



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

**312 Fogelman College of Business & Economics  
Memphis, Tennessee 38152-3120  
Office: 901.678.3565  
Fax: 901.678.2865**

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

### **Annual Report**

**May 2009 - April 2010**

**May 15, 2010**

As in the past, this year's annual report begins with a description of the mission and objectives of the Center, followed by a narrative review of its China-Tennessee Rural Health Care Exchange activities and accomplishments. The rest of the report summarizes the Center's Goals and Objectives for 2009-2010 and the research and outreach activities undertaken by the Center. Finally, the Goals and Objectives for 2010-2011 are presented.

**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

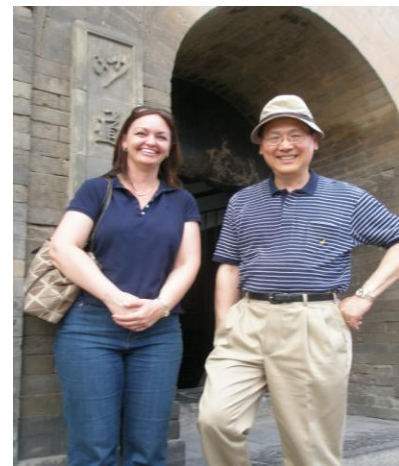
### **China-Tennessee Rural Health Care Exchange Program in Xi'an, China, June 2009**

Cyril Chang and Sandra Richardson

Dr. Sandra Richardson of the Management Information System Department and Dr. Cyril Chang of the Economics Department were among eight health care consultants and state health officials from Tennessee to visit China this past summer. We were invited by the Chinese Ministry of Health under an ongoing China-Tennessee Rural Health Care Exchange Program to see their rural health care system first hand. We met and exchanged ideas with both frontline health care professionals and policy makers about how we could learn from each others in improving our respective health care systems.



Dr. Chang answering a question from the audience in Xi'an, China



Drs. Richardson and Chang visiting the Giant Wild Goose Pagoda in Xi'an, China

The summer 2009 visit was a follow-up of the summer 2008 Exchange Program that brought 43 Chinese rural health care administrators and professionals to Tennessee for three weeks of training. The Exchange was first initiated by Governor Phil Bredesen in 2007 during Tennessee's first Trade Mission to China. Both President Shirley Raines and Dr. Chang participated in the planning for the Exchange and witnessed the signing of a letter of understanding in Beijing to establish regular exchanges of health care professionals. The 2009 visit was the third major event of this burgeoning health care relationship between China and Tennessee.

The 2009 program took place in the ancient imperial city of Xi'an, China, between June 7 and June 22. More than 100 Chinese health care professionals from eight different Provinces currently undergoing rural health care reform attended the weeklong workshops and training sessions. The World Bank and the British Department for International Development program funded the program.

Prior to the weeklong training conference, the 8 of us from Tennessee's three major universities, Vanderbilt, East Tennessee State University and the University of Memphis, spent almost a week in Ankang, a medium-sized city in southern Shaan-xi Province, and visited villages and townships in the surrounding areas.

The health care facilities we saw were not sophisticated technologically by American standard and the quality of training needed urgent upgrade. However, we were heartily impressed with their ambition and determination in extending insurance coverage to everyone and their interest and earnestness in Tennessee's expertise in the delivery of health care and training.

We were also intrigued by the way they deliver public health services such as health promotion and disease prevention. In the United States, basic public health services are delivered by the public health systems at the county and state levels while medical care is delivered by a separate and mostly private health care system. In China, public health and medical care functions are delivered together by the same hospitals and doctors in each village and township.

China has recently unveiled an ambitious health reform program to establish a basic health care system that can provide "safe, effective, convenient, and affordable services" to both urban and rural residents. United States is currently undergoing our own health care reform to bring insurance coverage to everyone and to slow the growth of health care spending. It has been a rare honor and opportunity for us to play a small role in the reform of rural health system in China. We have been told that they find our lectures and seminars interesting and helpful, especially in how to finance health care and use health information technology to improve efficiency. We also know that we have broadened our own perspective on how health care can be delivered in countries with less resources and greater challenges.

