



THE UNIVERSITY OF
MEMPHIS

**The Methodist LeBonheur Center for
Healthcare Economics**

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Methodist LeBonheur Center for Healthcare Economics

Annual Report

2006-2007

May 2007

Mission and Brief History: In March 2003, Methodist LeBonheur Healthcare, Inc. and the LeBonheur Health Systems, Inc. gave the University of Memphis a donation of \$1,000,000 to establish The Methodist LeBonheur Center for Healthcare Economics (hereafter the Center) in the Fogelman College of Business and Economics. The mission of the Center is to address complex healthcare issues of efficiency, effectiveness, and equity with a focus on emerging healthcare issues that affect Memphis, Shelby County, and the State of Tennessee. Since the inception, the Center's endowment has grown to more than \$1.4 million (see Attachment 1).

Objectives: Through a variety of research, internships, instruction, and public service programs, the Center works closely with entities both internal and external to the University to accomplish its mission. In the near term, the key policy areas emphasized by the Center will include, among other topics:

1. Evaluation of public health care programs, such as TennCare, and development of strategies for improving the efficiency of these programs
2. Study of the impact and applicability of regional and state health economic trends
3. Assistance to stakeholders such as hospitals, nursing homes, and health plans in developing market analyses and business plans
4. Dissemination of best practice models to assist employers in the development and implementation of cost effective strategies for improving employee health and cutting healthcare costs

Expertise: The Center is supported by a superb group of faculty associates who have distinguished themselves in the fields of health care economics and health care administration. These faculty associates are experts in conducting research in a wide range of critical health care issues including:

- Access to health care
- Health insurance coverage
- Health and health care disparities
- Health care technology
- Quality improvement in health care
- Employee health benefits
- Hospital cost management
- Methodological issues in data collection, analysis, and management

Staff: The Center runs a "lean" operation with a small staff. Dr. Cyril F. Chang, Professor of Economics, serves as the Director of the Center and is assisted by two capable graduate students who provide research support. The Center outsources its secretarial and administrative needs to professional staff members of the Fogelman College of Business and Economics when the need for such service arises. As the Center takes on more funded projects and broadens its funding streams, a full or part-time office administrator may be added.

Specific Goals and Objectives for 2006-07

Goal 1: Explore external opportunities to broaden funding sources

Objective 1.1 Plan, prepare, and submit grant proposals

Actions and Results:

- BlueCross and BlueShield of Tennessee Health Foundation
 - The Center submitted a proposal in August 2006 to the BCBST Health Foundation to study the prevalence of hospitalizations for Ambulatory Care Sensitive Conditions in Tennessee and the influence of race, ethnicity, and insurance coverage on these potentially avoidable hospitalizations.
 - Result: The BCBS of Tennessee Health Foundation accepted the proposal in December 2006 and awarded the Center a grant of \$75,473.
- The Pharmaceutical Economics and Policy Council (PEPC) of Pfizer Pharmaceutical Company
 - The Center submitted a research proposal to Pfizer's PEPC to request \$112,708 of funding support for a study of the impact of a 5-prescription per month drug cap that was the center piece of Governor Phil Bredesen's comprehensive reform effort to save TennCare. Dr. C. Chang and two UT Health Science Center researchers, David M. Mirvis, MD, and Teresa Waters, PhD are the investigators of this proposal that involves two research universities (UT and UofM) and two major TennCare Managed Care Organizations (BCBST and Memphis Managed Care/TLC).
 - Result: The proposal has received favorable review by the scientific review committee of PEPC and is pending a funding decision.
- Agency for Healthcare Research and Quality (AHRQ), the U.S. Department of Health and Human Services
 - The Center submitted a conference grant proposal (\$49,600) to AHRQ for a national conference on Tennessee's experience with providing health services to low-income individuals through TennCare and the lessons learned from this nationally known Medicaid managed care experiment.
 - Result: The proposal has received favorable review by the reviewing committee and is pending funding approval.

