

DIVISION OF HEALTH PLANNING

2008 ANNUAL REPORT



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Commissioner | M.D. Goetz
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FROM THE DIRECTOR

Tennessee is ranked as one of the least healthy states in America – 47th out of the 50 states and the District of Columbia in health status in the 2008 United Health Foundation's America's Health Rankings Report. While Tennessee has experienced improvements in health outcome measurements over the last few years, it is failing to keep up with gains experienced by the rest of the nation: in 1990, this same report ranked Tennessee 37th.

Chronic diseases represent the largest and fastest growing contributing factor to declining health outcomes in the United States; in 2003, Tennessee ranked an unfavorable 3rd in the nation in its percentage of residents with chronic disease (Source: An Unhealthy America: The Economic Burden of Chronic Disease, Milken Institute, October 2007). If we don't address how to reverse our growing chronic disease issues, this statistic assures that Tennessee will continue to rank at the bottom in the nation in overall health.

Why do Tennesseans have poor health outcomes in comparison to our sister states? How have other states improved their residents' health outcomes and what lessons can we learn from them? How can we best support the development of our health care resources to address Tennesseans' health care needs?

In response to these critical questions, the Division of Health Planning was created by statute to develop Tennessee's first State Health Plan. With the hiring of the Division of Health Planning's staff in 2008, the process of collaboration among state Departments, state Agencies, and healthcare stakeholders across Tennessee has begun in earnest. We are now at the beginnings of the development of the first edition of the State Health Plan. Through the State Health Plan, the Division of Health Planning will work to ensure that relevant programs and services across state government are coordinated and leveraged to optimize health outcomes and value for Tennesseans.

This annual report provides a summary of what we have accomplished to date and what we plan to accomplish in the coming year. We look forward to the approval and adoption of the first edition of the State Health Plan by Governor Phil Bredesen and its continuing development.

Jeff Ockerman, Director
Division of Health Planning

INTRODUCTION AND OVERVIEW

The Need

As stated earlier, Tennessee ranks 47th in the nation in health status. Tennessee's low ranking means more than a reduction in Tennesseans' quality of life and life expectancy. Tennessee's comparatively overall poor health also represents a costly burden on every business, city, county, and taxpayer in Tennessee.

A healthy workforce is one of our most important economic assets. The health of Tennesseans as a group has a far-reaching impact on the state's prosperity that, in this challenging economy, cannot be ignored. The cost of treating chronic disease in Tennessee (without considering the cost of treating the secondary health problems they cause) totaled \$6.9 billion in 2003. The impact of lost workdays and lower employee productivity resulted in an additional economic loss in Tennessee of \$24.7 billion in 2003 (Source: *An Unhealthy America: The Economic Burden of Chronic Disease*, Milken Institute, October 2007).

The expense of dealing with poor health outcomes creates a drain on our limited state and private industry resources. Every year Tennessee businesses, consumers, health care providers, and government spend in aggregate more than \$32 billion on health care (Sources: Health Expenditure Data, Health Expenditures by State of Residence, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, released September 2007; available at: http://www.cms.hhs.gov/NationalHealthExpendData/05_NationalHealthAccountsStateHealthAccountsResidence.asp#TopOfPage).

Our Opportunity

Because the economic cost of poor health is so large, improving health outcomes and health value in Tennessee offers the potential for a significant return on investment. As Tennessee works toward the goals of improving health and creating a stronger health care system, we must slow and ultimately reverse the trend of increased spending without improving quality of care. We are fortunate in Tennessee to have a number of government programs and non-governmental organizations dedicated to the improvement of health quality and health care cost containment. These groups make important contributions independently, but could make an even greater impact if they worked collaboratively toward the same goals. Additionally, there are numerous plans mandated by the General Assembly or funding agencies that are currently in place or in development that will help drive the development of the State Health Plan.

Our health is the result of the combination of our biology (which we cannot change), the behaviors and choices that we make, our community's environment, the policies and practices of our government, and the clinical care we receive. Through comprehensive health planning, we have the ability to make positive changes in four of these factors that will result in better health, better quality of care, and better access to care for Tennesseans.

For success in improving health outcomes and value (and thus reducing health care costs), the development of a strategic plan – the first State Health Plan – is critical. The responsibility for improving Tennessee’s health is housed among multiple state departments and agencies – each with its own statutory responsibilities and plans and strategies to meet them. To address this division of responsibilities, the Division of Health Planning was created by statute to ensure that relevant programs and services across state government are coordinated and leveraged to optimize health outcomes and value for Tennesseans.

