforts for Bowling Green and Warren County and a 10-county regional partnership. Prior to assuming his position at the chamber in January 2011, Bunch was executive director of the business development board in Martin County, Fla., and also served on the Florida Economic Development Council board of directors. Bunch, a certified economic developer, has also worked in economic development in Danville, Va., and Abbeville, S.C. Since joining the Bowling Green chamber, he has been involved with the Kentucky Chamber of Commerce, the Japan-America Society of Kentucky and the Indo-Kentucky Chamber of Commerce and has been elected to serve on the board of directors for the Kentucky Association for Economic Development board. Bunch is a graduate of the United States Military Academy at West Point, where he earned a degree in economics.

MOTORSPORTS INITIATIVE WILL EXPAND BOWLING GREEN'S AUTOMOTIVE CLUSTER

Chamber President Ron Bunch discusses the benefits of community self-investment and cooperative leadership

BY ED LANE

Ed Lane: Tell us about your relocation to join the Bowling Green Area Chamber of Commerce in 2011. What has surprised you the most?

Ron Bunch: What surprised me most, honestly, was "The Leader in Me" (schoolwide student empowerment system based on "The Seven Habits Of Highly Effective People" by American educator Stephen Covey, 1932-2012). Before coming to Bowling Green, I had not previously known about "The Leader in Me," and as we learned about its potential our community ended up raising funds to implement the program (K-12, in city and county schools) to benefit over 18,000 young people. The program is probably the best thing I've done in my career in economic development, and it's going to pay huge dividends for our region. "The Leader in Me" program is a very positive surprise that I've had since moving here.

Bowling Green is going to be the first community in the nation to implement "The Leader in Me." Our schools are working with the Covey organization to pilot the middle and high school curricula. The publisher issued a new edition of the book – Bowling Green is in that edition, about how the community raised the money. It's been an awesome experience.

EL: In today's economic climate, "Do you have an educated workforce?" is the No. 1 question employers ask. Do you feel that "The Leader in Me" is also a positive force for workforce development?

RB: Bowling Green doesn't want to telegraph its strategies to everybody, but economic vitality is all about talent and innovation. The investment in "The Leader in Me" is an investment in the future. Not only will our young people have the technical skills that everyone wants, but they'll also have leadership skills, and we can build any hard skill on top of that. Whether you're talking about advanced manufacturing, healthcare, banking or education, our community is providing an amazing educational experience for 18,000 young people.

EL: Population in Warren County increased from 92,522 in the 2000 U.S. Census to an estimated 118,370 in 2013 – a 27.9 percent increase. Bowling Green's 2013 population ranks the city as the third largest in Kentucky. What factors seem to be driving population growth in your community?

RB: The fact that the Greater Bowling Green area has a diversified economy is a key to our growth. Bowling Green did not dip as far as many communities did during the Great Recession, and our economy has rebounded a lot faster. That's propelling our above-average population growth. Where there are jobs, there's vibrancy. And the investment that Warren County Judge/Executive Michael Buchanon, Western Kentucky University President Gary Ransdell, Bowling Green Mayor Bruce Wilkerson and others saw in structuring the downtown tax increment financing (TIF) district and creating an exciting city core (Southern Kentucky Performing Arts Center or "SKyPAC," a baseball stadium and other amenities that attract people) show that this community is truly vibrant. Bowling Green is a place you want to live.

EL: How important is WKU to the growth of Greater Bowling Green?

RB: WKU has been key to the current growth we have and our future growth. A lot of that is due to the leadership of Dr. Ransdell. The institution itself is important, but the access and the vision and the leadership that he's devised has helped boost not only the pace of development but also the quality of the growth we're experiencing. Dave Tatman (former Corvette plant manager and new Kentucky Automotive Industry Association executive director) is one of Dr. Ransdell's most recent moves in recruiting a known industry leader to WKU's staff who will help connect automotive research and development assets of the private sector with WKU.

EL: President Ransdell has been very innovative and supportive of programs to provide better facilities for WKU using TIFs and special financing. How have these initiatives helped the county and city?

RB: TIFs have been a major part of Bowling Green's successes. I would add that Judge Buchanon and Mayor Wilkerson have all been collaborating – city, county and WKU – to spur the investment and growth that's happening in the TIF district. In the past decade, WKU alone has probably made over \$500 million in investments in various buildings. And when you see the WKU campus, it's been transformed.

EL: How well is Bowling Green retaining graduates from WKU to live here and be the next generation of leaders, young professionals and creatives?

RB: Bowling Green is doing OK, but we need to do a lot better. That is certainly part of the vision. The chamber is much more involved in talent and workforce development. We now have a vice president whose responsibility is talent development. We're collaborating with WKU in placing students in jobs in the area. We're operating a job portal at the

PUBLIC PRIVATE PARTNERSHIP



"The Interstate 75 widening project, iROX, is a case study in what people can do if they sit and put aside traditional concepts and biases and truly focus on getting a project done" – Richard Dun, project director for IROX joint venture contractor, Anderson Columbia Co. and Ajax Paving Industries.



"A strong infrastructure is vital to Kentucky's future economic growth. For over 40 years Scotty's Contracting & Stone has strived to improve roadways throughout the Bluegrass, making them safer and more enjoyable to travel. Scotty's supports P3 legislation as a viable

tool to help maintain Kentucky roadways."

- Jim Scott, CEO Scotty's Contracting & Stone

Interstate 75 Road Expansion (iROX)

It's a P3

The Florida Department of Transportation's iROX project turned four lanes into six over a 30-mile segment of interstate from the Golden Gate Parkway interchange to the Colonial Boulevard exit in Lee County, FL.

Ground breaking occurred in October 2007. The six lanes were open one year ahead of schedule, and the I-75/Immokalee Road Interchange opened nine months ahead of schedule.

Project would have been procured as nine separate design-bid-build projects when originally conceived. When Florida's P3 law was amended in 2004, relaxing legislative approvals, a design-build-finance approach was considered.

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The I-75 job was the Florida DOT's first DBF project.



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chamber now that we didn't operate even a year ago. And we're in a discussion with the alumni office at WKU about not just how to retain more of those graduating but to help bring back prior graduates who want to live here but maybe there wasn't a job for them at the time they graduated. It is a strategic focus for us, and we think it's something we can have a lot of success in.

EL: Michael Buchanon has served as judge/executive of Warren County for 20 years. How significant has his leadership been in sustaining the region's growth?

RB: He's fantastic. I've served in economic development in six positions in four states, and Judge Buchanon is one of the top local elected officials with whom I've worked. The judge is a visionary. He travels and reads extensively, takes the best practices he finds and applies them to make a great community even better. If he runs into opposition, he finds a way to work through that opposition to make the right things happen for the community. There are a number of initiatives like SKyPAC and Transpark (a 4,000-acre intermodal business/industrial site) that have happened on his watch.

He also has this knack of getting other people to be excited about doing additional work that they had not planned on doing. He's very forward-looking, great to work with. If he says he's going to do something, he follows through. And he's a businessman, and so he's very good in the room with clients anywhere in the world that we go.

EL: Thinking back a few years, it appears Bowling Green had a little spurt of immigration from other countries, which added diversity to your population. Has that been a factor, too, in helping growth?

RB: Yes! I don't know that I've seen a spurt in population; it's been a continual, steady growth. If you were to visit any of our schools, there are 40-plus languages spoken there. We've embraced international cultures. Bowling Green has 20 different Japanese companies, companies from Germany, Sweden, Austria, and the list goes on. Bowling Green's population base is very diverse.

EL: What are the top new business developments in Bowling Green during the last 24 months?

RB: Alpla Plastics currently makes containers for some liquid products. They're a diversified manufacturer of plastic bottles for a variety of industries. Kobe Aluminum makes auto suspension and other parts. Kobe has been continually investing. In fact, every year in September or October we do an annual celebration where we highlight our most impactful

industries, like General Motors, Kobe Aluminum and others. We give them our John Holland Business of the Year award; John Holland was the CEO of Fruit of the Loom (headquartered in Bowling Green). Two years in a row Kobe has received that award.

EL: Bilstein Group manufactures rolled steel. Is that automotive-related?

RB: It is. Bilstein produces cold-rolled steel, for components that require high tensile strength. In your car, these are areas that are responsible for safety, like the track underneath your seat that keeps your seat in the car in the event of an accident. In 2013, Bilstein was ranked No. 1 in capital investment in Kentucky. It was our largest new investor.

EL: Why did Shop HQ select Bowling Green for its HQ and distribution center? RB: Shop HQ was an existing company here, and had 300-plus employees working in 275,000 s.f. The chamber worked with them to secure their expansion, so they're in the process right now of build-

Shop HQ does order fulfillment for companies and has its own cable channel and salespeople. It was previously Shop NBC, but they dropped that licensing arrangement and now it's Shop HQ.

ing 300,000 s.f. adjacent to their building.

EL: Bowling Green is now targeting to be a national center for motorsports. What is the scope of this initiative?

RB: Kentucky is third in the nation in the production of light vehicles. Kentucky has an automotive heritage. And when you look at Bowling Green, we've got the only General Motors plant producing the Corvette, America's sports car, right here.

EL: Was the original Corvette plant in Bowling Green?

RB: No. Corvette started production in Flint, Mich. It has been built in Bowling Green for 33 years, and this is now the only place in the world Corvettes are built.

EL: How do you see motorsports helping the Bowling Green economy?

RB: You've got to look at the automotive cluster that already exists here and understand that motorsports is a part of that. Then when you look at the tourism side of the house, Beech Bend (a raceway, campground and amusement park complex) has been here forever, is nationally known, holds huge races, and attracts about a half million visitors a year. The National Corvette Museum came on the scene in 1994 and especially in light of its recent sinkhole situation has gained even more international attention – we're trying to open up sinkholes at other tourist attractions in town. (Laughs)

Bowling Green's development approach is the economic cluster: a targeted sector. Already having an international identity and reputation related to performance cars and hot rods – and looking at how we could expand into automotive education, research and development, and provide the physical assets (high-performance track) for motorsports events, training, research and testing – we determined Bowling Green had all the ingredients to expand its automotive cluster to include motorsports. Our hope is that Bowling Green can start that dialogue here and expand it statewide.

Bowling Green has the base with its automotive and motorsports companies and the physical assets with the tracks. I personally believe that the motorsports park that the National Corvette Museum is developing is going to be a huge hit. The track itself, its design, bringing pieces from other amazing international tracks, its location near Beech Bend, the Corvette Museum and Corvette plant are all working together to put Kentucky and our region on the map for motorsports.

EL: Is motorsports a spectator sport or a participant sport?

RB: It's actually a little bit of both. Motorsports in our world encompasses the entire ecosystem: automotive suppliers, plants, auto related services, educational institutions, innovation and research, and other providers. It's bringing all those kinds of auto-related businesses together.

EL: Do you see postsecondary educational entities providing research, technology and specialized training in motorsports?

RB: Absolutely, and also K-12. We already started a dialogue about having a project car that's to be used in the K-12 system – to actually identify, do a business plan for, and then restore a car that will then be used for marketing. This idea gets students involved with the different pieces. You talk about composites and materials, and you can talk about the computer data acquisition and data analysis in order to get the most performance out of the vehicle. You name a STEM (science, technology, engineering and math) discipline, and you can use that vehicle as a way to interest students and do R&D and go down those different chutes.