- Robert Wood Johnson Foundation
 - The Center participated in the preparation and submission of a proposal submitted by Memphis Managed Care (d.b.a. TLC) to the Robert Wood Johnson Foundation. The proposal seeks a total of \$210,000 in funding support to study racial disparities in the receipt of prevention-centered primary care under an experimental pay-for-performance (P4P) program that promotes evidence-based practice of primary care for patients with chronic conditions.
 - Result: Currently pending
- The University of Mississippi Medical Center
 - The Center, in collaboration with the Sparks Bureau of Business and Economic Research, prepared and submitted a proposal in June 2006 to study the economic impact of the University of Mississippi Medical Center in Jackson, Mississippi for a budget of \$319,910.
 - Result: The proposal was not funded.
- Agency for Healthcare Research and Quality (AHRQ), the U.S. Department of Health and Human Services
 - A proposal is currently under preparation to study the prevalence of potentially avoidable use of emergency department services in Tennessee and Shelby County and the associated costs of this use
 - Result: The proposal is expected to be submitted in September 2007

Objective 1.2 Explore consulting opportunities

Actions and Results:

- Medtronic Sofamor Danek:
 - Ongoing efforts in establishing a research/consulting partnership with Medtronic Sofamor Danek, one of the world's largest makers of spinal implant products. The current focus is on developing internship and externship opportunities and collaborative research projects for both students and faculty members of FCB&E to encourage engaged research for the benefits of both students and faculty

- Results: (1) In the fall semester of 2006, the Center placed an undergraduate economics major, Kyle Carlson, as a “Medtronic Scholar” in Medtronic’s International Health Economics Office to conduct health care economics research training. Kyle Carlson has since been offered a position with the company and has accepted the offer; (2) in the spring semester of 2007, the Center placed four undergraduate students who were organized into two research teams to conduct research projects in, respectively, health care economics and communication
- University of Tennessee Health Science Center (UTHSC):
 - Met and discussed with representatives of a wide range of research and administrative units of UTHSC including the Chancellor’s Office, the College of Medicine, the College of Pharmacy, and College of Nursing, and the Center for Health Policy to explore research and consulting opportunities
 - Results: (1) Developed and submitted two joint proposals with the UT Center for Health Policy for external funding support; (2) Received \$9,954 of second year funding for a subcontract NIH grant from the College of Nursing; (3) Collaborated with the Department of Medicine of the College of Medicine in the preparation and successful organization of a conference on health care quality improvement that featured the internationally known health care researcher Dr. Elliott Fisher of Dartmouth Medical School.
- FedEx:
 - Ongoing effort in developing closer ties with FedEx in the understanding of employee health care costs and the development of effective strategies in controlling these costs.
 - Results: Placed a doctoral student with FedEx as a summer intern in the summer of 2007; connected an economics faculty member to a potential externship position with FedEx
- The Memphis Business Group on Health:
 - Partnered with this Memphis area business coalition that facilitates the effective and efficient purchases of health services in a series of joint efforts for promoting workplace health promotion and cost-effective disease management programs
 - Result: Discussion is ongoing

- Methodist LeBonheur Healthcare:
 - Worked closely with the Corporate Office of Methodist LeBonheur Healthcare in providing expertise and technical assistance on a wide range of research and operational issues and projects.
 - Results: (1) A market share analysis titled, “The Memphis Hospital Market Share Analysis, 2004”; (2) An analysis of the potential economic impact of a proposed new capital project, (3) A letter of support for the Certificate of Need applications for a pediatric hospital in downtown Memphis and an expansion of hospital capacity in Germantown, Tennessee, and (4) a study of hospital inpatient charges in four major urban areas in Tennessee.

- Shelby County Mayor’s Office:
 - Maintained a close working relationship with the Shelby County Mayor’s Office through the Mayor’s Office of Health Policy Advisor. Past projects included a feasibility study on the development of a health care authority for the uninsured and TennCare insured and an assessment study of the capacity of the safety-net health system.

- UTMG:
 - Close working relationship with the Mid-South area’s largest physician practice group in providing health economics expertise and training service.

- Memphis Managed Care, Inc.:
 - Ongoing partnership with this large TennCare Managed Care Organization in analyzing TennCare enrollment trends, service utilization patterns, and cost projections.
 - Result: A study of the effectiveness and cost effectiveness of an experimental intervention program that monitors and assists low-income mothers in improving birthing outcomes.