### **Specific Goals and Objectives for 2009-2010**

**Goal 1:** Explore external opportunities

**Objective 1.1** - Promote visibility through outreach and exchange

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

**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,<sup>®</sup> Tennessee's Medicare Quality Improvement Organization (QIO)
  - The Center for Healthcare Economics worked closely with QSource<sup>®</sup> in developing a wide range of collaborative opportunities for health care research and consulting projects. Contact person: Dawn Fitzgerald, CEO.
- Healthy Memphis Common Table:
  - Dr. Cyril Chang and the Center's research associate Rebecca Pope worked in concert with Ms. Renee Frazier, the Executive Director of the Healthy Memphis Common Table and Common Table's Dr. Manoj Jain on a community-wide health care initiative called Memphis Health Care Payment Reform Collaborative to engage stakeholders from the purchaser, provider and health plan communities in coming together for a meaningful health care payment reform at the community level.
- The University of Tennessee Health Science Center, Consortium for Health Education, Economic Empowerment and Research (CHEER):

- The Center for Health Care Economics has formed a collaborative relationship with the newly established CHEER to explore opportunities to collaborate on projects of mutual interest and to support each other's work. Contact person: Dr. Shelley I. White-Means, Director of CHEER, the University of Tennessee Health Science Center.
- Health Choice, A MetroCare Physician/Methodist Healthcare Joint Venture
  - Dr. Cyril Chang met with the executive officers 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.
- 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. 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**

- BlueCross BlueShield of Tennessee Health Foundation
  - Action: Received approval of our earlier "Letter of Interest" and subsequently submitted a grant proposal, "Imagination Library/Books From Birth Project: A Comprehensive Evaluation of Program Effectiveness and Analysis of Recipient Characteristics for Effective Outreach," for a total of \$172,500 funding request.
  - Result: Decision pending.
- NIH/Department of Health and Human Services
  - Action: Submitted a subcontract grant under the Memphis Beacon Community Consortium grant application to participate in the American Recovery and Reinvestment Act of 2009 - Beacon Community Cooperative Agreement Program, HHS-2010-ONC-BC-004, CFDA #93.727; \$537,345.
  - Result: Not funded at the first round of funding; revision is underway for a second-round submission
- Tennessee Board of Regents
  - Action: Tennessee Board of Regents Diversity grant proposal, "Racial and Ethnic Disparities in the Rates, Patterns and Costs of Hospital Readmissions in Tennessee and Their Implications on Health Care Reform," Cyril Chang

Principal Investigator, with La Don Jones and Alex Nikolsko-Rzhevskyy as co-investigators, \$69,359.

- Results: Not funded
- Robert Wood Johnson Foundation
  - Action: Participated as an institutional member of the application of a research proposal submitted by the Tennessee Department of Health to Robert Wood Johnson Foundation in response to a RFP to establish a Public Health Practice-Based Research Network in Tennessee; \$90,000.
  - Result: Not funded

#### **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 update of the economic impact study of the proposed Methodist DeSoto County Hospital in Mississippi completed previously in 2008;
    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. Technical assistance to the Methodist Le Bonheur Corporate Office in connection with its evaluation of a faith-based community outreach program.
    5. Participation in the preparation of corporate strategic retreat to assess the impact of health care reform
- 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:**

- Action: Collected and analyzed hospital utilization and discharge data
  - Result: Published and disseminated Issue Briefs and ad hoc Center Reports
    - Issue Briefs on hospital utilization and the prevalence of potentially avoidable hospitalizations in Tennessee (Online available at: <http://healthecon.memphis.edu/Research.html>)
    - Updated a TennCare Timeline Report that traces the history of TennCare and its major events and milestones since 1993 (Online available at: <http://healthecon.memphis.edu/Research.html>)
  - Action: Prepared and submitted manuscripts to reputable refereed journals
  - Result: Published the following reports and articles:
    1. Waters, TM, Chang, CF, Mirvis, DM et al. “The Impacts of High-Deductible Consumer-Directed Health Plans,” a manuscript currently under second review at Health Services Research.
    2. Chang, CF and Troyer, JL. “Trends in Potentially Avoidable Hospitalizations among Tennessee Adults: 1998 – 2007,” a manuscript currently under review at Tennessee Medicine: The Journal of the Tennessee Medical Society.
-



3. Herrod HG and Chang CF. "Variations in Charges for the Care of Low Birth Weight Infants among Academic Hospitals," Clinical Pediatrics, 2010;49(5):443-449.
4. Steinberg, SC, Faris, RJ, Chang, CF et al. "Impact of Adherence to Interferons in the Treatment of Multiple Sclerosis," Clinical Drug Investigation, 2010;30(2):89-100.
5. Chang, CF and Troyer, JL. "The Impact of TennCare on Hospital Efficiency," Health Care Management Science 2009;12(3):201-216.
6. Chang, CF, Herrod, HG and Steinberg, SS. "Prevalence and Costs of Acute and Chronic Potentially Avoidable Pediatric Hospitalizations in Tennessee," Tennessee Medicine: The Journal of the Tennessee Medical Society 2009, 102(11):35-39.
7. 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.