The Role of State Government

The state’s role in promoting the health of Tennesseans is multi-pronged. The state is the public health authority and provider of crucial health services through the Department of Health and the Department of Mental Health and Developmental Disabilities. Through a wide variety of departments and agencies the state is also the prison health authority, the provider and coordinator of children’s care programs, a provider of children’s health education, the facilitator for advancement in health information technology, and the grantor of certificates of need for specific health services and facilities. The state is a major purchaser of health insurance: through the public sector health plans, TennCare and Cover Tennessee, more than one out of four Tennesseans are covered by health plans purchased by the state. Furthermore, as the licenser and regulator of health and health insurance services; an employer/health insurance purchaser; a provider; and the promoter of Tennessee’s health care industry, the state is the natural convenor of the diverse health care industry stakeholders.

A strategic plan is necessary to coordinate these many roles and to bring to the table Tennessee’s many health and health care stakeholders. Through a central, comprehensive State Health Plan, Tennessee can assess gaps and coordination of efforts in the five overarching principles that will form the framework for the first edition of the State Health Plan, as further discussed in “Building the State Health Plan” on page 9.

Some Current Collaborations

Developing an effective State Health Plan requires the participation and collaboration of key stakeholders in Tennessee, both within and outside of government, to achieve synergies necessary to effect needed change in health outcomes and value. Tennessee state government already is working to improve the health of Tennesseans through many initiatives, including public-private initiatives encompassing a wide range of interests and concerns. A flexible, ever-developing State Health Plan can support and encourage such initiatives as well as measure and augment their success. Although not intended as an exhaustive list, the following are several initiatives and entities with which the Division of Health Planning has begun its collaboration process, many of them on a significant level:

- The Adult Emergency Oral Health Task Force (Tennessee Department of Health)
- The Asthma Task Force (Tennessee Department of Health)

- Bureau of TennCare (Tennessee Department of Finance and Administration)
- CoverTennessee and its related programs (Tennessee Department of Finance and Administration)
- Department of Corrections
- Department of Mental Health and Developmental Disabilities
- Division of Health Statistics (Tennessee Department of Health)
- Governor’s Office of Children’s Care Coordination
- The Health Services and Development Agency
- Howard H. Baker, Jr. Center for Public Policy (University of Tennessee)
- The Obesity Task Force (Tennessee Department of Health)
- Office of eHealth Initiatives (Tennessee Department of Finance and Administration)
- Providers of cardiac catheterization and/or open heart surgery services (for the Certificate of Need program)
- QSource (the CMS Quality Improvement Organization for Tennessee)
- Quality Indicators Learning Institute, Agency for Healthcare Quality and Research (U.S. government)(with Tennessee Hospital Association, Qsource, Department of Health, and TennCare)
- Tennessee Comprehensive Cancer Control Coalition (Tennessee Department of Health)
- Tennessee Institute for Public Health
- Tennessee Statewide Health Disparity Plan (Tennessee Department of Health)
- Tennessee Tobacco use Prevention and Control Program (Tennessee Department of Health)

With the development of the State Health Plan, Tennessee is creating a broad-based health planning collaborative spanning public, private, and non-profit sectors, geographic regions, and data-sharing entities. With appropriate attention to the creation and implementation of the State Health Plan, Tennessee should see results in the improvement of the overall health status of its citizens and the development of its health care resources. Importantly, a comprehensive State Health Plan should facilitate results and help reduce duplication of effort and cost in state-sponsored health improvement programs and initiatives.

About the Division of Health Planning:

Primary Roles

The Division of Health Planning was created by action of the Tennessee General Assembly and signed into law by Governor Phil Bredesen (TCA § 68-11-1625). It is charged with three primary roles:

- Creating a State Health Plan that:
 - guides state health care programs and policies and
 - guides the allocation of state health care resources

- Providing policy guidance to:
 - Respond to requests for comment and recommendations for health care policies and programs and
 - Review and comment on federal laws and regulations
- Assessing health resources and outcomes to:
 - Conduct an ongoing evaluation of Tennessee's resources for accessibility (financial, geographic, cultural, and quality) and
 - Review the health status of Tennesseans

Additional Duties:

