



**The Methodist Le Bonheur Center for
Healthcare Economics**

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Methodist Le Bonheur Center for Healthcare Economics

Annual Report

2007-2008

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Mission and Brief History: In March 2003, Methodist Le Bonheur Healthcare, Inc. and the Le Bonheur Health Systems, Inc. gave the University of Memphis a donation of \$1 million to establish The Methodist Le Bonheur 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.

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 health care programs, such as TennCare and consumer-driven health plans, 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 and new product development
- 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 2007-08

Goal 1: Explore external opportunities

Objective 1.1 - Promote visibility through outreach and exchange

Actions and Results:

- Tennessee Trade Mission to China

The Director of the Center, Dr. Cyril Chang, participated as a delegate in a trade mission from Tennessee to promote business ties and health care exchange between Tennessee and China. Dr. Chang accompanied Dr. Shirley C. Raines on this historic trip to represent Tennessee, Memphis and the University of Memphis.

- The China-Tennessee Health Care Exchange

A tangible result of the trade mission was the signing of an agreement in October 19, 2007, with the Chinese Ministry of Health in Beijing, China, to establish a Summer Institute in Tennessee for promoting China-Tennessee health care exchange. The University of Memphis and its Methodist Le Bonheur Center for Healthcare Economics, along with Vanderbilt University and East Tennessee State University, subsequently formed the Summer Institute for Health Care Exchange under the sponsorship of Tennessee Department of Economic and Community Development. In May, 2008, the Chinese Ministry of Health will send a first delegation of 50 health care officials to receive health care training at the three membership institutions.

Left: Signing of Letter of Agreement

Right: Governor Bredesen, Dr. Xu of the Chinese Ministry of Health and Dr. Cyril Chang



Objective 1.2 - Development of Collaborative Relationships

- Pan-Pacific Management Institute, Beijing, China:
 - Ongoing effort in developing a collaborative relationship with Mr. CJ Liu, the founder and CEO of Pan-Pacific Management Institute or PPMI, a leading provider of business consulting and executive education in China. Some of PPMI's long-term retained clients in the past five years include China Telecom, China Mobile, Bank of Beijing, China Netcom, China Life, China People's Property Insurance, and China National Building Materials. Its clients are among the largest 100 Chinese organizations and Fortune 500 multinational companies. Mr. CJ Liu was the host of Dean Rajiv Grover's recent trip to Beijing, China.

- The Bailian Group, Shanghai, China:
 - The Bailian Group is China's largest retailer with 7,400 stores located throughout China. The retail conglomerate generated revenue of US \$17.3 billion in FY05 and reported assets of over \$5.78 billion. Dr. Shirley C. Raines and Dr. Cyril Chang visited the headquarters of the Bailian Group in Pudong, Shanghai, in Oct. 2007. While at Bailian, Dr. Raines and Chang expressed their appreciation for Bailian's support for the Fogelman College of Business and Economics in sending middle-level and upper-middle-level managers to the Fogelman College of Business and Economics at the University of Memphis for executive training in the past 2 years and discussed ways to broaden and strengthen the relationship. The key officers of Bailian including the President and Vice President of the Group, along with the heads of HR, Finance and Employee Training, received the University of Memphis delegation warmly and pledged their continued support for the University of Memphis and the Fogelman College of Business and Economics.

- Health Choice, A MetroCare Physician/Methodist Healthcare Joint Venture
 - Met with the President and Vice President of this large physician group several times to discuss projects of mutual interest and opportunities for future collaboration. Contact Persons: Mr. William Breen, President, and Jennifer K. Gilbert, VP for Contracting and Network Management.

Objective 1.3 - Plan, prepare, and submit grant proposals

Actions and Results: \$235,980 of grants submitted and \$186,380 awarded

- Tennessee Department of Economic and Community Development
 - The Center submitted a proposal to organize and host a two-week training program at the Fogelman College of Business and Economics for a delegation of Chinese rural health officials to be selected by the Chinese Ministry of Health. The curriculum will focus on health economics and insurance coverage in the rural setting.