EL: So part of the chamber's marketing collaboration with the Kentucky Cabinet for Economic Development is targeting specific automotive companies that would benefit from a trained workforce, research and innovation support, testing facilities, etc?

RB: One of the biggest challenges faced by

American manufacturing is workforce

development. Motorsports is a pretty cool way to attract K-12 students into STEM disciplines. It's a whole lot more exciting to say to a student, "Hey, how about building a race car?" as opposed to, "Hey, you ought to go to welding class." There's a big upside to that.

When you consider the contacts Bowling Green has through Holley Performance Products, Corvette, RC Components and other auto firms, we're already developing relationships with companies that could put a small R&D facility at the motorsports park or build a larger production facility for competition brakes.

And then you add to that the assets of WKU, its capabilities and applied research. The pace of innovation in motorsports is pretty fast, and you've got enough access to resources and talent to be able to innovate at that pace. We've got a lot of assets at WKU dedicated to that.

The other thing I just don't want to lose is the synergy we discussed in a previous Lane Report article ("Tag Team Growth in Bowling Green," June 2013, bit.ly/1B1WOFN). In some of our targeted sectors, there is no major other complementary economic development component. In the light of motorsports, there's also an education piece, there's an R&D piece, and there's a tourism piece.

EL: Do the leaders of Bowling Green really have a great working relationship? **RB:** That is absolutely what makes Bowling Green different and will help us be more successful over time. Our community's leadership not only works well together but enjoys working together. The other special part of it is not just that they enjoy working together but that they're each independently very good at what they do. Our chamber has been strong; it's been around for 75-plus years; we've been the American Chamber of Commerce's "Chamber of the Year" (in 2009, and a finalist in 2014). It's a five-star chamber; only 1 percent of chambers in the whole United States are ranked five-star.

Our leadership in public education does an exceptional job. Look at the (Carol Martin) Gatton Academy (of Math and Science) on WKU's campus: It's barely five years old, and it's been *Newsweek*'s No. 1 high school in America for two years running for math and science. And we are very blessed in the leadership we have, their community-mindedness and skill and ability to work together. That is our "special sauce."



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

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THE LANE LIST

2012 KENTUCKY INPATIENT HOSPITALIZATION DAYS

Organized by area development district

Kentuckians had 3.05 million inpatient hospitalization days in 2012 for the leading 25 MS-DRGs (Medicare Severity – Diagnosis Related Groups). Medicare paid for 47.5 percent, Medicaid paid for 21.3 percent, commercial insurers paid 22.6 percent, and 8.5 percent of payments were categorized as "other."



DEVELOPMENT DISTRICT	INPATIENT DAYS	PAID BY MEDICAID	PAID BY MEDICARE	PAID BY COMMERCIAL	PAID BY OTHER
06 – KIPDA (Louisville)	909,378	24.2%	39.7%	28.2%	7.9%
15 - Bluegrass	613,247	22.7%	42.5%	27.6%	7.2%
07 - Northern Kentucky	221,104	12.7%	55.3%	22.9%	9.1%
04 - Barren River	189,891	20.2%	56.9%	16.9%	6.0%
01 - Purchase	155,632	12.1%	60.0%	19.9%	8.0%
13 – Cumberland Valley	144,445	24.3%	55.5%	10.7%	9.5%
10 – FIVCO	127,644	20.5%	54.5%	19.2%	5.8%
05 – Lincoln Trail	126,125	21.1%	50.2%	15.2%	13.5%
11 – Big Sandy	111,533	22.2%	57.0%	13.5%	7.2%
03 - Green River	110,941	20.7%	41.3%	30.1%	7.9%
02 – Pennyrile	106,758	17.2%	44.4%	16.6%	21.8%
12 – Kentucky River	98,378	27.3%	51.1%	8.1%	13.6%
14 - Lake Cumberland	90,658	18.3%	63.2%	11.7%	6.9%
09 - Gateway	30,409	18.8%	61.6%	12.5%	7.0%
08 - Buffalo Trace	14,043	19.9%	55.4%	20.9%	3.7%
State	3,050,186	21.3%	47.5%	22.6%	8.5%

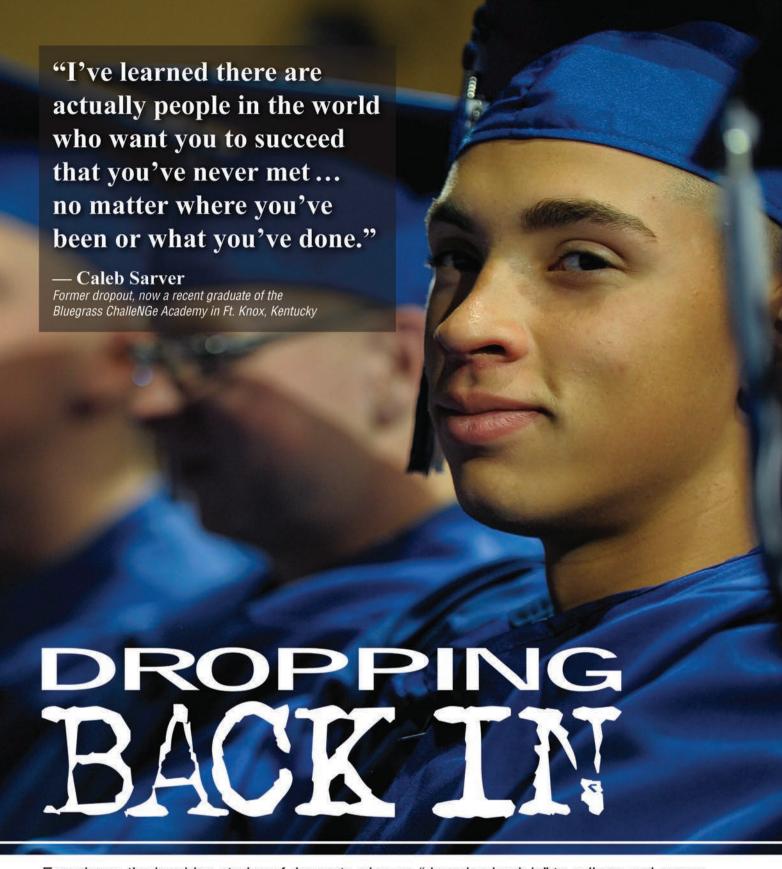
2012 HOSPITALIZATIONS BY CONDITION

Ranked by number of hospitalizations

MS-DRG	HOSPITALIZATIONS	% OF TOTAL	AVERAGE STAY	AVERAGE CHARGE	AVERAGE AGE
Normal newborn	36,306	5.8%	2.19 days	\$2,756.27	0
Vaginal delivery without complications	27,202	4.4%	2.33	\$8,219.73	25.8
Psychoses	24,326	3.9%	8.50	\$14,110.56	35.4
Major joint replacement or reattachment of lower extremity without MCC*	15,440	2.5%	3.20	\$46,736.90	65.7
Esophagitis, gastroenteritis and miscellaneous digestion disorders	14,683	2.4%	3.13	\$13,568.14	52.9
Cesarean section w/o CC** MCC	12,035	1.9%	2.95	\$12,329.62	27.2
Simple pneumonia and pleurisy with CC	10,315	1.7%	4.34	\$17,815.19	61.6
Cellulitis without MCC	9,826	1.6%	3.60	\$13,046.90	47.6
Septicemia without MV 96+ hours with MCC	9,725	1.6%	7.02	\$38,764.53	67.7
Rehabilitation with CC MCC	9,216	1.5%	13.26	\$36,289.89	67.7
Alcohol drug abuse or dependence without rehabilitation therapy without MCC	8,811	1.4%	7.17	\$10,774.21	38.3
Neonate w/other significant problems	8,785	1.4%	2.62	\$4,897.72	0
Kidney and urinary tract infections	8,634	1.4%	3.60	\$12,965.87	62.2
Chronic obstructive pulmonary disease without CC MCC	8,291	1.3%	3.29	\$13,168.46	63.7
Nutritional and misc. metabolic disorders without MCC	7,283	1.2%	3.09	\$11,698.58	56.3
Chronic obstructive pulmonary disease with MCC	7,087	1.1%	5.04	\$22,013.35	67.1
Chronic obstructive pulmonary disease with CC	7,021	1.1%	4.13	\$17,615.92	65.6
Heart failure and shock with CC	6,888	1.1%	4.45	\$18,133.30	72.2
Cesarean section with CC MCC	6,868	1.1%	4.11	\$16,815.78	27.6
Chest pain	6,689	1.1%	1.98	\$13,291.37	59.7
Simple pneumonia and pleurisy without CC MCC	6,541	1.0%	3.11	\$11,592.91	50.7
Circulatory disorders except AMI with cardiac catheterization without MCC	6,396	1.0%	2.73	\$26,050.75	60.4
Pulmonary edema and respiratory failure	6,064	1.0%	7.53	\$35,361.15	65.4
Simple pneumonia and pleurisy with MCC	6,053	1.0%	6.17	\$27,695.68	67.6
Percutaneous cardiovascular procedure with drug-eluting stent without MCC	5,977	1.0%	2.34	\$51,213.37	61.9
All others	347,086	55.7%	5.36	\$35,669.25	55.5

 $[*]MCC=Major\ complications\ and\ comorbidity$ $**CC=Complications\ and\ comorbidity$

Source: Administrative claims data report by the Office of Health Policy in the Kentucky Cabinet for Health and Family Services



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Kentucky providers pursue the 'ultimate best practice' with over \$600 million in analytics system investments

BY ROBERT HADLEY

R. Tim Jahn, Louisville-based Baptist Health system's chief clinical officer, is traveling 1,600 miles to Salt Lake City this month for a conference to learn more about tracking the many thousands of pieces

of data generated every day in the brave new world of digital healthcare – data so voluminous they require multimillion-dollar computer systems to manage.

Disclosed investments by the commonwealth's largest provider systems easily top \$600 million, even with no figures from



two of the very biggest, Baptist Health and University of Kentucky HealthCare.

The data collected include but go far beyond the electronic medical records (EMRs) basics mandated as part of the 2009 American Recovery and Reinvestment Act – ARA required providers to digitize patient records by January 2014 to continue receiving Medicare and Medicaid reimbursements. EMRs capture the various data found in traditional, paper-based charts: height, weight and blood pressure readings; medications and dosages; and notes from physician exams.

However, the data aggregation made possible by EMRs has facilitated levels of analysis heretofore unavailable, including info about medical trends among specific populations. Providers and administrators can assess whether a specific blood test helps enough people to justify its cost, or measure the quality of provider care by tracking whether heartattack patients have to be readmitted two weeks after initial release.

Gathering massive reams of information for sorting, filtering and parsing into actionable statistics is known as Big Data.

Other public statutes and codes are also spurring the adoption of healthcare analytics practices. A provision of the federal Patient Protection and Affordable Care Act that went into effect in 2012 calls for linking provider payments to outcomes. According to the Department of Health and Human Services website, "hospital performance is required to be publicly reported, beginning with measures relating to heart attacks, heart failure, pneumonia, surgical care, healthcare-associated infections, and patients' perception of care."