The Division has the following additional specific duties set out by statute:

- Regarding the State Health Plan:
 1. To submit the State Health Plan to the Health Services and Development Agency for comment;
 2. To submit the State Health Plan to the Governor for approval and adoption;
 3. To hold public hearings as needed;
 4. To review and evaluate the State Health Plan at least annually;
 5. To establish a process for timely modification of the State Health Plan in response to changes in technology, reimbursement and other developments that affect the delivery of health care.
- Other statutory duties are:
 6. To respond to requests for comment and recommendations for health care policies and programs;
 7. To conduct an ongoing evaluation of Tennessee's resources for accessibility, including, but not limited to, financial, geographic, cultural, and quality of care;
 8. To review the health status of Tennesseans as presented annually to the Division by the Department of Health and the Department of Mental Health and Developmental Disabilities;
 9. To review and comment on federal laws and regulations that influence the health care industry and the health care needs of Tennesseans;
 10. To involve and coordinate functions with such state entities as necessary to ensure the coordination of state health policies and programs; and
 11. To prepare an annual report for the General Assembly and recommend legislation for its consideration and study.

DIVISION OF HEALTH PLANNING ACCOMPLISHMENTS, 2008

2008 marked the beginning of the work of the Division of Health Planning. Having spent the year primarily on organizational and research tasks, we look forward to fulfilling our statutory goals and duties. Appearing below is a description of the work performed to this date.

Initial Hiring of Staff and Establishment of Key Processes

- Hiring of Staff: The Division of Health Planning's Director was hired at the start of 2008. The Division's other two employees, its Research and Planning Coordinator and its Health Quality Analyst, were hired in March and May, 2008, respectively. The Division expects to remain small in number and will utilize the expertise and work of other State Departments and Divisions and will also rely on assistance from outside resources.
- Establishing the Governor's Approval and Adoption Process: Because the charge to create the Tennessee State Health Plan is a large one that the Administration and the Division believe will take several years to develop, the Governor's approval and adoption process will involve initially approving a framework for the State Health Plan and adding completed parts as they are finalized. The first edition of the State Health Plan will also incorporate revisions to certain Certificate of Need program areas standards and criteria.
- The Advisory Committee: Although there is no statutory requirement for an advisory committee, the Division recognized the need for broad-scale collaboration with stakeholders to bring necessary experience and views to the table at an early stage. Thus, an Advisory Committee, designed also to augment the Division's personnel resources, is comprised of state elected officials, representatives from primary state department and agency stakeholders, and members from a representative group of industry and public stakeholders. The Division recognizes that all stakeholder groups could not be incorporated into the Advisory Committee and is creating opportunities for specific participation by all interested parties through a series of public meetings in 2009, both on the framework of the State Health Plan and on specific Certificate of Need program areas standards and criteria.
- Acquisition of extensive research knowledgebase: The Division has developed an extensive collection of health planning best practices and health planning strategies. This research includes research reports on the causes of poor health and on other states' initiatives to address health problems similar to those in Tennessee.
- Health-related Programs Inventory: The Division of Health Planning is charged with creating a State Health Plan that guides the State's health care programs and policies. To assist in this task, the Division is developing an inventory of the current health and health-related programs of the various departments and agencies of the state of Tennessee.
- The Certificate of Need (CON) Program: The Division has established a process for revising CON program area standards and criteria, set out on pages 10 and 11, and has

drafted revisions to those of Positron Emission Tomography and Cardiac Catheterization Services.

- WebSite: The Division of Health Planning has created its first website, found at <http://state.tn.us/finance/HealthPlan/dhp.shtml>.

Building the State Health Plan

- Background: The Division's staff performed extensive research on other states' approaches to health planning to develop an effective health planning process for the State. This research showed that state health plans fall into one of four categories: 1) a coordinating health plan; 2) a medical facilities health plan; 3) a single subject health plan; and 4) a Healthy People 2010-type health plan. Given the broad statutory charge for Tennessee's first state health plan, the Division of Health Planning, with the guidance of its Advisory Committee, determined that the Coordinating Health Plan model is the best option for Tennessee. With public input through a series of meetings across the State, this model will address all aspects of health improvement and health care resource development through the development and implementation of the State Health Plan.

