

File Tenn
Care.

December 10, 1999

To: Sarah B

From: Betty Nixon *Betty*

Subject: TennCare

Attached you will find a packet of charts and graphs that we use to visualize Vanderbilt's participation in TennCare and TennCare's impact on the institution. As you will see Vanderbilt has lost \$100 million serving TennCare patients and is looking at another \$20 million or more TennCare loss this year.

The bottomline is that without drastic reforms TennCare is not sustainable from our perspective. Other regional medical centers and public and teaching hospitals in the State share that view.

As I am sure you are aware, TennCare is under extreme pressure and may fail.

My advice is:

✓ ** Do NOT take credit for TennCare.

✓ ** Do take the position that we can learn from its mistakes and move forward.

✓ There may be an opportunity to use TennCare as an example of a lofty concept implemented too quickly and without the infrastructure to support it. To make our ideals reality, we have to be smart and tough, not just well intentioned.

Cc: Marilyn Yager

TennCare Budget - \$4.4 Billion

- **Covered Lives**

◆ Medicaid	800,000
◆ Uninsured and Uninsurable	450,000

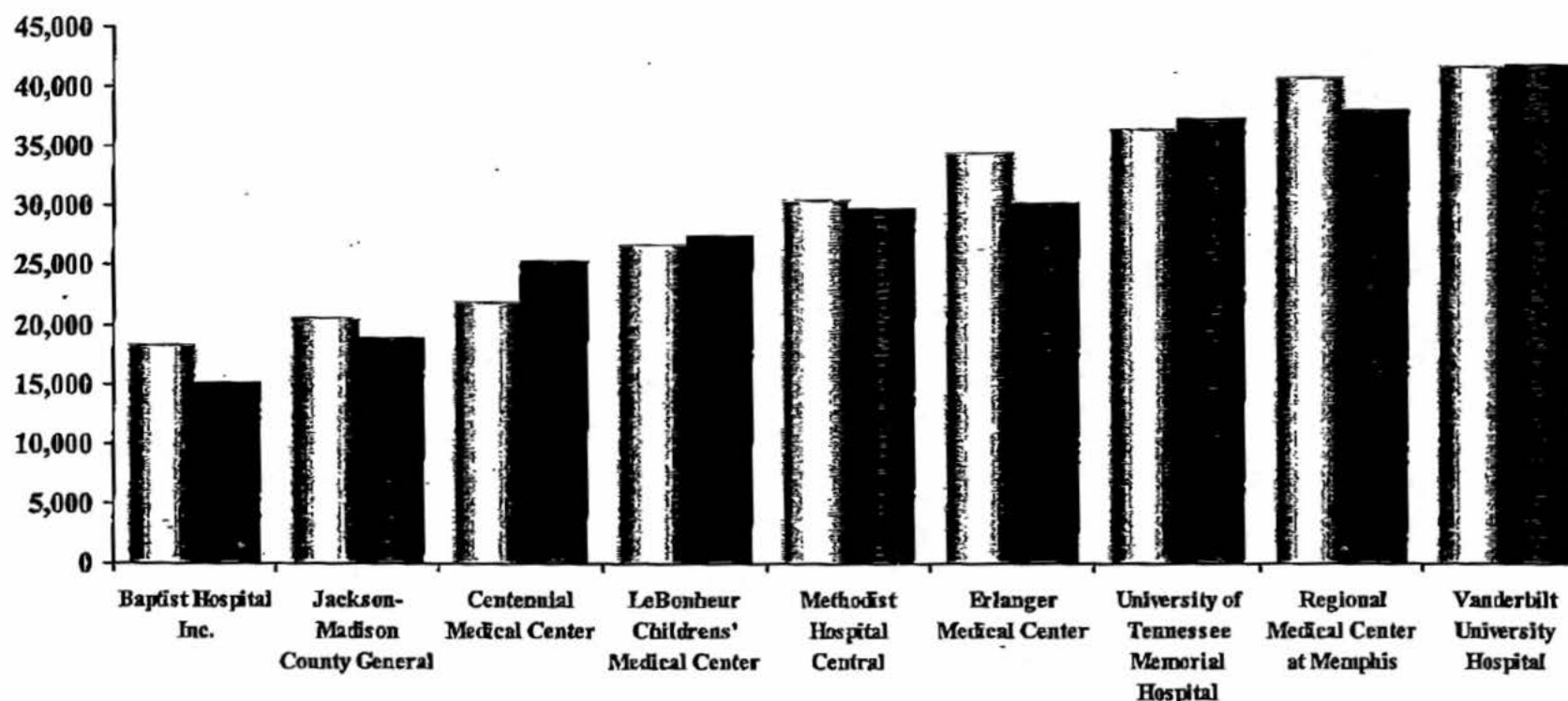
- **Estimated Savings to the State since beginning of Program in 1994 - over \$1 billion**