These pressures are driving the adoption of Big Data at hospitals nationwide and in Kentucky.

"We're moving into an era of more consumer-driven healthcare, and the public wants to know," said Bernard Boulanger, chief medical officer for University of Kentucky HealthCare. "They want to know the quality of care that may be provided by a site or a particular physician. But they're also starting to be interested in the price, as well."



Bernard Boulanger, chief medical officer, University of Kentucky HealthCare

Enough tech power to chew every byte

Aside from legislation, technological advances are also driving the digitization of healthcare.

"Whereas 15 years ago, patient data simply tracked certain metrics, now servers are full of high-resolution digital images and more," explained Donald Lovasz, president of KentuckyOne

COVER STORY

Health Partners, via an email interview. "Increased computational power, rising healthcare costs and an emphasis on quality over volume of care, have given the healthcare system access - at incredible speeds - to more data than ever.'

Lovasz cites an InformationWeek article that estimates the volume of healthcare data currently being tracked at 150 exabytes, or 161 billion gigabytes, a number continually growing (http:// ubm.io/1tAb7i7).

To manage and analyze the data explosion effectively, KentuckyOne, Baptist Health and other state hospital systems either have already implemented or will soon be implementing multimillion-dollar information technology upgrades.



KentuckyOne Health Partners

If going to such great and costly lengths just to

be able to capture and analyze simple information – such as how many people acquired infections when a central line was inserted into a vein, or comparing lengths of stay between facilities for the same procedure - seems like a hassle, Jahn of Baptist Health isn't complaining. He finds the era of so-called Big Data allows medical professionals to do even better something that they are already passionately committed to: providing patient care.

"The ultimate thing is not the 'pressure' (to use Big Data), but how can I do the best job?" said Jahn, whose oversight includes 10 hospitals plus clinics, surgery centers and more across Kentucky. "The ability to look at millions of encounters on different levels and see how those interactions go allows you to recognize things that stand out that you might never pick out otherwise. It's the ultimate best practice."

Dr. Steve Hester, senior vice president and chief medical officer with Louisville-based Norton Healthcare, said concern with helping people, an enhancement brought about by analytics, is a common driver for medical professionals.

"A majority of folks who go into medicine go into it because they are scientists at heart and want

to help people," Hester said. "One of the drivers in medicine in general is 'how do we improve?''

Dr. Steve

and Chief

Healthcare

Medical

Hester, Senior

Vice President

Officer, Norton

Besides altruistic satisfaction and nobly fulfilling one's Hippocratic Oath, healthcare's embrace of Big Data promises to accomplish three other things for



A simple name, a difficult job

ises to do all that.

The term itself, Big Data, brings with it some measure of contention. Although it seemingly lacks the negative connotation that might accompany similar terms such as "big oil" or "big pharma" in some quarters, it still manages to rankle some of the scholars who study it.

"The reason we in the field don't tend to like (the term) is because it's a bit of a gimmicky, catchy kind of term that makes what we do seem easier than it is," said Zain Khandwala, executive director of Bellarmine University's Center for Advanced Analytics in Louisville. "And it creates outsized expectations for what it can do."

Bellarmine launched University its analytics institute in 2013 with the help of a \$1 million grant from the Humana Foundation, the philanthropic arm of insurance and health and wellness services provider Humana Inc. The goal is to develop degree programs in the field, the first of which will

begin this fall. Today's nascent Big Data revolution didn't exist as anything near the movement it is today, Khandwala points out, until a couple of things transpired over about the past decade. First was the advent of technologies that make capturing and analyzing large amounts of data possible. Second was the publication of a book titled "Competing on Analytics: The New Science of Winning," by Thomas Davenport and Jeanne Harris (tomdavenport. com/books/#4).

The Harvard Business Review hailed the message of "Competing on Analytics" as one of the 12 best business ideas of the decade.

"What bothers me when we read books on analytics," Khandwala said, "is, again, this whole notion that before 2003, 2004, we were using a kind of black magic to make decisions, and now we have information and so decisions are made in a fundamentally different way. We've always had reports and business intelligence and decision-support systems – all of which have, for decades now, enabled us to make better decisions."

If the era of Big Data doesn't represent quite the sea change some of its champions might suggest, the movement can still be said to have the backing of the science of predictive probability.

"Predictive analytics enables healthcare providers to understand the probability that patients will experience certain events, like readmission, sepsis or kidney failure," Lovasz of KentuckyOne said. "This allows (doctors) to intervene early and reduce the possibility of future complications and expenses."





Bellarmine



A crystal ball for business decisions?

Some critics of Big Data urge caution in evaluating the claims of what it can do for a business.

Insights gained from analytics should not be projected very far forward, Jonathan Hassell argues in a CIO magazine article titled "Three Mistaken Assumptions About What Big Data Can Do for You" (http://bit.ly/1ARyuX3).

"Big Data - and all of its analysis tools, commentary, science experiments and visualizations – can't tell you what will happen in the future," he wrote. "Why? The data you collect comes entirely from the past. We've yet to reach the point at which we can collect data points and values from the future."

Still, there is something sleek and seductive about the certainty of using bar codes on blood sample bottles and patient identification bracelets, then using a scanner to log everything in and even double check it against doctor's orders.

It's a safe assumption Big Data is not going away anytime soon. And the folks who practice it, Khandwala said, have a broad skill set. The goal of the degree programs he is developing at Bellarmine are to create a modern-commerce Renaissance man (or woman): a gifted professional who blends business acumen, communication skills and the ability to solve unstructured problems with top-notch quantitative and data-modeling ability.

In other words, the new crop of data scientists will receive training to implement Big Data in organizations in responsible, useful ways – and proactively.

"They can go into an organization and not just be the person who sits in the backroom waiting for highly defined problems to be given to them so they can run their algorithms," he said.

Some might now characterize decisionmaking before the era of Big Data as a sort of mystic, intuitive process. Ironically, it's the insights gleaned from the hard, quantitative era of Big Data that promise to yield an almost clairvoyant result.

After all, Big Data allows a hospital administrator the luxury of viewing aggre-

gated statistics about all those treated for heart attacks, cancer and other diseases. After being able to ask what worked (and what didn't) in their treatment and get an answer, the logical extension is to ask what will work next time.

Even before the era of Big Data, said Dr. Steve Heilman, Norton Healthcare's chief medical infor-

mation officer, Norton had a team that sampled information from patient charts as part of a quality-improvement mission.

"But at this point, we're getting large amounts of data that is going into a sort of data warehouse," Heilman said. "Now we can look at (all patients) instead of just samples, and come up with ideas on how we're doing and areas of improvement."

Systems can cost hundreds of millions

If analytics is the crystal ball providing insight, then the entire process of implementing Big Data can be likened



Dr. Steve
Heilman, Chief
Medical
Information
Officer, Norton
Healthcare



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to a journey on which the healthcare system has embarked. For each hospital, that journey is different.

Alex Rodriguez, St. Elizabeth Healthcare's chief information officer, joined Northern Kentucky's largest hospital system in 2008 to help manage (from an information technology perspective) the acquisition of two smaller hospitals — doubling St. Elizabeth's size — and oversee data migration from several physician practices the hospital had acquired.



Alex Rodriguez, Chief Information Officer, St. Elizabeth Healthcare

St. Elizabeth put its new hardware and software infrastructure in place before ACA and ARA legislation mandated adoption of EMRs. That \$40 million investment includes software from Verona, Wisc.-based Epic Systems Corp., whose data tools are used by at least two other Kentucky hospital groups as well as clients across the United States and abroad.

St. Elizabeth treated approximately 2 million patients (includes repeat visits) in 2013 at its four hospitals and two physician group offices. Rodriguez said the Epic system generates data that allows administrators to review how services are allocated, such as assessing whether offices are in the ZIP codes where most of their patients live; or targeting educational efforts toward offices that treat high percentages of patients with chronic conditions.

St. Elizabeth's efforts mirror those at other Kentucky hospitals, including Norton and Baptist Healthcare.

Norton sees about 1.8 million patients annually at its five hospitals, and was among the first hospitals in the Louisville market to implement Epic's EMR system, which includes a portal providing patient online access to their medical records.

"We've had over 100,000 patients sign up for the portal in the last two years," Heilman said.

Including hardware, software, training and operational costs, he said Norton has invested \$150 million over five years.

Jahn declined to put a dollar amount on Baptist's costs beyond confirming that the price for implementing its Epic system is in the millions.

"You have to have the hardware to deal with it, but ultimately it's software that controls how the information flows and how it is analyzed," Jahn said. "You have to have a common platform (at all locations) and the ability to transmit information in a consistent way to really get at 'Big Data.'

University of Kentucky HealthCare system doctors use a competitor of Epic's called Allscrips to track patient data. Cecilia Page, chief information officer for Lexington-based UK Health-Care, described the implementation of the system's Big Data strategy as occurring in four stages.

"Your initial layer is electronic medical records and getting those implemented," she said. "What we are doing right now is putting in the clinical data warehouse to send the information from the transaction systems to an area where you can mine the data and begin to pull the information. It's a transition from data to where you can actually look at patterns and trends."

The other two layers of implementation consist of the policies and procedures around patient privacy (HIPPA compliance) and the top-level analytical tools that aggregate data in a way digestible to decision makers.

Page also declined to provide a total for the cost of implementing the UK HealthCare data infrastructure. The academic medical system began transitioning to digital records 10 years ago, she said, and annual Allscrips software upgrades represent the only significant ongoing data outlay.



Cecilia Page, Chief Information Officer, UK HealthCare

KentuckyOne's Lovasz said that through its affiliation with Denver-based Catholic Health Initiatives, the system plans on making a \$1.5 billion investment in the coming years on its data infrastructure.

To date, KentuckyOne Health has invested \$400 million in Big Data for its approximately 30 hospitals and care centers, said Barbara Mackovic, senior manager of media relations. A Cerner Corp. advanced electronic health record system will allow care providers to share patient information and coordinate patient care across the entire health system at all times, she said.

On Sept. 6, seven KentuckyOne hospitals in Louisville went live with the Cerner system, an initial group that previously had implemented it. Meanwhile, KentuckyOne also is in the process of implementing an Allscripts' ambulatory electronic health record and practice management system for its employed physicians practices and clinics, Mackovic said.

De-identified data goes regional and national

The data collected by these systems moves beyond individual hospitals or provider groups. Much of it is shared with websites that allow consumers to gauge a specific hospital's performance. Additionally it goes to the Centers for Medicare & Medicaid Services (CMMS) and even to other hospital systems.

Sharing data across facilities and with the government is necessary in order to track regional patterns and to assess outcomes when a patient seeks treatment at facilities in different systems.

"We have a fairly robust way of sharing data with the hospitals in Cincinnati," said Rodriguez of St. Elizabeth in Northern Kentucky.

"You have to have that platform, that ability to transmit information and do so in a consistent way to really get at Big Data," Jahn said. "Otherwise you don't have it."

If this has a sort of Big Brother aspect to it that might raise the hackles of privacy advocates, UK's Page puts those fears to rest.

"There's a difference between identified and de-identified data," she said. "So we are very, very careful and have policies, audits and procedures around any identified data and access to that. When I'm talking about patterns and trends, it's de-identified data that doesn't (connect) to the individual patient."