The State Health Plan Framework

- With the help of the Advisory Committee, the Division has developed an initial framework for the first edition of the State Health Plan, which it plans to present to the Health Services and Development Agency and to the public for comment in 2009. After reviewing and incorporating appropriate revisions, the Division will present the first edition of the State Health Plan to the Governor for approval and adoption. This framework is based upon the Five Principles for Achieving Better Health identified by the Advisory Committee:

1. The purpose of the State Health Plan is to improve the health of Tennesseans;
2. Every citizen should have reasonable access to health care;
3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system;
4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers; and
5. The state should support the recruitment and retention of a sufficient and quality health care workforce.

Included in the State Health Plan framework is the process for timely modification of the State Health Plan in response to changes in technology and reimbursement, as well as other developments that affect the delivery of health care. This process anticipates the

bi-annual preparation of modifications to the State Health Plan for approval and adoption by the Governor and provides for the ability for the Division of Health Planning to prepare modifications on an ad hoc basis.

Proposed Timeline:

- Spring 2009: Approval and adoption by Governor of the first edition of the State Health Plan, containing the framework and revisions to certain CON program area standards and criteria
- Spring and Summer 2009: Hold public meetings and meetings of focus groups across the state to expand on the framework
- Summer 2009: Convene expert panels on changes to additional CON program area standards and criteria
- Spring and Summer 2009: Prepare additions to framework and proposed changes to additional CON program area standards and criteria; send to HSDA, Advisory Committee, and the public for comment
- Health Planning staff updates the first edition of the State Health Plan based on input received
- Late 2009: Approval and adoption by Governor of updates and additions to the first edition of the State Health Plan
- Bi-annual modifications to the State Health Plan

Certificate of Need Process

The Division has established a process for revising CON program area standards and criteria that incorporates the following:

1. The Division will conduct background research on the institution/service/action in question, including interviews with the Health Services and Development Agency, the Department of Health, and the Department of Mental Health and Developmental Disabilities.
2. If appropriate, the Division will select a reasonable number of recognized experts (depending on the institution/service/action in question) to interview, for the express purpose of ensuring that Division staff achieves a full understanding of the issues involved.
3. The Division will interview the selected experts to outline broad concerns, discuss specific technical issues, and receive their professional advice on the drafting of revised standards and criteria.
4. If necessary, the Division will develop a questionnaire to seek written input on specific draft standards and criteria under consideration by the Division. The Division will utilize feedback from the questionnaire to draft proposed standards and criteria.
5. The Division will submit the proposed standards and criteria to the HSDA, its Advisory Committee, the Department of Health, the Department of Mental Health and Developmental Disabilities, and the public for comment.

6. The Division will facilitate a public meeting prior to the due date for public comments.
7. The Division will receive and consider written comments from all who respond, making any changes to the proposed standards and criteria deemed necessary.
8. The Division will submit the proposed standards and criteria to the Governor for approval and adoption in the next edition of the State Health Plan.

Table 1: Schedule of priorities for revising CON category standards and criteria and status of each

The following schedule lists priorities for revising CON category standards and criteria and the status of each. The former Health Planning and Advisory Board initiated work on categories 1-3 below; thus the Division began work on these categories first.

Category	Status
1. Positron Emission Tomography Units	Revised
2. Cardiac Catheterization Laboratory Services	Under revision
3. Open Heart Surgery Services	Under revision
4. Ambulatory Surgical Treatment Centers	Researching
5. Magnetic Resonance Imaging	Researching
6. Nursing Home Services/Home Health Services	Researching
7. Others to be determined with Advisory Committee	

Data Aggregation and Analysis

- Health Planning Decision Support System/Centralized Health Data Warehouse

To aid in developing programs and policies, a health planning decision support system (HPDSS) is currently being developed. HPDSS will bring data from a variety of sources into a central computer-based system through which users can retrieve, summarize, and analyze decision-relevant population level (not individual health) data. It is anticipated that, through data-sharing agreements, HPDSS will also be made available to assist information-seekers, analysts, and decision-makers in other government agencies and health-related organizations throughout the state. Identifying source data and adding it to HPDSS will be an on-going process.