- **\$1.6 billion unmatched federal funds available**

Tennessee Physicians and Nurse Practitioners Trained at Vanderbilt

	<u>% VUMC</u>	<u>% VUSN</u>
Region I (West)	5.4%	4.6%
Region II (Mid)	50.1%	50.3%
Region III (East)	6.5%	3.9%
Uncoded Zips	na	na
Total	23.8%	23.0%

1996 and 1997 TennCare Inpatient Days Top Providers



Source: Tennessee Hospital Association Joint Annual Report

Vanderbilt Medical Group

- **Over 700 physicians covering primary care and all specialties ranging from in vitro fertilization to heart transplantation**
- **Largest physician group of TennCare providers in the state**
- **All are TennCare providers**

Vanderbilt University Medical Center Essential Services Provider

Burn Center

Level I Trauma Center

Level IV Nursery

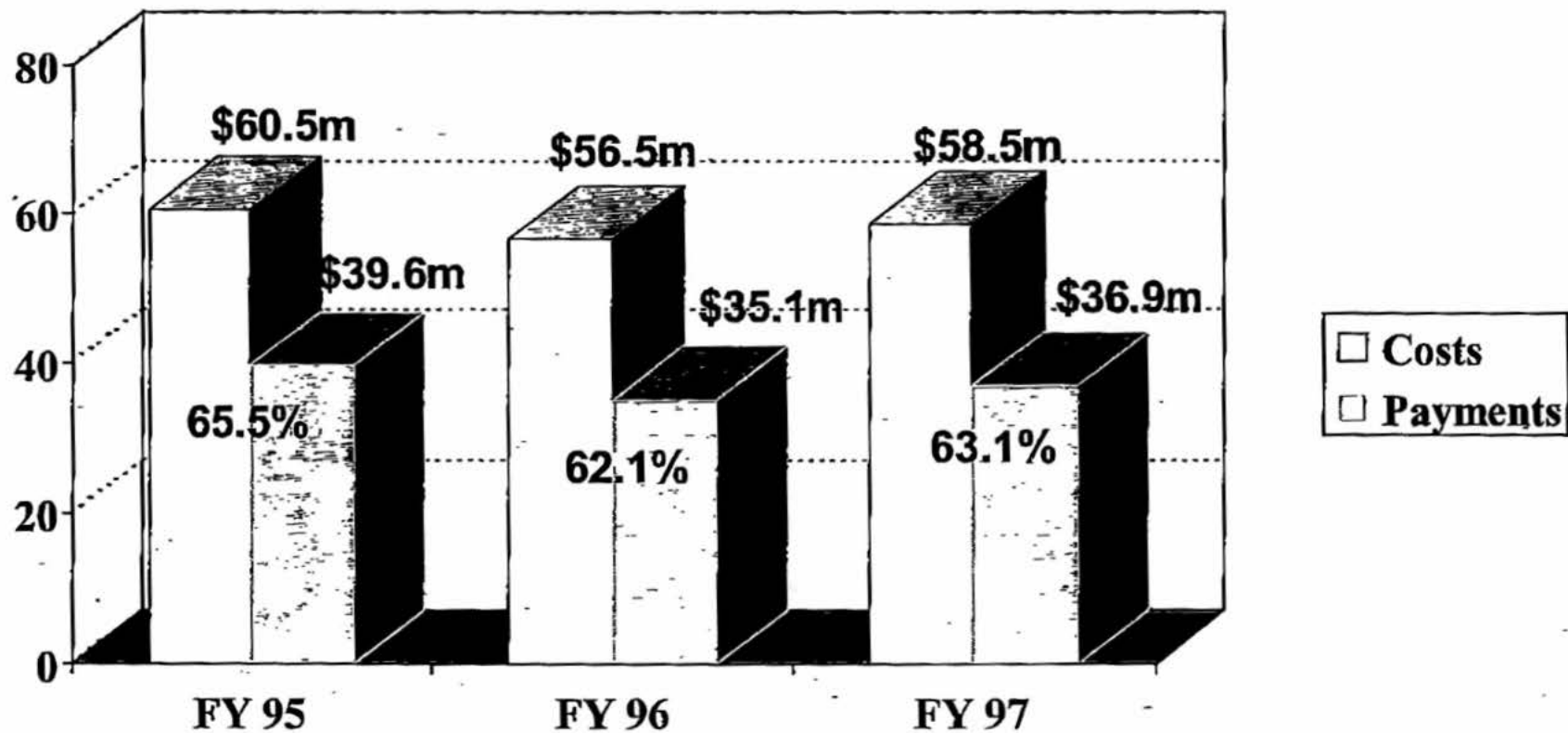
High Risk Obstetrics

Poison Center

Children's Hospital



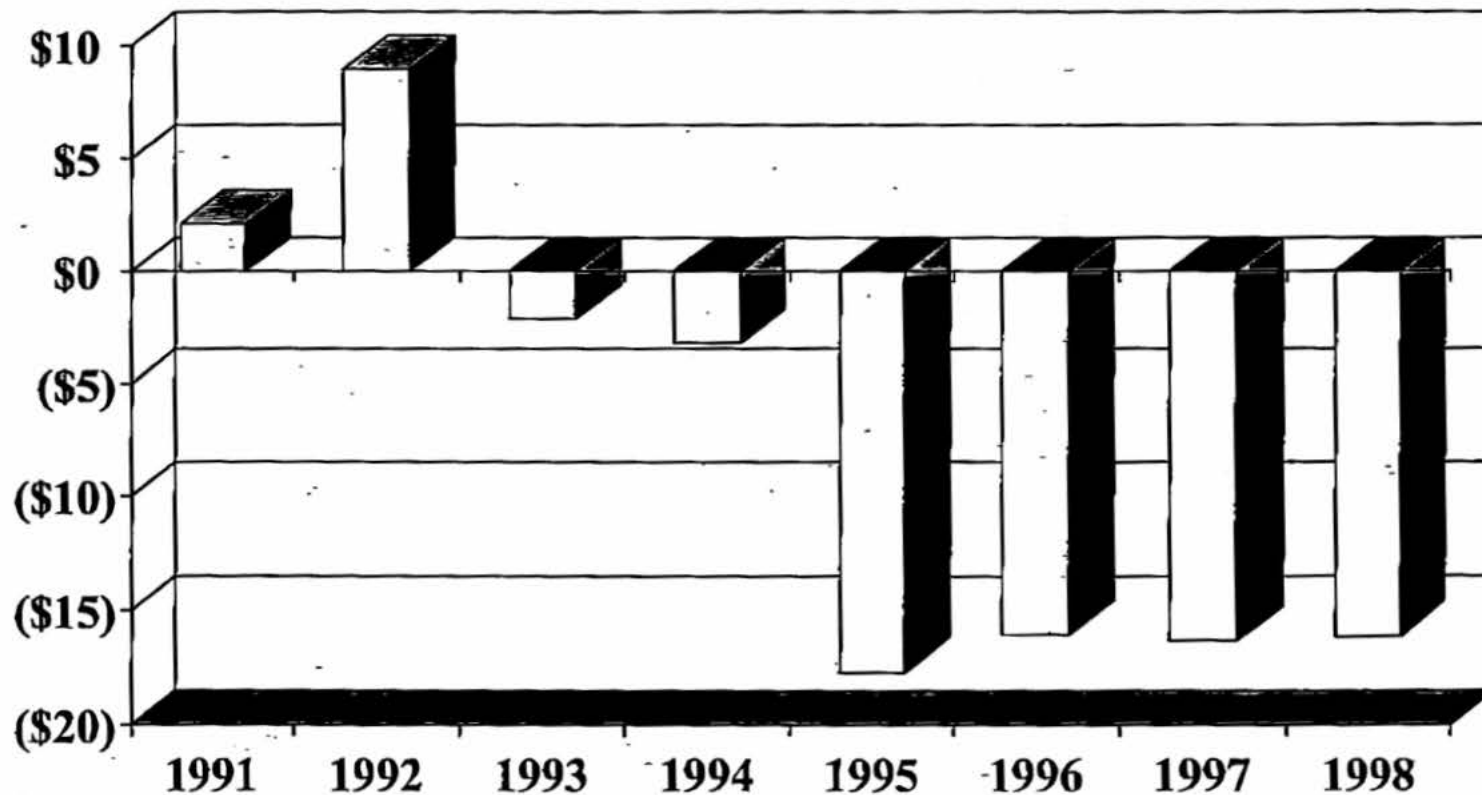
Vanderbilt University Hospital TENNCARE Ratio of Costs to Payments Total Inpatient Services