Digitization has brought us to an era where employers and insurance companies could conceivably look at outcomes and how closely a patient follows doctor's orders as a basis for determining premiums and coverage levels.

If that level of transparency proves to be an outcome of the Big Data revolution, then surrendering a bit of privacy might be the lesser of two evils.

Brian LeClaire, senior vice president and chief information officer for Humana Inc., envisions a system of data sharing that eliminates redundancy and improves outcomes.

LeClaire describes a system allowing a cardiologist treating a new patient to access the patient's previous test results and medications from the primary care physician – via a secure mobile device. When the cardiologist writes a prescription, software can check it for compatibility with other medicine the patient is taking, send it to the pharmacy and notify the patient when it's ready for pickup.

"Making people healthier is a goal accomplished one person at a time," he said via an email interview. "To help individuals get and stay healthier, the healthcare industry needs to deliver improved clinical outcomes for individuals in a way that they – and those that provide care to them – can easily engage in doing so. That means creating an integrated experience, one powered by analytics, across all elements of the care delivery system."

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

INSURANCE

Insurance Industry Consolidating



Kentucky M&A deal numbers up in past few years; acquisition rate still rising nationwide

BY FRANK GOAD

OR the past decade – the last three years in particular – increasing numbers of insurance companies and agencies have been part of merger and acquisition deals. In a classic "big fish eats little fish" consolidation scenario, smaller independent agencies and companies are being gobbled up; larger ones are merging with other firms, and some are then using their new buying power to acquire other enterprises.

The insurance sector regularly finds fresh specialties to develop, and it consolidates. The Kentucky companies doing deals range from two- or threeperson independent agencies to insurance brokers and re-insurers with hundreds of employees.

Neace Lukens, a Louisville-based brokerage firm, has been the busiest in the state market and now has over 150 agents and 650 employees in more than 30 offices. One of the first moves in its recent flurry came in early 2011 when it bought the Keen-Plamp equine insurance agency in Louisville, which had built a nationwide book of business since 1927.

Neace Lukens itself was then acquired by AssuredPartners of Lake Mary, Fla., but for the time being kept its well-known Kentucky nameplate until the middle of 2014 when it rebranded as Assured Neace Lukens.

In a smaller mid-2012 deal, Neace Lukens added Morehead Insurance with its staff of five in Scottsville, Ky., population 4,500 people. That transaction was sandwiched between the purchases of Benefit Concepts Inc., an Indianapolis employee benefits consulting firm, and First Carolina Risk Management Advisors of Charleston, S.C.

Last year, Neace Lukens acquired 117-year-old Buckley & Co. of Lexington, an independent agency writing personal and small business insurance and life, health and employee benefits insurance. Early this year it bought up 31-year-old Creech & Stafford Insurance Agency with 18 employees in Lexington and Hazard.

Neace Lukens made nine acquisitions in 2012, finishing off with Columbia, S.C.-based lumber and forest product specialist Davis-Garvin Agency, then began 2013 by buying Schroeder Agency of Rushville, Ill., with 80-plus years experience in personal lines and property and casualty insurance.

The 2012 deals included a Fort Wayne, Ind., employee benefits and consulting group. Perhaps most significantly, it acquired Arison Insurance Services of Louisville, a major full-service brokerage with business in health, life, dental, vision, disability and Medicare supplements.

Consider it an investment

Sometimes the companies acquiring insurance operations are not primarily in the business of selling insurance but, instead, are capital investment firms. For instance, Branch Banking & Trust has bought or merged with 20 insurance agencies since the beginning of 2007. However, the Charlotte, N.C.-based financial services giant's business now includes a wide range of insurance products.

AssuredPartners, the parent of Neace Lukens, is a "portfolio company" of Chicago-based private equity firm GTCR.

There were complex financial connections when Brown & Brown of Kentucky acquired Agency Management Corp. and its affiliate, Recreational Protection Management Inc., both of Bradenton, Fla., to improve the operations of its National RV Center in Tampa. Brown & Brown of Kentucky controls the Tampa center plus locations in Albany, N.Y., and Simi Valley, Calif., from its headquarters in Columbia, Ky. Its parent company, however, is Daytona Beach recreational vehicle insurance specialist Brown & Brown.

INSURANCE

How pervasive is the insurance M&A trend? A variety of firms are adding M&A sections to their operations and the transaction level only seems to be growing. Through June 20 of this year, *The Insurance Journal* reported 160 U.S. insurance M&A deal announcements, a 19 percent increase compared to the 134 deals during the same period of 2013.

Business intelligence provider SNL Financial, counted 34 insurance underwriter deals through June 20, and 126 announcements in the insurance broker sector. Across the insurance industry, consolidation is continuing at a rapid pace.

Family situations often an M&A factor

The reasons companies allow themselves to be acquired or look for a buyer vary widely. Market pressures, the state of the economy, the increasing costs of running a business and the ever-increasing amount of regulations small businesses must navigate are but a few of the reasons.

Independent agencies (unlike captive agencies like State Farm, Allstate, etc.) often are a longstanding family business. An owner may be ready to retire but have no heir interested in insurance and willing to keep the family business active. By the same token, the turnover in insurance sales people is rather high. The burden of training new sales folk only to see them leave in a year or less is heavy indeed for agency owners.

Insurance companies also have their minimum requirements.

"(Insurance companies) need to be fed, too. They have premium requirements, and, in order to maintain contracts (for different lines), smaller agencies can have a tough time meeting those goals if they want to hold multiple contracts," said Bryan Raisor, manag-



Bryan Raisor, Managing Director Lexington Market, Assured Neace Luken

ing director for Neace Lukens' Lexington market. "Partnering with a larger firm gives them access to more markets, capabilities and the ability to potentially go after larger, more complex accounts."

But M&A deals include non-financial elements, too.

"This isn't just a business of dollars and cents – when we look at a potential company, we look at other factors such as, are they a cultural match for our company?" Raisor said. "They also want to know that what they've worked hard to build won't disappear when they sign on the dotted line. We consider our company to be a family business, just on a larger scale."

Perhaps the most poignant situations concern agencies that have been in a family for 100 years and were started by



a present operator's grandfather. The person now carrying the flag is ready to put it down, retire and enjoy the fruits of their labors – or is simply tired from having spent decades in a highly competitive business. The decision to sell sometimes hinges on children or other relatives who could take over but have no interest in the insurance industry.

And what about the employees?

Additionally, there are non-family employees to consider – if possible. Many owners have a hard time selling because of loyalty to their staff. They know that selling or merging can result in layoffs, and that is a difficult hurdle for them.

Often, though, the new company has a place for most or all of the employees. When Wells Fargo completed its sale of 40 regional insurance offices to USI this year, about 750 Wells Fargo employees were offered jobs with USI, which added 10 jobs as well. Wells Fargo kept 55 insurance locations in larger markets that generate more than 90 percent of brokerage revenue.

It's fairly common for the parent companies to take a somewhat hands-off approach with firms they buy. The companies are often well-known in the community, and capitalizing on that brand's goodwill is simply good business.

"In most cases, when USI buys a company, we allow them to continue to operate like an independent agency," said John Meehan, CEO of the mid-South region of USI Insurance Services. "Our goal ... is to help make them better in every aspect of the business. That way, the customers are even better served and the associates are more successful."

All companies want successful associates.

"There's a huge competition for talent, too," Meehan said. "Thirty years ago, the insurance companies had schools, and they would bring in neophytes and train them. We would allow them to use and train them for five years. Then they left, became agents and brokers and maybe the company's competi-



John Meehan, CEO Mid-South Region, USI Insurance Services

tors. Talent is hard to come by, and economic growth in this business is slow. So an acquisition may be a growth strategy or talent acquisition."

Online vs. down the street

Just as the marketplace is adapting to the new reality of Internet commerce, the insurance industry is, too. Consumer and personal insurance sales have been moving online like most products and services, despite the lagging sales of hard goods. Insurance sales has always been a very, very competitive business, and the addition of Internet-based sellers makes it that much harder for smaller agencies; likewise, it puts pressure on agencies that represent companies without a strong online presence, or that advertise.

For instance, Overstock.com started selling insurance in 2014. The Internet retailer said in a press release that it only made sense to add that product because it has long sold household items to its customers.

On the other hand, the Internet is bringing new opportunities, too, and allowing firms to capture a unique niche. For instance, sales of cyber insurance – a recently created category – rose by 21 percent in all industries in 2013. Especially in light of the billions of pass-

words that have be pirated, all signs point to 2014 having even higher sales, according to a Marsh Risk Management Research report.

Another wrinkle is the rise in specialty insurers.

"The church we attend gets its insurance from a firm that specializes only in churches," said Jeffrey Briggs, a local State Farm agency owner said, "We write commercial insurance,



Jeffrey Briggs, Agency Owner, State Farm

too, and we're competitive; but since they do only one thing, they know every aspect of that business and are able to give customers excellent service. I think that, to be competitive, you'll see more specialty firms in the future for commercial insurance."

Commercial insurance still remains almost exclusively in the realm of personto-person transactions, if only because of the complexity of insuring businesses; industry experts see that change coming, too, albeit much more slowly.

Price as a prime motivator

Where price is a key driver in a market, mergers may be necessary in order to build up the critical customer mass necessary to cut costs to a competitive level. Salaries and benefits are still an insurance company's main costs.

M&A activity also can create critical mass for distribution channels within an insurance organization, or open new channels to diversify distribution. M&A activity is a "ready made" way to diversify one's business in many other ways – geographically, by product range, target market, etc. – to protect to some extent against the effect of cyclical demand, and the impact of changes in areas such as tax, legislation and employee benefits.

What does it take to succeed?

Smaller agencies are having a harder time remaining competitive, Meehan said, due to increasing costs and learning how to best use new technology.

"Some of the pressure on the very small agencies comes in on the cost of technology," he said. "To stay competitive, an agency has to rely on technology. If you want to stay current, investing in technology takes a lot of money."

Smaller agencies are under constant pressure.

"The lifeline of small agencies is the ability to represent several companies," Meehan said. "As insurance companies may have changed their distribution model, they may have gone from 100 independent agencies that represented them to 30. Of course, they're going to keep the 30 most profitable. That puts increasing pressure on those smaller firms."

Some agencies have acquired other firms for their employees skills and experience. As in so many other financial industries, the level of expertise needed to ensure compliance and profits is more critical than ever.

Technology is a key factor because the insurance industry relies so heavily on it to assess business. That requires people who understand "big data," how to gather it, catalog it and use it.

Other reasons for acquisitions and mergers include increased market share and access to new markets, and readymade frameworks to enter new insurance fields.

While the insurance industry takes its time changing, it is changing none-theless. The consumer markets are moving to larger commercial avenues just as they always have. Commercial insurance is taking an even slower path than consumer insurance, but it will get to the same destination.

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



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ECONOMIC DEVELOPMENT



Above: The NCM Motorsports Park opening in late September for driving enthusiasts can be configured for courses of 3.125 miles, 2.87 miles, 2 miles, 1.1 miles and a 1.97 mile-mile Corvette Race Loop with chicanes and features copied from the famed Le Mans track in France.

Right: Beach Bend Raceway holds drag race competitions and events from March through November.

