



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

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

### **Annual Report for the Period**

**May 2011 - April 2012**

**May 5, 2012**

As in previous years, this year's annual report of the Methodist Le Bonheur Center of Healthcare Economics begins with a description of the mission, history, and objectives of the Center. This is followed by a brief review of a recently completed major research initiative, a comprehensive examination of the impact of national health care reform on health care delivery in Tennessee and in Shelby County, Tennessee. The rest of the report summarizes the Center's specific goals and objectives for the just completed 2011-2012 academic year and our major accomplishments. Finally, the goals and objectives for 2012-2013 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 \$1.0 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 health care issues of efficiency, effectiveness, and equity with a focus on emerging health care issues that affect Memphis, Shelby County, and the state of Tennessee.

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

1. Evaluation of health care programs, such as health care reform, TennCare, and consumer-driven health plans, and the development of strategies and solutions for improving the quality and efficiency of health care delivery;
2. Analysis 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; and
4. Dissemination of best practice models to assist employers in the development and implementation of cost-effective strategies for improving employee health and saving health care 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
- Cost effectiveness analysis of health care programs and interventions
- Quality improvement in health care
- Employee health benefits
- Hospital cost management
- Methodological issues in data collection, analysis, and management

### **The Impacts of the Patient Protection and Affordable Care Act (PPACA) in Tennessee and Shelby County, Tennessee**

The Patient Protection and Affordable Care Act (PPACA) enacted in March 2010 defines a comprehensive health care reform that, once fully implemented, will impact virtually every portion of the health care system. To determine the major impacts of this bold and unprecedented health reform legislation on the health care delivery in our state and in our local community, we initiated a major research program in late 2010. The specific goals were to access:

1. the impact of changes in insurance eligibility on the number of uninsured in Shelby County and in the state of Tennessee;
2. the changes in health care utilization in the county and state that result from the expanded insurance coverage;
3. the impact of reform on health system financing and uncompensated care;
4. the economic impact of reform on the overall economy of Shelby County and the state of Tennessee, respectively; and
5. the reform's impact on the future manpower needs in Shelby County as well as in the state of Tennessee.

In June 2010, we applied for and received a generous grant from the Memphis Assisi Foundation to support the study of the impacts of PPACA in Shelby County, Tennessee. The results of the research and the final report were completed and released in January 2011 as a joint project with the University of Memphis' Sparks Bureau of Business and Economic Research. An electronic copy of the report is available at <http://www.memphis.edu/mlche/>.

To expand the research to the entire state, we applied to BlueCross and BlueShield of Tennessee (BCBST) for funding support and were grateful to receive a generous grant. We were also grateful to the Assisi Foundation for providing another grant to supplement the larger one from BCBST to support this expanded impact study which was completed in January 2012. A copy of the final report of the statewide study is available at the Center's Website: <http://www.memphis.edu/mlche/>.

Both reports have received considerable press attention since their publication in January 2011 and January 2012, respectively. We have subsequently written newspaper op-ed articles in *The Memphis Commercial Appeal* and the Nashville newspaper, *The Tennessean*. We have also met with state legislators in Nashville to brief them on the major findings of the two reports and made numerous presentations to city and county officials and major civic and professional groups including Methodist Le Bonheur Healthcare, The Memphis Medical Society, and the University of Memphis Healthcare Research Journal Club. The reports have also received comments from the Tennessee Health Insurance Exchange, which is the state agency

in charge of the design and planning for the implementation of a Health Insurance Exchange in Tennessee.

### **Specific Goals and Objectives for 2011-2012**

**Goal 1:** Explore external opportunities

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

- The China-Tennessee Exchange Activities
  - City of Chong-Qing: In August 2011, the Center participated in an exchange program sponsored by the Confucius Institute of the University of Memphis that hosted a delegation of administrators and teachers from the central China city of Chong-Qing. Dr. Cyril Chang, the Center's Director, made arrangements for the delegates to visit Memphis hospitals and other health care facilities and gave lectures on American health care and social welfare programs.
  - City of Shanghai: The Center participated in a similar program for more than 25 local administrators and teachers from the city of Shanghai in December 2011.