- Discussed consulting projects with representatives of many businesses and organizations including:
 - The Regional Medical Center at Memphis (The MED)
 - The Medical Education and Research Institute (MERI)
 - The Bluff City Medical Society
 - Smith & Nephew
 - FedEx
 - College of Pharmacy, UT Health Science Center

- The First Year Institute of Memphis
- The Memphis Mental Health Summit
- Made contact and initiated negotiation with the Bluff City Medical Society and the Washington D.C. based W. Montague Cobb/NMA Health Institute to propose a joint economic impact study of the contribution of African American physicians in Memphis and Shelby County

Goal 2: Increase visibility of the Center within the University of Memphis campus and in the external Memphis Health Care community

Objective 2.1 Engage in collaborative research and service activities with health-related units/departments across the University of Memphis campus to promote engaged research

Actions and Results:

- Provided planning and design support for the proposed School of Public Health at the University of Memphis. The design of the Master's and PhD curricula has been completed and the degree programs are currently pending approval of the University's Graduate Council
- Participated and provided support for a campus-wide health care summit that provided a forum for health care researchers of the University of Memphis to discuss mutual interests and research collaboration
- Received from the Urban Child Institute \$25,000 for the U of M Health Care Research Journal Club, a campus wide research forum that promotes research through sharing of research results and journal article readings.
- Worked closely with Dr. Andrew Meyers, Vice Provost for Research, and Dr. David Cox of the President's Office in seeking funding support from Methodist Healthcare and the Urban Child Institute for health-related research activities and projects for the University of Memphis.

Objective 2.2 Provide research opportunities and assist in the development of a richer research environment

Actions and Results:

- Secured high-potential health care data such as the expensive Hospital Inpatient and Outpatient Discharge Datasets and made them available for the research needs of faculty and students

- Offered travel funds for graduate students and faculty members to attend health care conferences
- Sponsored healthcare speakers for research seminars
- Provided graduate and undergraduate student internships to work on health care projects

Objective 2.3 Serve the external health care community in the greater Memphis area

Actions and Results:

- Dr. C. Chang serves the Urban Child Institute, a Memphis-based philanthropy that promotes the health and well-being of children, as a member of the Board of Directors. He also chairs the Investment Committee that oversees the trust funds that support the Institute's activities
- Dr. C. Chang serves on the Board of Directors of QSource™, the Center for Healthcare Quality and Tennessee's Medicare quality improvement organization. As a board member of this multi-million dollar organization, Dr. Chang also chairs the Finance Committee and serves as the organization's Treasurer.

Objective 2.4: Engage printed and other media outlets to promote the Center's visibility and outreach

- Engaged print media and contributed op-ed articles on TennCare and health-related topics (copies of articles included as Attachment 2):
 - ❖ "President's proposal just a starting point" (with Rebecca Pope), The Commercial Appeal (Memphis, TN), February 4, 2007.
 - ❖ "Cover Tennessee Insurance Plan Built on Lessons Learned from TennCare," The Memphis Business Journal, August 18, 2006.
<http://www.bizjournals.com/memphis/stories/2006/08/21/focus4.html?b=1156132800^1332698>
 - ❖ "New Insurance Safety Net May Have Big Holes" (with David M. Mirvis), The Commercial Appeal (Memphis, TN), November 17, 2006.
 - ❖ "Don't Confuse Access to Care with Better Health," The Commercial Appeal (Memphis, TN), May 22, 2006.
 - ❖ "Good for Health Policy, Bad for Individuals," The Commercial Appeal (Memphis, TN), February 15, 2006.

❖ Newspaper Interviews

- Featured in an article in the February 11, 2007 edition of the Commercial Appeal by Mary Powers based on an article I published in Tennessee Medicine on the prevalence of potentially avoidable hospitalization
- Interviewed and quoted extensively by Erin Lawley of the Nashville Business Journal in an article on the need for the Tennessee Certificate of Need legislation, February 26, 2007
- Interviewed at length by Zac Hill of The Memphis Flyer, on Tennessee's health status in national ranking, September 21, 2006
- Quoted extensively by Barbara Holden in an article for The Commercial Appeal on the economic contribution of the child care industry in Memphis and Shelby County, Tennessee, August 15, 2006
- Interviewed and quoted by Don Mooradian in an article, "TennCare Networks Taking Shape n Mid-State" in the Fall 2006 issue of Tennessee: Health Plan Analysis, a HealthLeaders/Industry Study publication.

Goal 3: Promote wellness and health promotion programs for a healthier community

Objective 3.1 Develop a close working relationship with external partners and stakeholders to explore collaborative opportunities

Actions and Results:

- Contacted, met, and discussed projects of mutual interest with representatives from a wide range of community partners including:
 - The Healthy Memphis Common Table
 - The Urban Child Institute
 - The Methodist LeBonheur Healthcare, Inc.
 - The Regional Medical Center at Memphis
 - Pfizer, Inc.
 - FedEx Express, Inc.
 - The Memphis Business Group on Health
 - The First Year Institute of Memphis