BETTER BRANDING

Motorsports Park presents opportunities for Bowling Green

RALIZING the opportunity Bowling Green's distinct and unique heritage presents, local officials are enthusiastically behind the National Corvette Museum's \$22 million investment in the NCM Motorsports Park, soon to open just across Interstate 65 from its parent. The park will cater to enthusiast drivers with a custom-designed track whose asphalt is formulated for fast cars.

Bowling Green public, private and civic leaders plan to leverage their city's Americana-infused reputation as a place that reveres the car not only to develop more tourism but market the community's other assets.

The eye-catching National Corvette Museum recently had its 3 millionth visitor, and tens of thousands more potential contributors to the local economy stream past daily on I-65 – most of whom at least turn their heads for a glimpse of the charismatic Corvette, "America's sport car," which is made only in the GM's Bowling Green Assembly Plant.

With its recent upgrade, the plant now enables Corvette buyers to help build their upscale sportscar's engine.

Former plant general manager Dave Tatman was named the first executive director of the Automotive Industry Association of Kentucky.

Holley Performance Products, another name synonymous with motors-

ports for generations, is based in Kentucky's third largest city, as is the Beach Bend Raceway and Park, which has a 12,000-seat grandstand to accommodate drag race fans. Dozens of manufacturing operations in the region supply parts, systems and materials for GM's Corvette plant and others within driving distance.



Dave Tatman



Mitch Wright, general manager of the NCM Motorsports Park.

Holley will be name sponsor of the NCM Motorsports Park control tower overseeing custom asphalt routes configurable into the 3.15-mile Grand Full Course, the 2.87-mile Grand Mas Straight, the 1.97-mile Corvette Race Loop with features copied from Le Mans, and the East and West Circuits of 1.1 and 2 miles, respectively.

The park and track open Sept. 26 with a two-day high-performance driving event. It is booked already for more than 140 days in the coming year.





Above: Holley Performance Products builds and sells 10,000 items, the best knows of which are engine

Left: The National Corvette Museum observed its 20th anniversary in August and had its 3 millionth visitor this year.



Founded in 1889, the University of Pikeville stands as a school of opportunity, providing a quality education to a diverse community of more than 2,400 learners who hail from 45 states and 23 countries.

In addition to 27 majors and nine pre-professional programs, the university offers an MBA and a Master of Science in Sport Management from the Coleman College of Business and a Doctor of Osteopathic Medicine degree from the Kentucky College of Osteopathic Medicine. The university has also established partnerships with the Yanbian University of Science and Technology and Beijing University of Agriculture in China.

In 2014, the University of Pikeville announced the Kentucky College of Optometry, an initiative that reflects the institution's mission of service and strategic vision. Planning has begun for a new \$45 million educational facility that will provide the technology and innovation needed to prepare future optometrists beginning with the inaugural class of 2016.

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HEALTHCARE



Better Outcomes for Employee-Physicians

Market forces keep driving a rapid shift toward continuum-of-care networks; prospects for small private practices are bleak

BY JOSH SHEPHERD

ANY Kentucky hospitals and care systems are presently feeling financial pain from their strategy of hiring doctors by the thousands to adapt to compensation plans that reward them for effective treatment rather than for volume visits, tests, surgeries and procedures. Employee-physicians are generating millions of dollars in losses annually for their employers so far, according to successive Kentucky healthcare studies.

Despite today's losses, the studies' authors expect provider systems to continue integrating doctors into new, more-

collaborative caregiving structures that will achieve better health outcomes for patient populations – and be profitable.

Hospitals had tried hiring physicians en masse in the early 1990s when national policymakers seriously debated then abandoned healthcare reform efforts during the Clinton administration. But the employee-doctor trend unfolding now is thought much less likely to unravel.

Actually, the future looks difficult at best for small private medical practices – technology, changing payment models and medical business complexity all present strong headwinds.

According to a 2014 study of Kentucky healthcare, soon to be released by Dean Dorton Allen Ford, a CPA, consultant and business advisory firm head-quartered in Lexington, the industry is moving toward the formation of continuum-of-care provider networks at an increasingly rapid pace. Hospitals and healthcare systems are making strategic decisions to employ doctors and acquire group practices that will enable them to flourish in their respective markets.

However, four years into this trend, 92 percent of CEOs in the Dean Dorton study report their physician networks are losing "significant amounts of money," according to David Bundy, president/CEO of Dean Dorton, and Gary Ermers, the firm's associate director of Healthcare Consulting Services.



David Bundy, CEO/ President, Dean Dorton Ford Allen

Services.

"Of that 92 percent, over half report losses of \$100,000 and higher per physician," Ermers said.

That financial picture, he said, isn't unique to Kentucky. National studies by the Medical Group Management Association (MGMA), one of the leading organizations monitoring the U.S. healthcare industry, are similar.



Gary Ermers, Associate Director of Healthcare Consulting Services, Dean Dorton Ford Allen

Annual losses can top \$100,000 per employed doctor

Bundy and Ermers said their 2014 report's findings are parallel to those from studies Dean Dorton conducted in 2013 and 2012 on the integration of physician practices into the operations of hospitals and healthcare systems.

There is not a clear structural pattern to the losses, Bundy said. When hospital or health system size was used as a filter, those with fewer than 100 beds did seem to be losing less money; in fact, the 2013 study found 33 percent of respondents at that level reported no losses on their employed physician groups.

However, hospitals of under 100 beds employ fewer physicians and don't offer the range of costly specialty services that larger regional and tertiary care counterparts do, Ermers said. Additionally, the smallest "are usually designated rural critical access hospitals, which operate under a more favorable reimbursement schedule than other hospitals."

Ånd despite those advantages, a majority still had significant revenue losses per physician, Ermers said.

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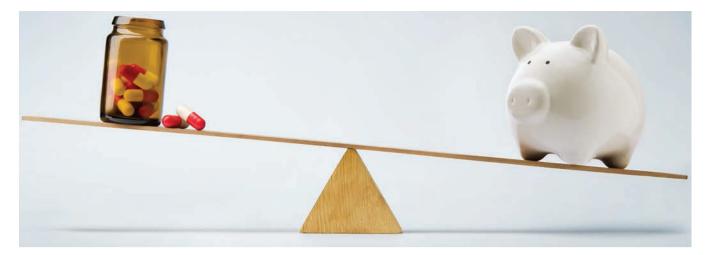






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HEALTHCARE



Dean Dorton's studies consistently show hospitals and health systems with over 200 beds all report significant losses ranging from \$50,000 to well over \$100,000 per physician.

The study did find that doctors who take hospital employment after selling their independent practices (usually to their new employer) are more productive and cost-effective than employee-physician colleagues who enter hospital contracts right out of residency. Physicians coming from the private sector, Bundy speculates, better understand the balance between providing quality service to their patients and operating a successful medical practice.

The advantage fades, though. According to the study, after several years of being employed even experienced providers can "lose their edge" and contribute to losses as much as their more inexperienced counterparts.

The study enumerates other factors that may contribute to the losses that owning physician practices inflict on hospitals. Given all that data, one might conclude that the strategy of building employed physician networks within a health system is a losing proposition.

However, Bundy said, neither he and Ermers nor the CEOs and providers surveyed consider current budgetary bleeding as a sign that integration of physician groups into health system operations is failing. It is still seen as the next logical step forward into a new, better health system. It is a challenge healthcare administrators and providers must work through.

Integration today for better outcomes tomorrow

"That's not to say that the stakeholders in these health networks – the administrators, physician groups and boards – don't have serious concerns. They do," Bundy said. "They're struggling with how to make physician integration

work. But these stakeholders also feel that successful integration of physicians and physician groups into hospitals and healthcare systems is the way forward for practicing medicine in the United States, even though their investments right now are far from breaking even."

Successful integration of physician practices into larger care-provider organizations is the key for health systems to flourish going forward, he said. But networks still must find the right balance in compensation models so they aren't "funding the gap" between physician salaries and payer reimbursement.

"Many people compare what is going on now with healthcare reform in the 1990s under managed care," Bundy said, referencing the last time large systems actively sought to employ physicians and groups. Doctors also became hospital employees or joined larger practices then to gain better negotiating power with insurance payers.

"However, when physicians realized they could negotiate reimbursement terms for services with insurance providers and that the costs to practice were still affordable, those acquisitions unwound," Bundy said. "I don't see that trend repeating itself today."

The motivations are different.

"It's a strategic imperative this time around," Ermers said. "At this moment, physicians need to be integrated into the organization, and vice versa, because they collectively need to provide a full continuum of care."

That is because the ACA lays out a planned system of reimbursement for healthcare services based on the quality of patient outcomes, Ermers said.

Patrick Padgett, CEO and executive vice president of the Kentucky Medical Association, described the change as "a growing trend among insurance and federal payers to base reimbursements on the global treatment of a patient, paying once for the entire treatment, rather than to

pay each provider, the hospital and the physicians, separately for each aspect in the treatment of chronic illnesses and disease."

Reinforcing this new approach of quality-based reimbursement for outcomes, the ACA pays now for wellness care. And it reduces payment when patients are re-admitted for the same diagnoses within a narrow time frame. The



Patrick
Padgett, CEO/
Executive Vice
President,
Kentucky
Medical
Association

goal is to reward doctors and hospitals for improving community health, Padgett said, rather than for treating volumes of people in poor states of well-being.

Too many specialists spoil the budget broth? Many hospitals and provider organizations reacted to this fundamental shift by employing physician groups as though they were in an arms race, Bundy said. And in trying to sign up as many doctors as possible, some have not monitored their primary care-to-specialist mix.

"A big reason health systems may be losing revenues is that they are overemploying specialties. We are finding that to be the case with some of our clients," said Bundy, who believes these organizations may be underestimating the value of primary care providers.

He considers the role of primary care providers in population-based health management as very similar to their description as "gatekeepers" in the health reform conversations of the '90s. A successful quality-outcomes-based system needs primary providers to manage the individual patient's care, he said.

The best strategy for the quality-based reimbursement model, Bundy said, is to assemble large health system-based provider networks that include hospitals, treatment clinics, skilled nursing, technicians and a strategic mix of physicians and caregivers. While the

personnel balance might not be correct yet, he expects the restructuring that is making doctors hospital system employees will be sustained.

The pitfalls many are now experiencing often are due to inadequate planning, according to Bundy. One common error in his view has been offering employment contracts to every physician who has admitting privileges at a hospital.

"The provider networks that will work are those that have a strategy behind them," Bundy said.

Although they may be experiencing losses now, Ermers said, health systems that are deliberate and employ a strategy in building their provider networks "will be best poised to handle the future demands of healthcare."

These networks will be far more stable and long lasting, he said, because of the same financial forces driving doctors and other providers toward employment models over private practice.

From the perspective of the physician, Padgett said, there are practical advantages for some types of primary care providers and specialists to move into employment models, whether with hospitals, health systems or large multi-specialty groups. Foremost among those reasons is that health systems are financially better able to endure the enormous administrative and technological costs of doing business in healthcare these days.

EMR adoption a private practice backbreaker

The costs and complexities of running a medical practice make it extremely difficult for physician groups to maintain their independence, Padgett said. Many point to continuously declining reimbursement from payers and the ACA as major drivers to the development of large physician networks. Underesti-

mated as a factor driving healthcare operations toward integrated health systems, Padgett said, is the influence of the electronic medical health record.