**Objective 1.2** - Develop collaborative relationships

- Le Bonheur Community Health and Well-Being
  - In 2010-12, the Methodist Le Bonheur Center for Healthcare Economics became a subcontractor to Le Bonheur Community Health and Well-being, a community outreach division of Le Bonheur Children's Hospital, under a multi-site, federally-funded project, the Nurse-Family Partnership Program. The Center's role in this partnership is to track and analyze the costs of this well-known, evidenced-based intervention program designed to improve the health outcomes of at-risk infants and their first-time mothers. Contact persons: Corey Johnson and Sandra Allen, both of Le Bonheur Children's Hospital.
- QSource,<sup>®</sup> Tennessee's Medicare Quality Improvement Organization (QIO)
  - The Center 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, President and CEO.
- Healthy Memphis Common Table
  - Dr. Cyril Chang, the Center's Director, and the Center's research associates worked in concert with Ms. Renee Frazier, the Executive Director of the Healthy Memphis Common Table, and her staff on a variety of community-wide health care initiatives. The focus of 2011-12 was to establish baseline

health status metrics and engage stakeholders from the purchaser, provider, and health plan communities in coming together to improve the quality of health care at the community level. Contact person: Renee Frazier, Executive Director, Healthy Memphis Common Table.

- 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. 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 multiple times with the executive officers of this large physician group several times to discuss projects of mutual interest and opportunities for future collaboration. Contact persons: Dr. George Mayzell, President and CEO, and Jennifer K. Gilbert, VP for Contracting and Network Management.

**Objective 1.3 - Plan, prepare, and submit grant proposals**

- The Center for Medicare and Medicaid Services (CMS) Healthcare Innovation Challenge Grants
  - Action: Designed and wrote a subcontract proposal (\$182,335) to conduct cost and ROI analysis under a principal proposal, "Early Success for NICU Grads: A Continuum of Medical and Social Supports," submitted to the Center for Medicare and Medicaid Services (CMS) for an Innovation and Challenge grant by Le Bonheur Community Health and Well-being of the Le Bonheur Children's Hospital (total budget of the principal proposal, \$6,559,159 for three years).
  - Result: Decision pending.
  - Action: Designed and wrote a subcontract proposal (\$150,000) to conduct cost and ROI analysis under a principal proposal, "Project Better Care," submitted to the Center for Medicare and Medicaid Services (CMS) for an Innovation and Challenge grant by the Healthy Memphis Common Table (total budget of the principal proposal, \$4.3 million for three years).
  - Result: Decision pending.
  - Action: Designed and wrote a subcontract proposal (\$182,335) to conduct cost and ROI analysis under a principal proposal, "Changing High-risk Asthma in Memphis Through Partnerships," submitted to the Center for

Medicare and Medicaid Services (CMS) for an Innovation and Challenge grant by Le Bonheur Community Health and Well-being of the Le Bonheur Children's Hospital (total budget of the principal proposal, \$7,244,059 for three years).

- Result: Decision pending
- State and local foundation grants
  - Action: Submitted research proposals to a variety of state and local foundations and funding agencies.
  - Result: Received the following grants and awards:
    - 2011 "Health Care Reform Impacts in Tennessee," \$70,000 funded jointly by BC/BS of Tennessee and the Assisi Foundation of Memphis, Tennessee.
    - 2011 A \$60,000 subcontract grant received from the Healthy Memphis Common Table for cost analysis under a \$1.3 million grant awarded by the Robert Wood Johnson Foundation for the Aligning Forces for Quality Project.
    - 2011 "Cost Analysis of the Nurse-Family Partnership Program," \$41,625, a subcontract grant awarded by the Le Bonheur Children's Hospital under a principal grant funded by the Health Resource and Services Administration, the U.S. Department of Health and Human Services.
    - 2010-11 "Economic Impact of University of Tennessee Health Science Center," \$45,000, funded by the University of Tennessee Health Science Center.
    - 2010-11 "Impact of Health Reform in Shelby County, Tennessee," \$44,944, funded by the Assisi Foundation.

**Objective 1.4** Explore consulting opportunities

**Actions and Results:**

- UT Health Science Center
  - Action: Made numerous visits to the Office of Executive Vice Chancellor and Chief Operating Officer to discuss opportunities for collaborations and consulting services.
  - Result: Awarded a service contract to study UTHSC's manpower and economic contributions in Tennessee. Other projects are currently pending.