- College of Medicine of the University of Tennessee Health Science Center
- College of Nursing of the University of Tennessee Health Science Center
- College of Pharmacy of the University of Tennessee Health Science Center
- The Center of Health Services Research of the University of Tennessee Health Science Center
- The Methodist University Hospital
- Memphis Mental Health Summit
- Carol Chumney, City Councilwoman, City of Memphis
- City of Memphis
- Shelby County Government

Objective 3.2 Participate in community wellness and health promotion activities

Actions and Results:

- Worked with QSource™, the Center for Healthcare Quality, in providing expertise in economic evaluation of health promotion and intervention programs
- Worked with the Healthy Memphis Common Table in promoting health and wellness of residents and employees of the greater Memphis area

Goal 4: Study and analyze health economic trends

Objective 4.1 Measure the economic contributions of the Memphis medical community

Actions and Results:

- Prepared and published:
 - ❖ Chang, CF and Jain, Manoj. “Tennessee Has Too Many Potentially Avoidable Hospitalizations,” Tennessee Medicine: The Journal of the Tennessee Medical Association 2006; 99:41-45 (See Attachment 3)
 - ❖ Chang, Cyril F. “Potentially Avoidable Hospitalizations in Tennessee 2003,” a report prepared and published by the Methodist LeBonheur Center for Healthcare Economics, The University of Memphis, April 2007 http://healthecon.memphis.edu/Documents/Hospitalizations%20Project/TN%20Hospitalizaion%20for%20ACSCs_2003_April%202007.pdf

- ❖ Chang, Cyril F. “From TennCare to Cover Tennessee: Providing Health Care to Low-Income Individuals and the Uninsured in Tennessee,” a report prepared and published by the Methodist LeBonheur Center for Healthcare Economics, The Univ. of Memphis, 2006
http://healthecon.memphis.edu/Documents/TennCare/From%20TennCare%20to%20Cover%20TN_C%20Chang_6%2006.pdf
- ❖ Chang, Cyril F. “TennCare Budget Trends: 1994 – 2006,” report prepared by the Methodist LeBonheur Center for Healthcare Economics, 2006
http://healthecon.memphis.edu/Documents/TennCare/TennCare%20Bulletin%20Timeline_Chang_Steinberg.pdf
- ❖ Chang, Cyril F. and Dennis Wilson. “The Economic Impact of Child Care Industry in Memphis and Shelby County,” report prepared for the Community Institute of Early Childhood and the University of Memphis Child Health Data Consortium, Feb., 2005
<http://healthecon.memphis.edu/Research.html>
- Made presentations to various civic, nonprofit, and academic groups around the Memphis area to highlight the results of the economic impact of child care studies. <http://healthecon.memphis.edu/Research.html>
- Maintained and updated the Memphis Hospital Trends Report with data from the 2004 Joint Annual Report of Hospitals of the Tennessee Department of Health (on-line available at: <http://healthecon.memphis.edu/Research.html>)

Goal 5: Analyze TennCare and assess its future

Objective 5.1 Collect and compile reliable TennCare data and documentation

Actions and Results:

- Collected reliable financial and utilization data and searched for publications and analysis reports to build a TennCare database for a better understanding of TennCare, Tennessee’s experimental managed care program for Medicaid eligibles, the previously uninsured, and the uninsurables
- Analyzed the impact of TennCare benefits and enrollment cutbacks on the state and the economy of Memphis and Shelby County (on-line available at <http://healthecon.memphis.edu/Research.html>)

- Compiled and published a TennCare Timeline that traced the history of TennCare and its major events and milestones (<http://healthecon.memphis.edu/Research.html>)

Objective 5.2 Analyze TennCare's financial difficulties and disseminate information to inform the public of TennCare's past, present and future

Actions and Results:

- Compiled and update a longitudinal TennCare database with data collected from state budget documents and other sources for an in-depth analysis of the budgetary trends of TennCare since its inception
- Analyzed and prepared a PowerPoint presentation to trace TennCare's financial history and the underlying causes of its current problems (on-line available at: <http://healthecon.memphis.edu/Research.html>)

Goal 6: Provide analytical expertise to external stakeholders

Objective 6.1 Provide technical assistance

Actions and Results:

- Provided technical assistance to marketing staff of Methodist LeBonheur Healthcare on an indigent patient trends study
- Provide research expertise to an asthma prevention program administered by the Memphis City Schools
- Analyzed hospital trend data and prepared a market share analysis for Methodist Healthcare (on-line <http://healthecon.memphis.edu/Research.html>)
- Analyzed Shelby County safety net health care system and explored innovative and alternative models to streamline the existing county-sponsored healthcare system