



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

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Methodist Le Bonheur Center for Healthcare Economics

Annual Report

2008-2009

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Mission and Brief History: In March 2003, Methodist Le Bonheur Healthcare, Inc. and the Urban Child Institute (formerly the LHS, 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 2008-09

Goal 1: Explore external opportunities

Objective 1.1 - Promote visibility through outreach and exchange

- The China-Tennessee Rural Healthcare Exchange Program

In early 2008, the Methodist Le Bonheur Center for Healthcare Economics joined Vanderbilt University and East Tennessee State University in becoming the founding members of the Summer Institute for China-Tennessee Rural Healthcare Exchange. Under the sponsorship of Tennessee Department of Economic and Community Development, the Summer Institute received and trained 50 Chinese rural health care professionals in May 2008 in Memphis, Nashville, and Johnson City, Tennessee.



Top: Participants of the Memphis China-Tennessee Rural Health Exchange Program
Bottom: Dr. Shirley S. Raines, Dr. Cyril Chang and co-leaders of the Chinese Delegation

- China-Tennessee Rural Health Care Exchange in Xian, China: Extending the successful China-Tennessee Rural Healthcare Exchange Program into the second year, the Chinese Ministry of Health issued in Dec. 2008 an invitation to faculty of the Summer Institute from Tennessee to visit China in June 2009 under the funding support of the World Bank. The Tennessee delegates will tour rural health sites and conduct training in the ancient imperial city of Xian, China.

Objective 1.2 - Develop Collaborative Relationships

- Pan-Pacific Management Institute, Beijing, China:
 - Ongoing effort in developing a close collaborative relationship with Mr. CJ Liu, the founder and CEO of PPMI, a leading provider for 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.
- QSource,[®] Tennessee's Medicare Quality Improvement Organization (QIO)
 - The Center for Healthcare Economics worked closely with QSource[®] in developing collaborative opportunities for health care research and consulting projects. Contact person: Dawn Fitzgerald, CEO.
- Health Choice, A MetroCare Physician/Methodist Healthcare Joint Venture
 - Dr. Cyril Chang 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 Green, President, and Jennifer K. Gilbert, VP for Contracting and Network Management.
- Medtronic Sofamor Danek:
 - Worked closely with Medtronic Sofamor Danek, one of the world's largest makers of spinal implants, in establishing a research/consulting partnership. Medtronic became a partner of the Summer Institute for China-Tennessee Rural Healthcare Exchange and hosted a one-day educational event for the Chinese visitors. In addition, Medtronic's Chinese employees hosted several cultural events for the visitors. Another focus with Medtronic in 2008-09 was the development and growth of internship and externship opportunities for both students and faculty members of FCB&E. Contacts: Diana L. Bogard, Vice President of Strategic Services and Sharon Barnett-Myers, Director of Global Healthcare Economics.

Objective 1.3 - Plan, prepare, and submit grant proposals

- Children's Bureau, Administration for Children and Families, USDHHS
 - Action: The Methodist Le Bonheur Center for Healthcare Economics participated extensively in the planning and preparation of a multiyear grant proposal titled, "Shelby County Coalition of Early Home Visitation." The proposal was submitted jointly with Le Bonheur Children's Medical Center to the Children's

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Bureau, Administration for Children and Families, US Department of Health and Human Services for funding consideration.

- Result: The grantees were awarded \$481,331 annually for five years for a total of \$2.4 million. The Methodist Le Bonheur Center for Healthcare Economics was awarded a cost analysis subcontract grant (\$50,000) to conduct a cost identification analysis for the project.

- NIH/UTHSC

- Action: Supervised data collection and conducted cost-effectiveness analysis under a subcontract grant from UTHSC titled, “Telehealth Health Quality of Life Intervention.” The parent grant was a multiyear NHI grant awarded to the College of Nursing, UT Health Science Center.

- Result: Received” \$10,560 of Year 4 funding and \$14,692 of Year 5 funding

- Robert Wood Johnson Foundation

- Action: Worked closely with the Tennessee Department of Health and its academic partners in the planning and preparation of a Letter of Interest to Robert Wood Johnson Foundation in response to a RFP to establish a Public Health Practice-Based Research Network in Tennessee.

- Result: The Letter of Interest was approved by the Robert Wood Johnson Foundation and the Tennessee Team was subsequently invited to submit a full proposal for \$90,000 of funding support; decision is currently pending.

- The Regional Delta Commission

- Action: Wrote and submitted a proposal to the Delta Regional Commission to study the economic impact of a diabetes prevention project to be launched and managed by the University of Tennessee Health Science Center.

- Result: The proposal for \$24,000 of funding support is pending.