"EMRs have been a huge change, and it has not happened quickly. We're still in the middle it," Padgett said. "I believe that the mandate to convert to EMRs started driving doctors to seek affiliations with larger providers and health systems well before the ACA ever became law."

The Bush administration set this year's deadline for EMR adoption.

The process looked fairly straightforward on paper when the mandatory transition to EMRs was being discussed, but KMA members questioned that view.

"We anticipated it was going to be a much bigger issue than people thought," Padgett said.

The KMA wondered about achieving federal standards for "meaningful use" and ensuring that a provider's system is compatible with those of their colleagues and the hospitals with which they interact.

"There is a huge cost factor involved," Padgett said. "EHRs require intensive capital for acquisition of software and equipment not only to operate the system, but also to store and manage data. The upkeep of these systems requires contracting with IT specialists on either a full or part-time basis."

To reach the larger goals of EMR implementation, it is far easier and probably more efficient for a private physician to join a health system and let the organization piece together the electronic network, he said. They are in a position to employ a dedicated IT division rather than contract with an unaffiliated service.

"But even among employed physicians, we're hearing doctor complaints that the time spent inputting codes and data cuts into their ability to see patients," Padgett said. EMR technology is not yet lending itself to the refined data-sharing system its proponents envision.

Systems offer efficiency and branding

The KMA chief and Dean Dorton executives all agree the current healthcare landscape does not favor solo or small partnership physician practices. It is too complicated and too complex, Bundy said.

"There are more business efficiencies to be enjoyed in a larger group. Being affiliated with a larger presence in the community makes branding services much easier. If it's a respected brand known for quality care, patients will use the service and, therefore, utilize them," Padgett said.

Most new physicians already go straight into an employed model of some sort, Bundy said. "Established groups are joining with larger health systems and we're seeing a trend where most new physicians have joined through recruitment practices. Within a generation, we will have a population of physicians who have never worked privately or independently," he continued.

That's why Dean Dorton feels that independent groups may be much less a part of the healthcare landscape in the coming decade. "Healthcare is moving toward oligopoly, favoring the large employer, payer, provider network and population base," Ermers said.

Bundy added that the ability providers have to negotiate with insurance companies and other payers is vastly more complicated than before. For that reason alone, it's going to be far more difficult for these new acquisitions of group practices into health systems to be unwound.

"A practice group could possibly shift to another system in another market," Bundy said, "but it is highly unlikely that physician groups would ever consider going independent."

Padgett does not entirely agree with the assessment that healthcare is about to see the end of the independent physician practice.

"Everything goes in cycles," he said. "We're still several years away from the market and industry settling down into this new pattern of caregiving."

The employment model will dominate, Padgett admits, if it doesn't already. But that does not mean the pendulum will never swing the other way, he believes, and perhaps in another decade or two, when all appears settled, an entrepreneurial-minded group of doctors will propose something unique.

"They might say, let's find a way to open our own practice," Padgett said.



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

COMMENTARY



Will Nonprofit Hospitals Lose Tax-Exempt Status?

New ACA transparency requirements force community facilities to be more proactive in promoting public health

BY ANNE-TYLER MORGAN AND MATTHEW J. KOCH

N 1969, recognizing that the promotion of health can be a charitable endeavor, the Internal Revenue Service established the "community benefit" standard allowing qualifying nonprofit hospitals to obtain federal taxexempt status pursuant to Section 501(c) (3) of the Internal Revenue Code. To gain and maintain tax-exempt status, nonprofit hospitals had to meet certain community benefit requirements, such as conducting medical research or providing emergency care to patients who were unable to pay.

Tax-exempt status became financially essential for many.

The requirements remained virtually unchanged for 40 years, until the passage of the Patient Protection and Affordable Care Act added new requirements. Much like other measures implemented by the ACA, the goal of these additional mandates is to increase transparency within the healthcare system. However, they also make maintaining tax-exempt status significantly more difficult for nonprofit hospitals, which play

a vital role in Kentucky communities – particularly in rural areas.

Pursuant to 501(r) of the Internal Revenue Code (added by Section 9007 of the ACA), hospitals are now required to comply with several additional policy and reporting obligations, as outlined below, to maintain their tax-exempt status.

The new requirements

1) Conducting a community health needs assessment triennially: A hospital must produce a written community health needs assessment (or CHNA) at least once every three years to demonstrate that it continues to serve local needs. Documentation must specify the methods and sources used for the assessment, and the hospital must create a written implementation strategy to address any unmet needs. Hospitals must make the CHNA and accompanying implementation strategy, if applicable, widely available throughout the community.

The ACA imposes a \$50,000 excise tax on hospitals that fail to satisfy the CHNA requirement for each year of noncompliance. The excise tax is applied on a facility-by-facility basis – meaning health systems that own more than one hospital must pay the penalty for each noncompliant facility.

(2) Establishing and disclosing financial assistance policies: Hospitals are now specifically required to maintain written financial assistance policies (FAP) that must be widely publicized and include: eligibility criteria; a disclosure of whether available assistance includes free or discounted care; information on how charged amounts are calculated; the process by which to apply for assistance; and the documentation used to determine eligibility. Although the ACA does not mandate particular eligibility requirements and each hospital retains the ability to establish the parameters of its eligibility criteria, these new regulations and documentation requirements can be onerous for smaller hospitals.

(3) Limiting charges to needy individuals: Historically, hospitals have charged uninsured and private-pay patients at their pre-determined rates, while reduced prices were negotiated for insured patients through their insurance providers. This is now disallowed for the financially needy who, under the ACA, must be charged the same basic rates for emergency or medically necessary care as those charged to patients who are insured. To determine the amounts to be charged, hospitals may use one of two methods:

The first, a "look back" method, is based on the actual dollar amount of past claims paid to a hospital facility by either Medicare or a Medicaid fee-forservice program, in addition to private health insurers' payments. The second method is prospective, requiring a hospital to estimate the amount that it would be paid by Medicare or a Medicaid fee-for-service program for emergency/medically necessary care if the patient was a beneficiary.

Hospitals may still bill gross charges for all types of care in the event that the patient does not qualify for financial assistance or has not submitted an application for assistance.

(4) Following reasonable billing and collection practices: A hospital must make reasonable efforts to determine whether an individual qualifies under its FAP before engaging in extraordinary collection efforts (i.e., legal or judicial action). A hospital must notify patients about its FAP, assist an individual who submits an incomplete application, and determine and document whether an individual is qualified for the plan.

Only after these requirements have been met may a hospital use extraordinary collections actions to obtain payment of a bill. Notably, a patient's written waiver of the right to financial assistance does not alleviate the hospital's duty to make reasonable efforts to determine whether the individual is eligible for assistance.

The CHNA requirement became effective upon a hospital's first tax reporting year after March 23, 2012. Section 501(r)'s additional requirements are effective upon a hospital's first tax reporting year after March 23, 2010. In December 2013, the IRS released two notices for affected organizations, Notice 2014-2 and Notice 2014-3. Hospitals should carefully review these notices, as they attempt to clarify a wide variety of hospitals' questions regarding Section 501(r)'s requirements.

A hospital's nonprofit status enables it to provide necessary healthcare services to the community, in addition to extensive programming, such as free health screenings and support group services. The ACA's new requirements force nonprofits to be more transparent, responsible and proactive in promoting overall public health – and made maintaining tax-exempt status significantly more difficult.

Nonprofit hospitals have long been proactive in their missions to promote public health; now they must go the extra mile. Specifically, nonprofits should reexamine their mission statements and determine whether they need to adjust the roles that they play for their respective communities in order to comply with the ACA's regulatory requirements. Compliance officers should consider consulting

with tax and legal professionals for best practices and procedures to ensure compliance with applicable laws and avoid steep excise taxes.

At a time when the entire healthcare industry is undergoing a massive transformation, nonprofit hospitals must adapt to change, or risk losing one of their most valuable assets: taxexempt status. We believe that Kentucky's nonprofit hospitals will step up to the plate because their tax-exempt status is vital both to their ongoing clinical operations and to the communities in which they serve." ■



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Health Care Law. What You Need To Know.



HIPAA Security Update: Data Breaches Spur Enforcement Actions

by Carrie Gilbert • cgilbert@dbllaw.com

he threat of data breaches has troubled the health care industry since HIPAA became effective in 1996. And for good reason: the greater use of health care technology has increased the threat to patient information. The Federal Trade Commission reports that identity thieves use medical information to receive care, obtain prescription drugs, file insurance claims, and pass security screens.

Rise in breaches brings enforcement — and penalties.

Given this trend, the HHS Office for Civil Rights (OCR) is focused on breach prevention and enforcement. Since 2009, OCR has received over 800 reports of breaches affecting 29.3 million people, and has penalized providers who fail to protect patient information. Notably, WellPoint, Inc. paid \$1.7 million, and Affinity Health Plan paid \$1.2 million.

You can expect the enforcement to continue if not increase. OCR said it will randomly survey 1,200 organizations to determine which are suitable and ready for its new audit program. Additionally, the HHS Office of the Inspector General (OIG) announced it will review hospitals' security controls used when storing health information on portable devices. The OIG will also review the security controls of connected medical devices to determine whether information is adequately protected.

Take steps to protect patient information.

Short of implementing new technologies, providers can take certain steps to ensure that they are adequately protecting patient information: (a) conduct risk analyses to uncover and repair any weaknesses; (b) periodically retrain employees to promote a culture of compliance; and (c) if a breach occurs, quickly address it by investigating the breach, making any required reports, mitigating any additional harm, and updating security safeguards to prevent future breaches.

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SPOTLIGHT ON THE ARTS

Al Smith Fellowships Awarded to Six Kentucky Artists

IX distinguished Kentucky artists have been awarded Al Smith Individual Artist Fellowships from the Kentucky Arts Council for demonstrating a high level of excellence and creativity in their literary arts careers.

Named in honor of Kentucky journalist Al Smith, the award recognizes professional artists who have reached a high level of achievement. Since 1983, the program has provided more than \$2.5 million in funding to artists in the visual arts, literary

arts, media arts, composing and choreography.

"The Al Smith Individual Artist Fellowship award is considered a benchmark of excellence in the careers of the commonwealth's artists," said Lori Meadows, arts council executive director.

The artists receiving awards are:

- Christian Moody, fiction, Danville
- Mark Eric Schimmoeller, creative nonfiction, Frankfort
- Diana Grisanti, playwriting, Louisville
- Makalani Bandele, poetry, Louisville
- Steve Moulds, playwriting, Louisville
- Carrie Jerrell, poetry, Murray

Al Smith Fellowships are awarded in different categories each year on a rotating schedule. The next opportunity for literary artists to apply will be in 2016. Applications for the next round of funding in the fields of musical composition and visual arts will be accepted until Feb. 15, 2015.

To view guidelines or apply online, visit artscouncil.ky.gov/Grants/ASF.htm.



Christian Moody



Steve Moulds

Experienced Theater Organizer to Head Cynthiana Company

Ricky Smith, who assisted in the creation of several Lexington theater groups, has been named director of the Rohs Theatre Company in Cynthiana.