- Result: The Center was awarded a grant of \$63,680 for an executive training program titled, “China-Tennessee Health Care Exchange.”
- Smith & Nephew
 - Submitted an application to Smith & Nephew’s Professional Affairs Department for funding support for the China-Tennessee Health Care Exchange to supplement the funding support provide by Tennessee Department of Economic and Community Department
 - Result: Received a grant of \$10,000
- BlueCross and BlueShield of Tennessee Health Foundation
 - The Center submitted a letter of interest in October 2007 to the BCBST Health Foundation to develop a Women’s Health Score Card for Tennessee.
 - Result: The BCBS of Tennessee Health Foundation approved the letter of intent and invited the Methodist LeBonheur Center for Healthcare Economics to submit a full proposal. The full proposal was submitted in January 2008 for \$98,000 of funding and the proposal is pending.
- 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 was approved in August 2007 for full funding of \$112,708.
- 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 but was not funded for lack of funding.

Objective 1.4 Explore consulting opportunities

Actions and Results:

- Methodist Le Bonheur Healthcare:
 - Worked closely with the Corporate Office of Methodist Le Bonheur Healthcare and Methodist College of Nursing in providing expertise and technical assistance on a wide range of research and operational issues and projects.
 - Results: (1) An impact study to quantify the economic impact of the proposed expansion of Le Bonheur Children's Medical Center, (2) A market share analysis titled, "The Memphis Hospital Market Share Analysis, 2005"; (3) Medical education classes for clinical staff; and (4) participation in several planning sessions devoted to the development of a business strategy to align physician practices to hospital admission goals and objectives.
- Blue Cross and Blue Shield of Tennessee_Memphis:
 - Working closely with the Memphis Branch of Blue Cross and Blue Shield of Tennessee on a wide range of health care issues involving insurance coverage and health care utilization of enrolled populations.
 - Result: (1) Taught training classes for managers and staff in the physician and provider relationship area; (2) Discuss and collaborated with research staff on the economic impact of the new and innovative consumer driven, high deductible health plans.
- Medtronic Spinal & Biologics:
 - 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 with Medtronic Spinal & Biologics in Memphis for both students and faculty members of FCB&E to promote engaged research for the benefits of both students and faculty

- Results: (1) 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; (2) Dr. Cyril Chang was invited to give a speech to Medtronic employees titled, “Health Care in a Flat World” in the spring semester of 2008; (3) Medtronic was asked by the Center to plan a one-day curriculum to introduce the American medical device market and its products to visiting Chinese health care officials. Medtronic answered the reply with enthusiasm and full support pledging to support the China-Tennessee Health Care Exchange with a full day event on site at Medtronic.
- University of Tennessee Health Science Center (UTHSC):
 - Discussions 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 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 \$10,252 of third year and \$10,560 of fourth year funding for a subcontract NIH grant from the College of Nursing to conduct cost effectiveness analysis for a clinical intervention to improve the quality of life among post-transplantation patients; (3) Collaborated with the Department of Medicine of the College of Medicine in organizing a visit to UT and Univ. of Memphis by a nationally known health care writers, Shannon Brownlee.
- 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
- 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
 - Result: Manager training classes on health care economics trends and issues
- The Assisi Foundation of Memphis, Inc.
 - Ongoing partnership with this philanthropic organization in developing projects and initiatives that aim at improving the lives of disadvantaged individuals and families.
 - Result: Frequent meetings with Jan Young, President and CEO of Assisi Foundation of Memphis, Inc. in discussing and exchanging ideas on projects of mutual interests and benefits.
- 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)
 - Memphis Health Care Common Table
 - 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

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:

- Received a grant 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

- 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
- Worked closely with Dr. Andrew Meyers, Vice Provost for Research, and Dr. David N. Cox of the President's Office in seeking funding and in-kind support from Methodist Healthcare and the Urban Child Institute for health-related research activities and projects for faculty and students of the University of Memphis.