- Merck-Serono

- Action: Wrote, in collaboration with Accredo Specialty Pharmacy, a research proposal titled, “The Impact and Value of Adherence with Rebif[®] in the Treatment of Multiple Sclerosis,” and submitted it to Merck-Serono for funding consideration.

- Result: The \$37,924 of funding support for Methodist Le Bonheur Center for Healthcare Economics is current pending.

- Tennessee Department of Economic and Community Development
 - Action: The Methodist Le Bonheur Center for Healthcare Economics 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
 - Action: 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

Objective 1.4 Explore consulting opportunities

Actions and Results:

- Methodist Le Bonheur Healthcare:
 - Actions: Worked closely with the Corporate Office of Methodist Le Bonheur Healthcare, Le Bonheur Children’s Medical center and Methodist College of Nursing in providing expertise and technical assistance on a wide range of research and operational issues and projects.
 - Results: The collaboration resulted in the following tangible outcomes:
 1. An economic impact study of the \$150 million of Le Bonheur Children’s Hospital expansion;
 2. An economic impact study of the proposed Methodist DeSoto County Hospital in Mississippi;
 3. Consultation service to Le Bonheur Children’s Medical Center in its effort to win a USDHHS grant to provide home visitation services to at-risk mothers;
 4. Consultation service to Methodist University Hospital to assist in the physicians and hospital alignment effort; and
 5. A market share analysis titled, “The Memphis Hospital Market Share Analysis.”

- University of Tennessee Health Science Center (UTHSC):
 - Action: Numerous discussions with representatives 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 \$10,560 of fourth year funding and \$14,692 of fifth 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.
- The Memphis Business Group on Health:
 - Action: 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.
- 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.

Goal 2: Study and analyze health economic trends and issues

Objective 2.1 Study emerging health care issues

Actions and Results:

- Prepared and published the following reports and articles:
 - ❖ Chang, CF, Mirvis, DM, Waters, TM et al. "The Impacts of High-Deductible Consumer-Directed Health Plans," Final Report submitted to Pfizer, Inc. under a

grant awarded to the Methodist Le Bonheur Center for Healthcare Economics in 2008.

- ❖ Chang, CF and Pope, RA. "Potentially Avoidable Hospitalizations: An Analysis of Prevalence Disparities associated with Gender, Race and Insurance," Public Health Reports 2009;124(1):127-37.

Public Health Reports is the official journal of the U.S. Public Health Service of the Department of Health and Human Service. It is classified as an "Essential Core Journal in Public Health" by the Medical Library Association.
(<http://www.med.yale.edu/eph/phlibrary/phjournals/v2/key/index.html>)

- ❖ Chang, CF, Mirvis, DM and Waters, TW. "The Effects of Race and Insurance on the Likelihood of Potentially Avoidable Hospitalizations in Tennessee" Medical Care Research and Review 2008;65(5):596-616.

Medical Care Research and Review is one of the Health Economics Core Journals according to the National Library of Medicine
(<http://www.nlm.nih.gov/nichsr/corelib/hecon.pdf>). **Thomson Reuters 2007 Journal Citation Reports® 2007 Ranking: 7/57 in Health Care Sciences & Services, 6/40 in Health Policy & Services; 2007 Impact Factor: 2.718**

- ❖ Mirvis, DM, Chang, CF, and Cosby, A. "Health is an Economic Engine: Evidence for the Importance of Health in Economic Development," Journal of Health and Human Services Administration 2008;31(1):30-57.

- ❖ 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.

Published by the American Geriatrics Society, Journal of American Geriatric Society ranks no. 6 out of 30 refereed journals in Geriatrics & Gerontology and no. 1 out of 22 refereed journals in Gerontology according to Thomson Scientific (formerly ISI) Journal Citation Reports®; 2006 Impact Factor: 3.331

- ❖ 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 Le Bonheur Center for Healthcare Economics, The University of Memphis, January 2008.

Objective 2.2 Study the economic contribution of the medical community in Memphis, Tennessee

Actions and Results:

- Initiated the revision of the Economic Contribution of the Memphis Medical Community study last published in a 2003 issue of Business Perspectives. The project is near completion.

Goal 3: Increase visibility of the Healthcare Economics Center within the University of Memphis campus and in the external Memphis health care community

Objective 3.1 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:

- Action: Built on the momentum from previous years, The Healthcare Economics Center continued to organized and held monthly interdisciplinary research seminars under the funding support of Health Care Research Journal Club.

Result: The seminars in 2008-09 featured a mixture of UoM and out-of-town speakers and were well attended by both UoM faculty and graduate students and health care practitioners from the community.