The theatre troupe intends to raise awareness of and funds for the restoration efforts at Cynthiana's Rohs Opera House. The company was loosely formed in 2007 and has presented a number of productions. Last spring, Smith directed a production of "To Kill a Mockingbird" at the Cynthiana Opera House.

In Lexington, Smith helped organize the Junkyard Players, a precursor to Actors Guild of Lexington; the now-closed Phoenix Group Theatre; and Shakespeare in the Park, which after several incarnations is now called SummerFest.

The announcement of Smith's appointment included the promotion of a spring 2015 production of "Romeo and Juliet," with auditions in December. For more information contact the Rohs at (859) 234-9803 or rohs@kymail.com.

Arts Events Around the State

Don Williams

SkyPac, Bowling Green 7:30 p.m. Oct. 15 theskypac.com (270) 904-1880

Amos Lee

Paramount Arts Center, Ashland 7:30 p.m. Sept. 30 paramountartscenter.com (606) 324-3175

Leo Kottke

The Lyric Theatre & Cultural Arts Center, Lexington 7:30 p.m. Oct. 28 lexingtonartleague.org (859) 280-2218

Ritual and Residue: The Art of Drink

Kentucky Museum of Art and Craft, Louisville Sept. 23-Nov. 9 kmacmuseum.org (502) 589-0102

"Kentucky Bourbon: Distillation and Inspiration"

Kentucky Artisan Center at Berea 10:30 a.m. & 3:30 p.m. through Nov. 16 kentuckyartisancenter.ky.gov (859) 985-5448

Fall Gospel Concert

Mountain Arts Center, Prestonsburg 7 p.m. Sept. 27 macarts.com (606) 889-9125



Teddy Abrams

Louisville Orchestra Names Abrams Music Director

HE Louisville Orchestra has named a new music director. Teddy Abrams, the assistant conductor of the Detroit Symphony, stepped into the role in September, as Jorge Mester transitioned to an emeritus role.

Abrams, who also serves as music director and conductor of the Britt Music Festival and resident conductor of the MAV Symphony Orchestra in Budapest, will be the orchestra's eighth music director. At 26, he's also the youngest.

As a young conductor, he's frequently asked what the secret is to attracting a wider, younger audience base to live classical music. Orchestras have to be both custodians of the great works of the past and the driving force behind the next big ideas in music, Abrams said.

An accomplished pianist and clarinetist, Abrams has had an active conducting career that includes recent performances with the Florida Orchestra, the Jacksonville Symphony, the San Francisco Symphony, the Los Angeles Philharmonic, Indianapolis Symphony and the Sun Valley Summer Symphony. He also was the 2008-2011 conducting fellow and assistant conductor of the New World Symphony, a renowned training ground for up-and-coming conductors.

Abrams and new executive director Andrew Kipe will work closely with the board of directors and the musicians on a new strategic plan for the orchestra.

"The Louisville Orchestra has nothing to be ashamed about. If it went through a challenging time and a hard period, that just means we have more of an opportunity to step forward and re-think how we can engage every single person in the Louisville region," Abrams said. "It also means experimentation, research, development – things that orchestras have been avoiding for a very, very long time, and things that don't conflict with the great music of the past; in fact they only serve to support it."

OPINION

'SECULAR STAGNATION' IS A COVER-UP

Bad policy is holding down growth, but good policy can fix it fast

BY LAWRENCE KUDLOW

OHN F. Kennedy campaigned for president in 1960 by belittling Dwight Eisenhower's three recessions and declaring, "We can do bettah." He was right. In the 1960s, after the Kennedy tax cuts were implemented, prosperity returned, the economy grew by almost 4 percent annually, unemployment sank to record lows and a gold-linked dollar held down inflation.

But today many leading economists are throwing up their arms in frustration and assuring us that 2 percent growth is really the best we can do.

Barack Obama's former chief economist Larry Summers began this chant of "secular stagnation." It's a pessimistic message, and it's now being echoed by Federal Reserve Vice Chair Stanley Fischer. He agrees with Summers that slow growth in "labor supply, capital investment and productivity" is the new normal that's "holding down growth."

Summers also believes negative real interest rates aren't negative enough. If Fisher and Fed Chair Janet Yellen concur with that view as well, central bank policy rates will never normalize in our lifetime.

It's hard to conceive of a worse set of policy prescriptions than the ones Summers and his Keynesian collaborators have conjured up: bailouts, massive spending-stimulus plans, tax increases on "the rich," Obamacare, rudderless monetary policy that has collapsed the dollar, the Dodd-Frank banking law,

anti-carbon policies, a vast expansion of the welfare state, and on and on.

These measures have flat-lined the economy. It's as simple as that.

The blame falls on the White House and the Fed, and the discredited Keynesian model that government spending, debt and cheap money are the way to restore growth. Ideas have consequences, and bad ideas have bad consequences.

Amazingly, the architects of this colossal policy failure are the same people who promised they would rebuild the U.S. economy "for the long term," as Barack Obama put it in 2009. But they're now blaming the stagnant economy on structural problems beyond their control.

We have paid people not to work by raising eligibility and time limits for various benefit plans, substantially raised marginal tax penalties when people move from welfare to work, disincentivized employers from hiring more workers (Obamacare, minimum wage), raised taxes on investment, passed new regulations to strangle our energy industry, unionized even when workers don't want it, continued corporate-welfare cronyism and refused to fix a corporate tax system that sends jobs abroad. And then we wonder why the economy won't shift into a higher gear.

And sadly enough, this is all happening when the potential for growth, productivity and wealth are at an all-time high.

First, thanks to the underperformance of this recovery, we are \$2 trillion

and nearly 10 million workers below potential output and employment. We could recapture this almost immediately with the right policies.

Second, the digital age and technological revolution have made hyper-growth more, not less, achievable. Just consider how Uber has led to amazing price reductions and efficiency improvements in the taxi-cab industry. Or think of how smart phones, robotics, disease-killing advances in biotech, and new oil and gas drilling technologies are expanding our output and wealth. Because of this private-sector productivity revolution, we can produce far more in a day than our ancestors could in a month. And it's only just starting.

We learned in the 1960s and 1980s how fast the economy can get back on its feet when policy mistakes are reversed. That's the real case for optimism. Imagine for a moment that we abolished the corporate income-tax rate, slashing it from 35 percent to zero. The positive results would be near instant. In a matter of weeks, a tidal wave of capital and businesses would flow across our borders and deep into the United States.

The secular-stagnation argument is just an excuse for liberal policy failures. Keynesianism should now be recognized as snake oil. And Republicans should recognize they now have a big opening to convince America that "We can do bettah."

This opinion was co-written by Stephen Moore, chief economist at the Heritage Foundation.



Lawrence Kudlow is CEO of Kudlow & Co., an economic and investment research firm in New York City.

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EXPLORING KENTUCKY





Culinary Adventures in Appalachia

Region serves up a new twist on traditional mountain fare

BY KATHERINE TANDY BROWN

ROR years visitors have flocked to Kentucky's mountains for the area's serene, forested hills and hollows; spectacular displays of fall leaves; exquisite handcrafts and art; hiking, rafting and rock climbing; and hearty cookin'. Growing food and fixin' it downhome style are deeply enmeshed in Appalachian culture, known for its Southern, country and soul-food cooking.

Well, move over, Grandma, because the foodies are coming for mountain cuisine, and the "new food" isn't just beans and gravy. "New, young cooks and chefs are putting their own twists on traditional foods and cooking traditions," said Kimberly Clay, director of Cultural Heritage Tourism for the Kentucky Department of Travel and Tourism (KDTT). "They're creating new dishes and new ways of producing organic, healthy and locally grown foods."

Appalachia has become rich with hundreds of "agripreneurs" – i.e. entrepreneurs in the food and farming business – and just in time to hook up with the consumer trend toward tastier, better-for-you, fresh-from-the-farm foods.

Snug Hollow Farm Bed and Breakfast near Irvine has built a reputation regionally for holler hospitality and the local food it serves.

To get the word out, the Appalachian Regional Commission (ARC)'s 13-member Tourism Advisory Council (Clay is Kentucky's rep) and the KDTT have partnered to produce a tourist mapguide called Bon Appetit Appalachia! Essentially, the guide shows the importance of food culture to the region and the importance of exploring that cultural heritage to better understand what the region is about. Visitors can then engage more fully in Appalachian culinary tourism by stopping in roadside stands, peeking in on dairy farms, tucking in their napkins at new restaurants and expanding their palates at events such as the Poke Sallet Festival in Harlan and the Winchester Beer Cheese Festival.

In 2005 and 2008 the ARC produced its first mapguides, highlighting cultural heritage tourism sites, in conjunction with National Geographic. A partnership with American Heritage magazine in 2011 resulted in an Appalachian Civil War sites mapguide. All were a rousing success. The ARC had already embarked upon a project to focus on local foods in Appalachia as an economic development tool to help diversify the region's economic base from the area's declining forestry and mining industries. As culinary tourism is currently a hot trend in the tourist industry, linking up to create the mapguide was a perfect fit, said Clay.

To create the guide, the people of Appalachia nominated local food sites and experiences they thought should be on every traveler's must-see list.

Available online and in paper form, the interactive map (visitappalachia. com) features 650 food destinations – 48 in Kentucky – throughout the entire 205,000-square-mile mountain region that stretches from New York all the way to Mississippi. Varied map symbols indicate farmers markets, farm-to-fork restaurants, farm tours, festivals and events, vineyards and wineries, and craft brew-





eries and spirits. On the website, you can click on a symbol – say, a farm-to-fork restaurant – and the entire current restaurant list pops up, landing on your particular choice, complete with its location, contact info, a short description and a link to its website.

Available as an insert in the summer 2014 edition of *Food Traveler* magazine (foodtravelermag.com), the paper map lists 283 total destinations, 23 of which are in Kentucky. Far more expansive by its nature, the online guide will be updated periodically to include new destinations and events as they arrive.

The following are a few of Kentucky's chosen destinations:

The Bluebird Café (bluebirdnatural. com; 606-365-1010) in Stanford buys much of its produce from local farmers, makes its own breads and dressings, cuts its own veggies and hand-pats its juicy burgers. Right up the road, its main supplier of meats is Marksbury Farm, a market committed to sustainable, humane and natural production methods. This downtown café's executive chef is William B. Hawkins, whose creds include Elvis Presley

Enterprises, Victoria National Golf Club and numerous TV stints, including the Food Network with Bobby Flay.

Every morning's good at Snug Hollow Farm (snughollow.com; 606-723-4786), a bed and breakfast in Estill County's Red Lick Valley. Tucked in a woodsy mountain hollow, this organic farm specializes in quiet r'n'r on 300 acres of bubbly brooks, gorgeous wildflowers, wildlife galore and simple country life.

All meals are vegetarian, but are so tasty that owner Barbara Napier said, "A number of card-carrying carnivores have spent weekends here, and have no idea they haven't eaten meat!"

Fruit of the vine is the fare at Lake Cumberland Winery (lakecumberland-winery.com; (606) 348-5253) near Monticello. Guests enjoy award-winning Kentucky wines while strolling the new skywalk that overlooks the vineyards. The tasting room, wine shop and Cara Winery are in an old stable on Cedar Lane Farm, also the site of the Team-Leadership Center, which welcomes groups for retreats and teambuilding.