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

**Actions and Results:**

- Action: Initiated the revision of a study of the economic contribution of the Memphis Medical Community which was last published in a 2003 issue of Business Perspectives.
- Result: Completed the update and published:
  - Chang, CF and Routon, W. "Economic Contributions of the Memphis Medical Community," Business Perspectives, Summer/Fall 2009, 20(1):24-35.

---

**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: A total 6 well attended seminars were held in 2009-2010. Topics ranged from physician behavior change to hospital strategic response to health care reform, and to community e-health initiatives. The seminars also provided a forum for health care practitioners and university researchers to network and exchange ideas.

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

Results: Participated in the design and development of the Ph.D. program in Health Services and System Research and the recruitment of 3 new faculty members. Co-sponsored external speakers to visit the University of Memphis and address faculty and graduate students.

- 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: Ongoing

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

**Actions and Results:**

- Applied for and received Hospital Inpatient and Outpatient Discharge Datasets for 2007 and the Joint Annual Report of Hospitals for the same year, 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 2009, he continued to chair both the Board of Directors of the Urban Child Institute and the Investment Committee that oversees the management of the Institute's investment portfolio.
- Dr. Cyril Chang serves on the Board of Directors of QSourceAR™, a fully owned, non-profit subsidiary of QSource™ Tennessee. QSource AR™ and QSource™ Tennessee are centers for health care quality improvement. QSource™ Tennessee is Tennessee's Medicare quality improvement organization (QIO).
- Public Speeches:
  - Nov. 20, 2009 "Health Reform Myths and Acts," given to members of the Memphis Chapter of Chartered Property Casualty Underwriters
  - Oct. 7, 2009 "Top 10 Health Care Reform Myths," delivered to the Financial Planning Association of the Mid-South in Memphis, Tennessee
  - Aug. 18, 2009 "Health Care Reform: Issues and Solutions," given to the Memphis/Shelby County Mental Health Summit at the Urban Child Institute, Memphis, Tennessee
  - May 25, 2009 "Improving Efficiency in the Context of Health Care Reform," the endowed Charles Bluestone Lecture at the 2009 Annual Meeting of the American Society of Pediatric Otolaryngology in Seattle, WA
  - 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

**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):
  - “Prevention Saves Lives, If Not Money,” The Commercial Appeal (Memphis, TN), September 23, 2009.
  - “Helping Children Helps Entire Community,” The Commercial Appeal (Memphis, TN), June 17, 2009.

---

**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:
  - Congressman Steve Cohen’s Office
  - The Healthy Memphis Common Table
  - The Urban Child Institute
  - 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

**Objective 4.2** Participate in community wellness and health promotion activities

**Actions and Results:**

- Worked with QSource<sup>TM</sup>, 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:** Provide analytical expertise to external stakeholders

**Objective 5.1** Provide technical assistance

**Actions and Results:**

- Participated in strategic planning sessions initiated by the senior management of Methodist University Hospital in Memphis
- 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

### **Primary Goals for 2010 - 2011 and Evaluation Metrics**

**Goal 1:** Explore external opportunities

- Promote visibility through outreach and exchange
- Plan, prepare, and submit grant proposals
- Explore consulting opportunities

**Goal 2:** Study and analyze health economic trends including TennCare and related state health reform issues

- Measure the economic contributions of the Memphis medical community
- Continue the collection and analysis of data for Tennessee Hospital Data series and the publication of Issue Briefs on issues relating to potentially avoidable hospitalizations
- Collect and compile reliable TennCare data and documentation
- Analyze TennCare's financial status and disseminate information to inform the public of TennCare's past, present and future

**Goal 3:** Increase visibility of the Center within the University of Memphis campus and in the external Memphis Health Care community

- Engage in collaborative research and service activities with health-related units/departments across the University to promote engaged research
- Serve the external health care community in the greater Memphis area
- Engage printed and other media outlets to promote the Center's visibility

**Goal 4:** Promote wellness and health promotion programs for a healthier community

- Develop a close working relationship with external partners and stakeholders to explore collaborative opportunities
- Participate in community wellness and health promotion activities

**Goal 5:** Provide analytical expertise to external stakeholders

- Provide technical assistance to external stakeholders such as Methodist Le Bonheur Healthcare, the Urban Child Institute, and major local employers

Appendix

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