- Methodist Le Bonheur Healthcare
  - Action: 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.
  - Result: The collaboration resulted in the following tangible outcomes:
    1. An economic impact study of a proposed change in TennCare reimbursement policy that could severely affect TennCare payments to Le Bonheur Children’s Hospital and the Memphis regional economy;
    2. Consultation service to Le Bonheur Children’s Medical Center in its effort to win a U.S. Department of Health and Human Services grant to provide home visitation services to at-risk mothers;
    3. Technical assistance to the Methodist Le Bonheur Corporate Office in connection with its evaluation of a faith-based community outreach program.
    4. Participation in the preparation of a 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.
  - Action: Ongoing partnership with this philanthropic organization in developing projects and initiatives that aim at improving the lives of disadvantaged individuals and families.
  - Result: Periodic meetings with Jan Young, President and CEO of Assisi Foundation of Memphis, Inc., in discussing and exchanging ideas on projects of mutual interest and benefits.

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**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 health care issue briefs and occasional Center reports (available at the Center's Website: <http://www.memphis.edu/mlche/>):
  - Lubiani, G. G., Pope, R. A., and **Chang**, C. F. "Potentially Avoidable Hospitalizations in Tennessee, 2008," an issue brief prepared and published by the Methodist Le Bonheur Center for Healthcare Economics, the University of Memphis, May 2011.
  - **Chang**, C. F., Mirvis, D. M., et al. "The Impact of Health Reform in Shelby County, Tennessee," a report prepared and published by the Methodist Le Bonheur Center for Healthcare Economics, the University of Memphis, Jan. 2011.
  - **Chang**, C. F., Mirvis, D. M., Gnushke, J., et al. "The Economic Impact of the University of Tennessee Health Science Center," a report commissioned by the University of Tennessee Health Science Center and prepared by the Methodist Le Bonheur Center for Healthcare Economics, the University of Memphis, May 2011.
  - Pope, R. A., and **Chang**, C. F. "Potentially Avoidable Hospitalizations in Tennessee, 2007," an issue brief prepared and published by the Methodist Le Bonheur Center for Healthcare Economics, the University of Memphis, July 8, 2010.
  - **Chang**, C. F., and Troyer, J. L. "Trends in Potentially Avoidable Hospitalizations among Adults in Tennessee, 1998 – 2006," an issue brief prepared and published by the Methodist Le Bonheur Center for Healthcare Economics, the University of Memphis, March 2010.
  - Updated a TennCare timeline report that traces the history of TennCare and its major events and milestones since 1993 (Online available at <http://www.memphis.edu/mlche/>).
- Action: Prepared and submitted manuscripts to reputable refereed journals.
- Result: Published the following reports and peer-reviewed articles:
  - Waters, T. M., **Chang**, C. F., Mirvis, D. M., et al. "The Impacts of High-Deductible Consumer-Directed Health Plans," a manuscript currently under second review at Health Services Research, 2011; 46(1Pt1):155-172.



- Warren C. L., White-Means S. I., Wicks, M. N., **Chang, C. F.**, Gourley, D., and Rice, M. "Cost Burden of the Presenteeism Health Outcome: Diverse Workforce of Nurses and Pharmacists," *Journal of Occupational and Environmental Medicine*, 2011, 53(1):90-99.
- **Chang C. F.**, and Troyer, J. L. "Trends in Potentially Avoidable Hospitalizations among Adults in Tennessee, 1998-2006," *Tennessee Medicine* (The Official Journal of the Tennessee Medical Association), November/December 2011:35-45.
- Steinberg, S. C., Faris, R. J., **Chang, C. F.**, et al. "Impact of Adherence to Interferons in the Treatment of Multiple Sclerosis," *Clinical Drug Investigation*, 2010; 30(2):89-100.
- Herrod, H. G., and **Chang, C. F.** "Variations in Charges for the Care of Low Birth Weight Infants among Academic Hospitals," *Clinical Pediatrics*, 2010, 49(5):443-449.

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**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 2011-2012. Topics ranged from physician behavior change to hospital strategic response to health care reform, and to patient-centered medical homes. 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 2008 and 2009 and the Joint Annual Report of Hospitals for the same two years for use 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 internships to work on health care projects

**Objective 3.3** Serve the external health care community in the greater Memphis area

**Actions and Results:**

- In 2011-12, Dr. Cyril Chang continued his service on the Board of Directors of the Urban Child Institute serving as both a Board member and the Chairman of the Board. He also chaired the Institute's 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 both organized as nonprofit centers for health care quality improvement. QSource™ Tennessee is also officially recognized as a Medicare Quality Improvement Organization (QIO) for Tennessee.