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

Actions and Results:

- Secured latest 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. Cyril Chang serves as a member of the Board of Directors for the Urban Child Institute, a Memphis-based philanthropy that promotes the health and well-being of children. He also chairs the Investment Committee of the Urban Child Institute that oversees the investment portfolio that supports the Institute's philanthropic activities

- Dr. Cyril 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 print 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 1):
 - "Moore Paints Distorted View of Health Care," The Commercial Appeal (Memphis, TN), July 8, 2007
 - "President's proposal just a starting point" (with Rebecca Pope), The Commercial Appeal (Memphis, TN), February 4, 2007
- Newspaper Interviews
 - Featured in an article in the Sept. 7, 2007 edition of the Commercial Appeal by Daniel Connolly on the future of SCHIP (State Children's Health Insurance Program).
 - Interviewed and quoted extensively in an article in the May 8, 2007 edition of the Commercial Appeal by Daniel Connolly on a class-action lawsuit involving insurance and physicians.
 - Featured in an article in the February 11, 2007 edition of the Commercial Appeal by Mary Powers based on an article on the prevalence of potentially avoidable hospitalization I published in Tennessee Medicine
 - Interviewed and quoted extensively by Erin Lawley of the Nashville Business Journal in a front page article on the need for the Tennessee Certificate of Need legislation, February 26, 2007

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
 - Girls, Inc.
 - The Methodist Le Bonheur 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 the following articles:
 - ❖ Nichols, LO, Chang, CF, Lummus, A et al. “The Cost Effectiveness of a Behavior Intervention with Caregivers of Alzheimer's Patients,” Journal of American Geriatric Society 2008; 56(3):413-420.
 - ❖ Herrod, GH and Chang, CF. “Potentially Avoidable Pediatric Hospitalizations as Defined by the Agency for Healthcare Research and Quality: What Do They Tell Us About Disparities in Child Health?” Clinical Pediatrics 2008; 47(2):128-136.
 - ❖ Chang, CF. “From TennCare to Cover Tennessee: Providing Health Care to Low-Income Individuals and the Uninsured in Tennessee,” Managed Care (Peer Reviewed) 2007; 16(11):45-49.
 - ❖ Chang, Cyril F., Carlson, Kyle I. Miller, Peter S. and Pope, Rebecca A. “Non-Urgent ED Use in Tennessee, 2005,” a report prepared and published by the Methodist LeBonheur Center for Healthcare Economics, The University of Memphis, January 2008.
 - ❖ Miller, Peter S., Pope, Rebecca A. and Chang, Cyril F. “Non-Urgent ED Use in Tennessee, 2004,” a report prepared and published by the Methodist LeBonheur Center for Healthcare Economics, The University of Memphis, September 2007.
 - ❖ Chang, Cyril F. and Mirvis, David M. “Health Care Utilization Data in Tennessee: Inpatient Discharges, 2005,” a report prepared and published by the Methodist LeBonheur Center for Healthcare Economics, The University of Memphis, December 2007.
 - ❖ Chang, Cyril F. and Miller, Peter. “Potentially Avoidable Hospitalizations in Tennessee, 2004,” Methodist LeBonheur Center for Healthcare Economics, The University of Memphis, December 2007.
 - ❖ Chang, Cyril F. “Potentially Avoidable Hospitalizations in Tennessee 2003,” a report prepared and published by the Methodist Le Bonheur 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
- 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 continue to update 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 updated 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:

- Participated in strategic planning sessions initiated by the senior management of Methodist University Hospital in Memphis
- Provided technical assistance to marketing staff of Methodist Le Bonheur Healthcare on an indigent patient trends study
- Provided 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

Appendix

Sample Op-Ed Articles, Center Reports, and Scholarly Publications