Hospital Trends in Memphis/Shelby County, TN 1990-2002

with a focus on Market Share, Uncompensated Care, and ED Visits

Cyril F. Chang
The Methodist LeBonheur Center for Healthcare Economics
Fogelman College of Business and Economics
The University of Memphis
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Data source

*Joint Annual Report of Hospitals (JARs), 1990-2002*
Tennessee Department of Health, Nashville, Tennessee
Community Hospitals Analyzed

1. Methodist Le Bonheur Healthcare

2. The Regional Medical Center of Memphis (The Med)

3. Rest of Shelby County (Baptist - Medical Center (closed 2000), Baptist East, Women’s, and Collierville; St. Francis, UT Bowld, St. Joseph (closed 1998), The Delta Medical Center)
Major Trends Analyzed

1. Market Share
2. Payer Mix
3. Revenue Adjustments Including Uncompensated Care
4. ED Utilization
# Hospital Market Share

## Hospital Market Share based on No. of Admissions

<table>
<thead>
<tr>
<th>Hospital</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methodist-Le Bonheur</td>
<td>41%</td>
<td>45%</td>
<td>43%</td>
</tr>
<tr>
<td>The Med</td>
<td>10%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Rest of Shelby</td>
<td>50%</td>
<td>45%</td>
<td>46%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

## Hospital Market Share based on Gross Charges

<table>
<thead>
<tr>
<th>Hospital</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methodist-Le Bonheur</td>
<td>36%</td>
<td>39%</td>
<td>43%</td>
</tr>
<tr>
<td>The Med</td>
<td>12%</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>Rest of Shelby</td>
<td>51%</td>
<td>47%</td>
<td>46%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The components may not add up to 100% due to rounding error.
Inpatient Admission Trends 1990-2002
Shelby County, Tennessee

The chart illustrates the inpatient admission trends from 1990 to 2002 for Shelby County, Tennessee. The trends are broken down by different facilities:

- **Rest of Shelby** (solid blue diamonds)
- **Methodist+LeBonheur** (solid pink squares)
- **The Med** (solid green triangles)

The data shows a general decrease in admissions over the years, with fluctuations year to year.
Distribution of Admissions by Payer Mix - 2002

- Medicare, 55080, 38%
- Commercial, 32494, 23%
- Medicaid/ TennCare, 32460, 23%
- B/B, 11679, 8%
- Self Pay, 6235, 4%
- Champus, 749, 1%
- Other, 4436, 3%
Total Admissions by Payer Mix - Methodist + Le Bonheur

- Other
- Champus
- Self Pay
- Medicare
- Medicaid/TennCare
- Commercial
- B/B
Total Admissions by Payer Mix - The Med

- Total admissions by payer mix for the years 1990 to 2002 are shown.
- The chart categorizes admissions into:
  - Other
  - Champus
  - Self Pay
  - Medicare
  - Medicaid/TennCare
  - Commercial
  - B/B

The chart visually represents the percentage of admissions for each payer category over the years.
Total Admissions by Payer Mix - Rest of Shelby County
Distribution of TennCare Admissions Among Shelby County Hospitals, 2000

Rest of Shelby, 9310, 33%

The Med, 6265, 22%

Methodist+Le Bonheur, 12843, 45%
Distribution of TennCare Admissions Among Shelby County Hospitals, 2001

Rest of Shelby, 7963, 27%

The Med, 7546, 25%

Methodist+Le Bonheur, 14243, 48%
Distribution of TennCare Admissions Among Shelby County Hospitals, 2002

- Methodist + Le Bonheur, 14096, 44%
- The Med, 8869, 27%
- Rest of Shelby, 9495, 29%
Gross Charges and Major Revenue Adjustments
Memphis/Shelby County Hospitals 1990-2002

Gross Charges (Left Scale)
Nongov Contractual Adj (Right Scale)
Bad Debt + Charity + Med Indg Adj (Right Scale)
Gross Inpatient and Outpatient Charges
Shelby County, Tennessee

The Med

Rest of Shelby County

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Uncompensated Care
(Bad Debt + Charity + Med Indigents Adjustments to Gross Charges)
Shelby County, Tennessee

Methodist+Le Bonheur
The Med
Rest of Shelby County
ED Visits in Shelby County, Tennessee, 1992-2002