▪ Public Speeches by Dr. Cyril F. Chang:

- April 12, 2012 “The Individual Mandate Controversy and the Supreme Court,” a Grand Rounds speech given at the St. Jude Children’s Research Hospital
- April 4, 2012 “The Mandate and the Supreme Court,” a lecture given at the Business Managers’ Conference of the University of Tennessee Medical Group, Memphis, Tennessee
- Feb. 15, 2012 “U.S. Health Care and Health Care Delivery in the Post-Reform Environment,” given at the Systems-Based Practice Lecture Series for Clinical Fellows at St. Jude Children’s Research Hospital, Memphis, Tennessee
- August 18, 2011 “American Health and Social Welfare Systems: A Cross-Cultural Perspective,” given to a delegation of visiting municipal officials from the City of Chongqing, China
- March 11, 2011 “Impacts of Health Care Reform in Shelby County, Tennessee,” given at Methodist Le Bonheur Health Care in 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):
- “Four Provisions Underpin Health Reform,” *The Memphis Commercial Appeal*, April 6, 2012.
  - “Health Reform Taking Shape” (with David Mirvis), *The Tennessean*, January 26, 2012.
  - “Stars Aligning for Health Care in Memphis,” *The Memphis Commercial Appeal*, December 8, 2011.
  - “Health Care Act Has Benefits, with Caveats,” *The Memphis Commercial Appeal*, February 3, 2011.
  - Appeared in a 4-part TV documentary, “Southern Remedy: Mississippi’s Big Problem,” that focused on the state’s obesity epidemic to discuss the economics of obesity and effective strategies. The series were aired throughout Mississippi and other parts of the county in the summer and fall of 2011.

- Interviewed by reporter Aisling Maki and was quoted extensively in an article on Smith & Nephew and the medical device industry in the Dec. 22, 2011, edition of *The Memphis Daily News*.
- Interviewed and quoted extensively by reporter Toby Sells in an article on the merger of Memphis area hospitals and medical clinics in the Nov. 26, 2011, edition of *The Memphis Commercial Appeal*.
- Interviewed by reporter Toby Sells and quoted extensively in an article on health care and recession in the Nov. 14, 2011, edition of *The Memphis Commercial Appeal*.
- Quoted extensively in the Oct. 10, 2011, edition of *American Medical News* (The official newspaper of the American Medical Association) by staff writer Victoria Stagg Elliott in a story on the slowing down in health care utilization by both the insured and uninsured Americans.
- Guest appearance on an AM990 Talk Show Program “AM Memphis” to discuss health care reform with program host Chris Wade and answered call-in questions from the listeners on July 29, 2011.
- Interviewed by reporter Toby Sells and quoted extensively in an article on health care reform’s impacts on job growth and the economy in the Feb. 24, 2011, edition of *The Memphis Commercial Appeal*.
- Interviewed by reporter Christopher Sheffield and quoted extensively in an article ‘Compensation divide: Gulf is growing between numbers for primary care, specialist practices,’ in *Memphis Business Journal*, Feb. 11-17, 2011.

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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:
  - Shelby County Mayor’s Office
  - Congressman Steve Cohen’s Office
  - The Memphis Medical Society
  - Healthy Memphis Common Table
  - The Urban Child Institute

- The Methodist Le Bonheur Healthcare, Inc.
- The Regional Medical Center at Memphis
- Pfizer, Inc.
- The Memphis Business Group on Health
- Colleges of Medicine, Nursing, and Pharmacy of the University of Tennessee Health Science Center
- Medical Educational Research Institute
- The Methodist University Hospital
- Accredo Specialty Pharmacy
- Memphis Mental Health Summit

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

**Actions and Results:**

- Worked with QSource™ Tennessee, the Center for Healthcare Quality in Tennessee, 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

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

**Objective 5.1** Provide technical assistance

**Actions and Results:**

- Worked with and provided technical assistance to County Mayor Mark Luttrell and his special health care policy advisor, Dr. Kenneth Robinson, in the launch a major county-wide health initiative, the Memphis Triple Aim Project.
- Worked with and advised Dr. Ken Brown, Executive Senior Vice Chancellor of UTHSC, on a wide range of strategic planning issues of mutual interest.
- Participated in strategic planning sessions initiated by the senior management of Methodist University Hospital in Memphis

**Primary Goals for 2012 - 2013 and Evaluation Metrics**

**Goal 1:** Explore external opportunities

- Promote visibility through outreach and exchange activities

- 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 and non-urgent emergency room visits
- 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

- Manage the University of Memphis Health Care Research Journal Club as a forum for health policy discussion and exchange of ideas for practitioners in the health care community and academic researchers.
- 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, Baptist Health Care, the Urban Child Institute, and major local employers