Source: VUMC Financial Management

Vanderbilt University Hospital TennCare Financial Performance

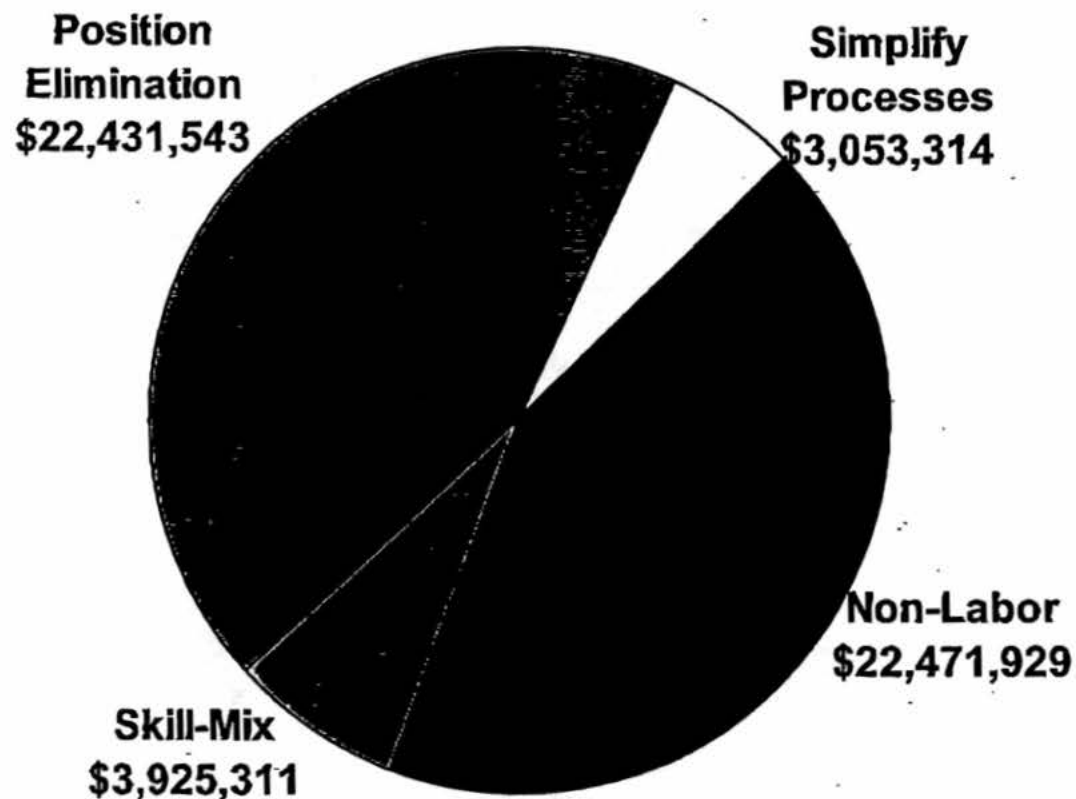
Millions



Includes all pass throughs

Source: VUMC Financial Management

Expense Reduction 1992-1/97