- Action: Provided planning and design support for the proposed School of Public Health at the University of Memphis. Worked closely with the leadership of the School of Public Health in assisting its growth and development.

Result: 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. Invited Dr. Randolph Wykoff, dean of the College of Public Health at East Tennessee State University to visit the UoM campus and share experience in the development of a new School of Public Health.

- Action: Participated and provided support for the Benjamin Hooks Institute of the University of Memphis.

- Result: Dr. Cyril Chang now serves on the Hooks Institute's Faculty Advisory Board.

- Action: 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.

Result: Pending

Objective 3.2 Provide research opportunities and assist in the development of a richer research environment

Actions and Results:

- Applied for and received 2005 and 2006 Hospital Inpatient and Outpatient Discharge Datasets and made them available for research by 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 3.3 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. In 2008, he was nominated and elected to chair both the Board of Directors of the Urban Child Institute and an important subcommittee, the Investment Committee 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 nonprofit organization, Dr. Chang also chairs the Finance Committee and serves as the organization's Treasurer. In 2008, Dr. Chang was also elected to serve on the

Board of Directors of QSource™ Arkansas, a nonprofit subsidiary of QSource™ Tennessee.

▪ Public Speeches:

Feb. 18, 2009 “Health Care Reform in the New Administration: An Economic Perspective,” delivered at the Univ. of Alabama at Huntsville as an invited speaker for the UA Huntsville Distinguished Speaker Series

Feb. 18, 2009 “Inefficiency of the American Health Care System: A Neglected Issue in Health Care Debate,” delivered at the UA Huntsville College of Nursing

Feb. 17, 2009 “Obama’s Health Agenda,” delivered at the Univ. of Alabama at Huntsville as an invited speaker for the UA Huntsville Distinguished Speaker Series

July 17, 2008 “Election Year Health Care Debates,” delivered at the Mid-South Medical Group Management Luncheon in Memphis, Tennessee

July 30, 2008 “Economic Evaluation of Clinical Interventions,” a medical education lecture for Cardiology Fellows undergoing training at the University of Tennessee Health Science Center

July 17, 2008 “Election Year Health Care Debates,” delivered at the Mid-South Medical Group Management Luncheon in Memphis, Tennessee

May 5, 2008 “Health and Health Care Reform in China,” keynote speech for the Asian Employee Association of Medtronic Sofamor Danek

Feb. 29, 2008 “Election Year Health Issues,” a medical education lecture delivered at Methodist Healthcare, Inc., Memphis, Tennessee

Objective 3.4: 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):
 - “Two Candidates, Two Paths to Universal Care,” The Commercial Appeal (Memphis, TN), July 4, 2008 (See the Appendix).

- “Moore Paints Distorted View of Health Care,” The Commercial Appeal (Memphis, TN), July 8, 2007
 - Newspaper Interviews
 - Featured in the “In the Spotlight” section of the Feb. 13-19 edition of the Memphis Business Journal as an award-winning professor who specializes in health care issues (See the Appendix).
 - Interviewed at length by Loren Johnson of Memphis Fox13 TV for a feature story on the health care proposals of Obama and McCain aired on Nov. 3, 2008.
 - Interviewed and quoted extensively by reporter Richard Locker in an op-ed article in the Oct. 19, 2008 edition of Memphis Commercial Appeal on the Obama and McCain health care proposals.
 - Interviewed and quoted extensively by reporter Tom Charlier in a feature article in the Oct. 12, 2008 edition of Memphis Commercial Appeal on the rising ranks of the uninsured.
 - Interviewed and quoted extensively by reporter Daniel Connolly in an article in the Aug. 26, 2008 edition of Memphis Commercial Appeal on hospital expansion in northern Mississippi.
 - Interviewed and quoted extensively by reporter Scott Shepard in a story in the May 14, 2008 edition of the Memphis Daily News on rural health care in China and the opportunities for Tennessee and the University of Memphis.
 - Quoted extensively in a Memphis Business Journal article on the China-Tennessee Health Care Exchange Program on May 7, 2008.
 - Featured in a story in the Feb. 11, 2008 edition of the Memphis Business Journal by reporter Toby Sells on the economic impact of Medical Education and Research Institute.
 - Interviewed and quoted by reporter Mark Watson in an article on the uninsured in the April 14, 2008 edition of Memphis Commercial Appeal.
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Goal 4: Promote wellness and health promotion programs for a healthier community

Objective 4.1 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
 - Colleges of Medicine, Nursing, and Pharmacy of the University of Tennessee Health Science Center
 - Medical Educational Research Institute
 - The Methodist University Hospital
 - Memphis Mental Health Summit
 - Shelby County Government

Objective 4.2 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 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