Methodist-Le Bonheur 147,991 156,351 134,141 143,398 148,693 158,801 161,973 167,039 177,377 199,117 186,851
The Med 98,416 98,945 89,426 70,354 49,329 49,093 48,987 30,012 59,404 75,166 64,032
Rest of Shelby County 112,186 144,149 149,469 139,211 133,418 131,813 113,817 110,169 120,265 102,824 15,394
Total Shelby County 358,593 399,445 373,036 352,963 331,440 339,707 324,777 307,220 357,046 377,107 366,277
ED Visits by Payer Mix - 2002

- TennCare: 131,863, 36%
- Commercial: 98,153, 27%
- BC/BS: 25,810, 7%
- Medicare: 51,878, 14%
- Self Pay: 48,487, 13%
- Other: 10,086, 3%
ED Visits by Payer Mix - 2000

<table>
<thead>
<tr>
<th>Category</th>
<th>TennCare</th>
<th>BC/BS</th>
<th>Commercial</th>
<th>Medicare</th>
<th>Self Pay</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methodist-Le Bonheur</td>
<td>61,729</td>
<td>28,656</td>
<td>42,180</td>
<td>19,664</td>
<td>16,033</td>
<td>9,118</td>
</tr>
<tr>
<td>The Med</td>
<td>27,923</td>
<td>-</td>
<td>5,122</td>
<td>4,420</td>
<td>21,063</td>
<td>876</td>
</tr>
<tr>
<td>Rest of Shelby County</td>
<td>23,341</td>
<td>7,777</td>
<td>45,137</td>
<td>27,589</td>
<td>11,462</td>
<td>4,959</td>
</tr>
</tbody>
</table>
## ED Visits by Payer Mix - 2001

<table>
<thead>
<tr>
<th>Payer</th>
<th>Methodist-Le Bonheur</th>
<th>The Med</th>
<th>Rest of Shelby County</th>
</tr>
</thead>
<tbody>
<tr>
<td>TennCare</td>
<td>73,988</td>
<td>35,932</td>
<td>19,895</td>
</tr>
<tr>
<td>BC/BS</td>
<td>16,347</td>
<td></td>
<td>4,699</td>
</tr>
<tr>
<td>Commercial</td>
<td>51,849</td>
<td>6,448</td>
<td>38,827</td>
</tr>
<tr>
<td>Medicare</td>
<td>31,395</td>
<td>6,229</td>
<td>26,568</td>
</tr>
<tr>
<td>Self Pay</td>
<td>15,393</td>
<td>25,724</td>
<td>8,381</td>
</tr>
<tr>
<td>Other</td>
<td>10,144</td>
<td>833</td>
<td>5,354</td>
</tr>
</tbody>
</table>

*Method- Le Bonheur*  
*The Med*  
*Rest of Shelby County*
Concluding Observations

1. The Med has about 11% of the market share in Memphis/Shelby County, while the remaining 89% is split between Methodist Le Bonheur Healthcare (43%) and hospitals in the rest of Shelby County (46%)

2. In 2002, Methodist LeBonheur lost market share slightly when compared to the 45% share a year ago.
3. In 2002, Medicare led among the third-party payers in hospital reimbursement paying for 38% of the total admissions in Shelby County, followed by TennCare (23%) and commercial carriers (23%)

4. The Med and Methodist-Le Bonheur together treated a disproportionate share of TennCare patients in Memphis/Shelby County
   - The Med’s admissions were overwhelmingly TennCare
   - Methodist-Le Bonheur accounted for about half of the total admissions of TennCare patients in Shelby County
Concluding Observations (cont.)

4. The Med continues to draw mostly TennCare and Self-Pay (no-pay) patients with little success attracting commercial patients

5. Le Bonheur as a pediatric hospital is also saddled with a heavy load of TennCare and no-pay patients. However, this adverse burden has been mitigated by a sizable commercial patient base, slightly more favorable reimbursement rates, and effective cost control.
6. In terms of uncompensated care, which includes bad debt, charity care, and free care for the medically indigents, The Med continues to bear the brunt of the burden, writing off close to $110 million in 2002.

7. Methodist-Le Bonheur provided over $89 million worth of uncompensated care in 2002 while hospitals in the rest of the County provided only $50 million, and the gap is growing.
Concluding Observations (cont.)

8. Contrary to national and state trends, ED visits in Memphis and Shelby County declined steadily in the late 1990s.

9. In 2000 and 2001, however, ED visits rose sharply, with most of the increases occurring at Methodist-Le Bonheur hospitals and, to a lesser degree, The Med.
Concluding Observations (cont.)

10. TennCare patients accounted for a disproportionate share of the ED visits in 2000-2002.

- In 2002, for example, TennCare patients represented 23% of the total inpatient admissions in Shelby County but they accounted 36% of total ED visits.