The culinary expertise of farm owner Barbara Napier has put Smug Hollow and its award-winning vegetarian cooking on the eco-tourism map.

Should tours and tastings beckon you to stay longer, the lodge offers space for meetings, dinners, weddings and overnight accommodations for 24.

The ARC intends to promote the Bon Appetit Appalachia! initiative for 12 to 18 months, so catch it while you can. And bon apetit!

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



Fall 2014 at Grimes Mill Winery in Lexington

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PASSING LANE

Commentary on Kentucky

Toyota's Open Door for Women and Minority Suppliers



THEN Tierra Kavanaugh Turner came to her first Toyota Opportunity Exchange more than a decade ago, she didn't have the capacity or resources to be a supplier to Toyota. But she came back, year after year.

"They identified areas I needed to strengthen and improve – increasing staff, documenting processes and exploring potential strategic alliances," said Turner, owner of TKT & Associates Inc. and TKT-nectir Global Staffing LLC (and among The Lane Report's Top Women in Business recognized in the December 2013 issue). "In the interim I worked with their suppliers to gain specific industry experience and scale."

Turner first won contracts with Tier I suppliers EnovaPremier and Piston Automotive before becoming a Tier I provider herself for Toyota Motor Engineering & Manufacturing North America's Engineering and Technology groups. Today, focusing on minority- and women-owned businesses, TKT provides supplier and workforce diversity programs and advice to public and private-sector clients.

Supplier Tierra Kavanaugh Turner, left, speaks with Lisa Bell of Toyota Motor Engineering & Manufacturing North America at the Toyota Opportunity Exchange.

"You don't walk in the door with something handed to you," she said. "I had to prove that I deserved an opportunity to perform through quality of service, responsiveness, problem resolution and pricing. That demonstrated capability came through my experience with their Tier I's."

Since TEMA's first Opportunity Exchange with 300 attendees 25 years ago, it has become one of the nation's largest minority business events, drawing 1,700 who attend free of charge. It's produced more than \$100 million in Toyota contracts with minority- and women-owned businesses since 2009.

"As a business owner I am always working, and it is rare to get a chance to step away from the business to work on it," Turner said of OE. "Here you get to do more marketing of your business in a 3½-hour timeframe than it would take you a year to do, and you get valuable face-to-face time."

The next Toyota OE is Oct. 27-28 at Duke Energy Convention Center in downtown Cincinnati with seminars, panel discussions and success stories. Visit toyotasupplier.com for more information.

Collarborative Kentucky Research Expands Knowledge of Space

RESEARCH at the University of Kentucky expands well beyond campus, and thanks to Professor Gary Ferland in the Department of Physics and Astronomy, we can measure the distance in light years instead of miles.

Ferland's research focuses on theoretical atomic and molecular physics and how matter in space produces the light we see. Unlike other scientists, astronomers cannot perform experiments. They can't reach out and touch another galaxy. But they can look into the universe's distant past by observing galaxies far from Earth. It's a science driven by observation and analysis. For this reason, Ferland and his colleagues are experts in remote sensing.

"We take the light that we can receive here on Earth and figure out what's happening out there," Ferland said. "Our computers here on the Earth allow us to run simulations to see how matter in space emits light, and what that light tells us about the galaxy."

In May, Ferland was awarded a Lererhulme Trust Professorship at Queen's University Belfast, Ireland. There, Ferland continues his research with one of the world's leading teams on atomic and molecular physics. These visiting professorships are one component of an increasingly collaborative astronomy field.

"Astronomy today is so expensive that entire countries can't afford to purchase an instrument, like a deep space telescope, so researchers must be fiercely collaborative," Ferland said. "It's very liberating to be in Lexington and be able to telecommute with my colleagues across the globe."

In the past six months, Ferland's team has also been awarded two high-profile research grants, from the National Science Foundation and NASA's Theoretical Astrophysics pro-



The Hubble eXtreme Deep Field (XDF) represents the deepest view of the universe and contains about 5,500 galaxies.

gram that will support their endeavors. These awards, amounting to more than \$1 million, contribute to the theoretical calculations Ferland's group conducts at the University of Kentucky.



Eastern Apicultural Society (EAS) Conference participants gain insights from a session called "Finding Queens in Top-Bar Hives" at Eastern Kentucky University.

Keeping Up a Buzz About Appalachian Bee Keeping

LUNDREDS of beekeepers, industry experts and vendors from across the nation swarmed Eastern Kentucky University's campus July 28-Aug. 1 for lectures and hands-on training by some of the foremost honeybee experts in the world.

It was the annual conference of the Eastern Apicultural Society, whose president is Kentucky's state apiarist Tammy Horn, a Ph.D apiculturist with EKU's Center for Development Entrepreneurship and Technology. Horn also actively advocates Kentucky's potential to fill a national honey supply disparity as well as other U.S. food production gaps that are directly or indirectly affected by honey bees.

Americans consume 400 million pounds of honey a year, but U.S. bees now produce less than 150 million pounds, according to the USDA. Other uses bring annual U.S. demand to 460 million pounds, requiring large-scale honey imports from Asia and South America.

Horn and other researchers along with regional and state economic development leaders are working to turn reclaimed coal mining properties in distressed Eastern Kentucky counties into a new refuge for honeybees. They see an opportunity to produce honey, colonies and queens in the Appalachian forests where bees thrived until mite infestations in the 1980s stung this arm of U.S. agribusiness.

Learn more in *The Lane Report*'s May 2014 cover story, "Beeginning a New Appalachian Industry," at http://bit.ly/1ARNaW3.

With 26 member states and Canadian provinces, the EAS is one of the largest non-commercial beekeeping organizations in the world. Its 2014 conference theme, "Esprit de Bee!," recognizes troops returning from Afghanistan and the 100th anniversary of the Smith-Lever Act.

Among the featured speakers were Dr. Nicola Bradbear, founder of Bees for Rural Development, who related details of programs in India and Africa; and author-beekeeper Abigail Keam, who discussed her best-selling mystery series about beekeeper Josiah Reynolds, the protagonist of "Death by a Honeybee," "Death by Drowning," "Death by Bridle" and "Death by Bourbon."

Grant to Help Students Learn Better Health Habits

HE St. Elizabeth Foundation has received a \$50,000 grant from Duke Energy to improve science, technology, engineering, and math (STEM) skills among students while helping them learn better health habits. Students from the Boone County school system will be paired with Northern Kentucky University College of Informatics students to create a gamification computer program for use in middle schools. It will be launched in life skills courses at a Boone County middle school during the 2014-15 school year.

Information will come to life as students learn ways to make better health choices that prevent or reduce obesity, increase physical activity, and improve nutrition while at the same time providing an opportunity to develop and utilize STEM skills. Gamification techniques leverage students' natural desires for competition, achievement and status. A relatively new concept, gamification applies



The St. Elizabeth Foundation received a \$50,000 grant from Duke Energy to improve STEM skills and help students learn better health habits. From left are: Kevin G. Kirby, dean, College of Informatics at Northern Kentucky University; Rhonda Whitaker, district manager of government and community relations at Duke Energy Kentucky; John Dubis, president and CEO of St. Elizabeth Healthcare; Lynne M. Saddler, MD, MPH, district director of the Northern Kentucky Health Department; and Randy Poe, superintendent of Boone County Schools.

game-design thinking to non-game applications to make learning more fun and engaging. Health science is the core of the program while math will be integrated into teaching about health-related topics.

The project utilizes a framework called 5-2-1-0, which the Northern Kentucky District Health Department has used for several years. It emphasizes five servings of fruits and vegetables daily, two hours or less of recreational screen time, one hour of physical activity and zero sugary drinks each day.

During the 2014-15 school year, the program will be implemented in health classes in a Boone County middle school and students will be taught heart health and obesity reduction skills through gaming. The goal is to increase the number of students whose health knowledge has improved through the use of gamification and the number of students who have an interest in STEM skills.

The project is a collaboration between St. Elizabeth Healthcare, Boone County Schools, Northern Kentucky Independent District Health Department and Northern Kentucky University College of Informatics.

KENTUCKY PEOPLE

LEXINGTON: COMMERCE LEXINGTON INC. HONORED AS ONE OF TOP U.S. CHAMBERS



Staff and board members of Commerce Lexington Inc. (CLX) were in Cincinnati last month for the American Chamber of Commerce Executives Centennial Conference, where CLX was recognized as one of the top chambers of commerce in the country. The organization competed in and was a finalist for the Chamber of the Year Award in Category 4, which represents the largest chambers of commerce in the U.S. Pictured here are (front row, left to right) Andi Johnson, Lynda Bebrowsky, CLX President and CEO Bob Quick, Immediate Past Board Chair Danny Murphy (UK College of Law) and Mark Turner. Second row, left to right: Billie Peavler, Katie Hardwick, Dana Zinger and Tyrone Tyra. Back row left to right: Kelly Hinton, Kelly Bates and Board Treasurer Laura Boison (U.S. Bank).

LOUISVILLE: BOURBON MIXER RAISES \$10K FOR THE COALITION FOR THE HOMELESS



The Bourbon Brotherhood and Whisky Chicks, two organizations that were formed earlier this year to create unique bourbon experiences that are fun and informative, held their first annual Bourbon Mixer on Aug. 8 at the Evan Williams Bourbon Experience and ended up raising more than \$10,000 for Louisville's Coalition for the Homeless in the process. Pictured here presenting a check to the Coalition for the Homeless are (left to right) Bruce Corwin, founder of the Bourbon Brotherhood; Linda Ruffenach, founder of the Whisky Chicks; Natalie Harris, executive director of the Coalition for the Homeless; and Catherine McGeeney, development director of the Coalition for the Homeless.

GEORGETOWN: 10 MILLIONTH CAMRY PRESENTED TO TOYOTA TEAM MEMBER



Tom Keith, left, was the envy of his fellow Toyota Georgetown team members on Aug. 27 when his name was selected from a random drawing to win the 10-millionth vehicle made at the plant. Keith (left), pictured here with Toyota Motor Manufacturing Kentucky President Wil James, is one of the remaining 200 or so team members still working at the plant since the first Camry rolled off the line in 1988.

PIKEVILLE: **COMMUNITY TRUST BANK HONORED AS BUSINESS OF THE YEAR**



Community Trust Bank Inc. was recently honored by the Southeast Kentucky Chamber of Commerce as the "Business of the Year" for 2014 at the chamber's 57th annual banquet, held in Pikeville. Accepting the award on behalf of the bank was Jean R. Hale (center), chairman, president and CEO of Community Trust Bancorp. Presenting the award were Jared Arnett (left), president and CEO of the Southeast Kentucky Chamber of Commerce, and John Blackburn (right), chairman of the Southeast Kentucky Chamber of Commerce.

FRANKFORT: **KY DISTILLERS ASSOCIATION LAUNCHES FIRST-EVER MEMBERSHIP DRIVE**



With more than 20 new distilleries pouring into the commonwealth, the Kentucky Distillers' Association recently launched its first-ever membership drive to welcome the next generation of amber craftsmanship. Joe Fraser (left) chairman of the KDA board of directors, and KDA President Eric Gregory signed more than 50 invitations, sent to all existing and potential Kentucky distillers to explain the non-profit group, its mission and its criteria for joining.

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