The Division of Health Planning intends to enable the following capabilities through the HPDSS:

- Support CON decisions and guide use of state health resources
- Track and project supply and demand for resources and facilities
- Report on geographic access to health care
- Report on financial and cultural access to health care
- Track and project health care workforce development and demand for health care workers

- Track and project health status of Tennesseans
- Report quality of healthcare
- Supply health data needs of other areas of state government
- Track the performance of health initiatives
- Report on the health care market and the financial status of the health care safety net

The first Data Mart (for CON Positron Emission Tomography units) was developed and put in use on August 31, 2008. The second Data Mart (the Health Plan data) is estimated to be completed in the Spring of 2009. Additional Data Marts for other CON services and facilities analysis purposes will be developed during 2009. Data Marts for other Departments are under consideration and data sharing agreements with other Departments are being developed.

- Collaborative Effort to Analyze and Make Public Tennessee Hospitalization Data. In December, 2008, the Division of Health Planning led a team of Tennessee experts from inside and outside state government at a federal government workshop to explore software tools for analyzing hospital data (only nine states were accepted to attend and all expenses were paid by the federal government). These tools create detailed reports on characteristics of diagnoses and procedures, preventable hospitalizations, and the burden of chronic disease (the information from these tools is useful for public health and policy; none of the tools generates any personally identifiable information).

The first results are available to the public now. At the website www.hcupnet.ahrq.gov, one can find statistics on Tennessee hospitalizations for any and all conditions and procedures. Statistics on frequency, length of stay, charges, patient mortality, and source of admission can be viewed by age, gender, type of insurance coverage, and hospital size, among other categories. This information can also be compared with other participating states. Statistics are available for at the state level only, not for individual hospitals.

During the workshop, the team committed to several collaborative projects to put these tools to use with Tennessee hospital data.

Future Work

There is still much work to be done to create the first edition of the State Health Plan; the Division of Health Planning, with the assistance and collaboration of many state departments and agencies, laid the groundwork for it in 2008. In 2009, the Division will present the first edition of the State Health Plan to the Advisory Committee, the HSDA, the Department of Health, the Department of Mental Health, and the public for comment, and then, after making necessary revisions, to Governor Phil Bredesen for approval and adoption.

During 2009, the Division plans to continue its work on revising Certificate of Need program standards and criteria, the development of the Health Planning Decision Support System, and identifying and assessing opportunities for cooperation between and among state departments and agencies. Additionally, the Division anticipates developing the processes for reviewing the health status of Tennesseans as presented to it annually by the Departments of Health and of Mental Health and Developmental Disabilities and for proposing legislation to the General Assembly.

APPENDIX

The State Health Plan Advisory Committee

The Advisory Committee for the State Health Plan is comprised of Tennessee state elected officials, state government department and agency stakeholders, representatives from specific healthcare and business groups, and the public. The Division anticipates that private sector membership may change over time. The Committee is purposefully kept to a limited number at this time in order to encourage the discussion of broad topics of interest and an analysis of the framework of the State Health Plan from a statewide policy level, rather than focusing on detailed issues of particular interest to individual healthcare stakeholders.

The Advisory Committee's first meeting was held on October 23, 2008. At that meeting, the Advisory Committee gave new direction for the initial framework of the State Health Plan.

The members of the Advisory Committee are:

State Government Members:

- Chair of the Senate General Welfare, Health, and Human Resources Committee – Senator Rusty Crowe
- Chair of the House Health and Human Resources Committee – Representative Joe Armstrong
- Comptroller of the Treasury – Justin P. Wilson
- Commissioner of Finance and Administration – Dave Goetz
- Commissioner of Health – Susan R. Cooper, MSN, RN
- Commissioner of Mental Health and Disabilities – Virginia Trotter Betts
- Deputy Commissioner of Finance and Administration and Director of the Bureau of TennCare – Darin J. Gordon
- Executive Director, Health Services and Development Agency – Melanie Hill

Non-state Government Members:

- American Health Planning Association – Arthur Maples, president; Baptist Memorial Hospital (Memphis)
- Long term care – Bruce Duncan, Assistant Vice President, National HealthCare Corp. (Murfreesboro)
- Health Insurance – David Locke, BlueCross BlueShield of Tennessee (Chattanooga)
- Tennessee Hospital Association – Mary Layne Van Cleve, COO (Nashville)
- Tennessee Medical Association – Albert J. Grobmyer, III, MD (Memphis)
- Public Policy – Rita Geier, Senior Fellow for Public Health, the Howard H. Baker Center for Public Policy, UT-Knoxville (Knoxville)
- Business – Cristie Travis, Memphis Business Coalition on Health (Memphis)

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