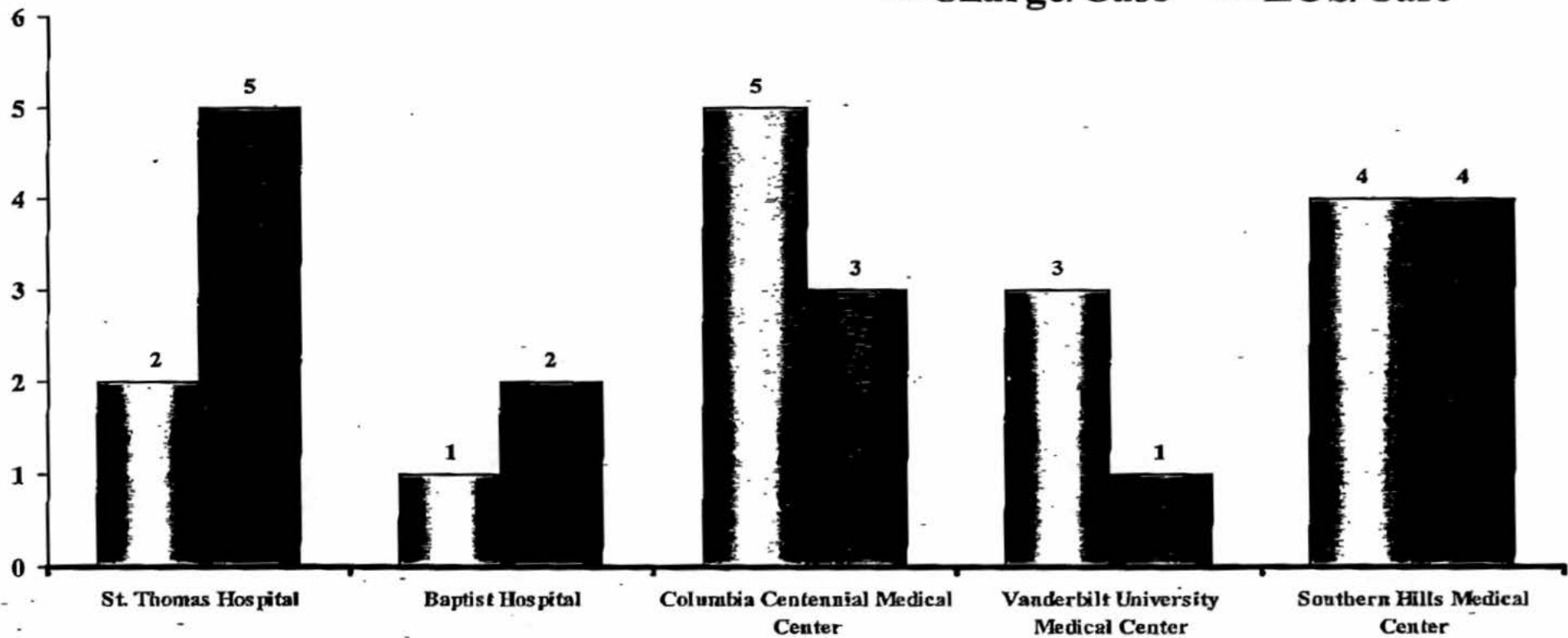
Source: VUMC Financial Management

Total: \$51,882,097

Vanderbilt University Hospital & Clinic
Overall Charge & Length of Stay Comparison by Hospitals (Nashville)
HCFA MedPAR File: Oct '96-Sep '97

Rank Order

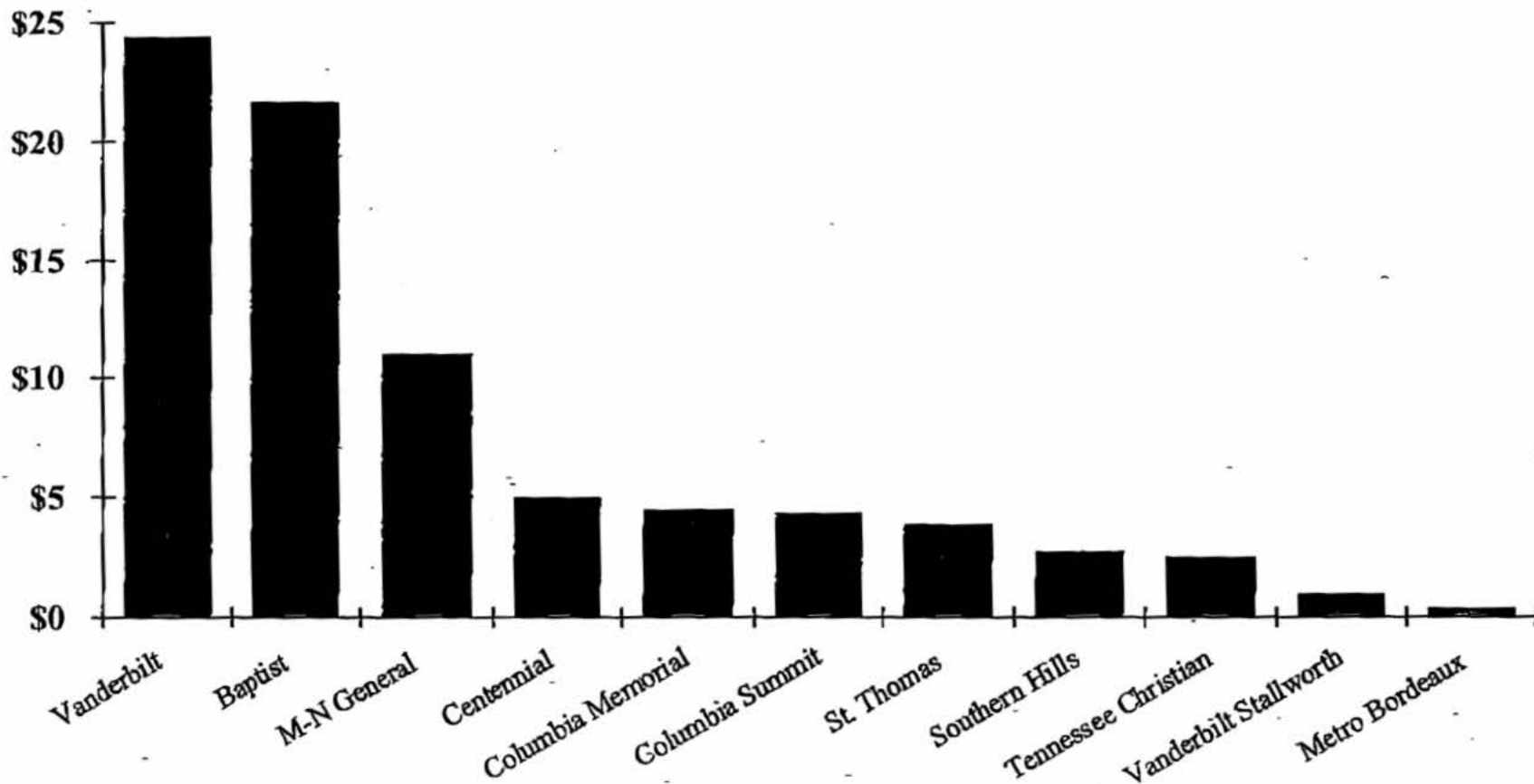
■ Charge/Case ■ LOS/Case



1 = Lowest

Total Charity, Indigent & Bad Debt Davidson County Hospitals FY 96

Millions



Academic Hospitals *

Percentage of Tennessee Acute Care

● Hospitals	6 %
● Admissions	17%
● Total Care	17%
● Charity Care	40%

* Johnson City Medical Center, Vanderbilt Medical Center, Erlanger, U.T. Memorial, Regional Medical Center, LeBonheur Children's Medical Center, Metro General

Source: THA 2/99

Solutions

Solutions

**Continue funding Graduate Medical Education
(projected TennCare funding \$48 million)**

**Make disproportionate share payments to essential
services providers**

Provide 24-hour access to TennCare enrollment

Solutions

- **Direct new CAP payments to providers**
- **Change the TennCare contract between the State and the TennCare MCO's to require the MCO's to recognize the costs of State regulated essential services in their payments to safety net providers**