DIVISION OF HEALTH PLANNING

2012 ANNUAL REPORT

State of Tennessee
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http://tn.gov/finance/healthplanning/
Commissioner John J. Dreyzehner, MD, MPH

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FROM THE COMMISSIONER OF HEALTH

This past year, the Division of Health Planning accomplished a variety of goals, falling into three main areas:

1. Updating the State Health Plan and revising critical Certificate of Need program area standards and criteria; and
2. Transitioning to the Department of Health (TDH) from the Health Care Finance and Administration (HCFA) Division of the Department of Finance and Administration.
3. Continuing the development of the All Payer Claims Database, which remained with the HCFA Division after the transition of the Division of Health Planning to TDH.

The 2012 update to the State Health Plan focuses on providing current information on the health status of Tennesseans, including the Administration's efforts to reduce obesity and substance abuse and the TDH's additional emphasis on primary prevention, specific state initiatives relating to the Five Principles for Achieving Better Health (set out on page 7 herein), and updating Certificate of Need standards and criteria. In accordance with statutory authority, it was presented to Governor Bill Haslam at the end of February, 2013 for his approval and adoption.

In conjunction with the Health and Wellness Task Force appointed by Governor Bill Haslam in the fall of 2011 and the State Health Plan, the Division of Health Planning will continue its work coordinating and leveraging relevant state programs and services to optimize health outcomes and value for Tennesseans and to improve the effectiveness of our health care system.

This Annual Report provides a summary of these efforts and other work we accomplished in calendar year 2012 and what we plan to accomplish in 2013. We look forward to working to implement the State Health Plan and to completing the next update to the State Health Plan.

John J. Dreyzehner
Commissioner
Department of Health

The development and continual updating of a comprehensive plan – the State Health Plan – is critical for success in improving health outcomes and the value of health care delivered. "Health outcomes" for purposes of planning includes the health of individuals as well as of the general population, and the State Health Plan has a particular focus on reducing obesity and substance abuse. The plan also embraces the notion of "value," ensuring that investments in improving health are wisely targeted, and stresses the importance of primary prevention in improving the health of Tennesseans.

The responsibility for improving Tennessee's health is housed among multiple state departments and agencies – each with its own statutory responsibilities, 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. [1]

Last year, Tennessee improved its ranking from 41st to 39th in the nation in health status,[2] continuing its steady progress upwards in the rankings and suggesting the prospect of further improvement. Supported by Tennessee's improving trends over time in 13 areas, TDH has set a vision for Tennessee to reach the top ten in this national ranking. However, despite our improvements, Tennessee's ranking at 39th still means Tennesseans compare poorly on many important indicators of 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. 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.

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 and should make an even greater impact by working collaboratively.

The state's role in promoting the health of Tennesseans is multi-pronged. The state is the public health authority and provider of critical health services and primary prevention activities through the Department of Health, the Department of Mental Health and Substance Abuse Services, and the Department of Intellectual and Developmental Disabilities. The state is also the prison health authority, the provider and coordinator of children's care programs, the facilitator for advancement in health information technology, and the grantor of certificates

[1] See Appendix A for a full discussion of the roles and duties set forth by the enabling statute.
[2] United Health Foundation's America's Health Rankings, found at http://www.americashealthrankings.org

of need for specific health care services and facilities. In addition, the state is a major purchaser of health insurance, the licensor and regulator of health and health insurance services, an employer/health insurance purchaser, a provider, and the promoter of Tennessee's health care industry. Finally and importantly, the state is a driving force behind improving the education levels of its residents, a factor well connected to improved health status later in life.

A comprehensive 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 coordinate efforts to reach the goals it sets out.

2012 was the year for the third update to the State Health Plan that was developed in 2009, fulfilling our primary statutory obligation. The 2012 update provides updated information, including some important trending data, on the health of Tennesseans and updated standards and criteria for two Certificate of Need program areas. The Division in 2012 also transitioned to the Department of Health by Executive Order and continued the development of the All Payer Claims Database, which remained with the Division of Health Care Finance and Administration after the Division's move to the Department of Health .

The 2012 Update to the State Health Plan (http://tn.gov/finance/healthplanning/)

2012 was a transition year for the Division and for the State Health Plan, with the primary focus on research and development activities and the transfer by Executive Order of the Division of Health Planning to the Department of Health. The 2012 Update to the State Health Plan reports on the health status of Tennesseans, including the Administration's efforts to reduce obesity and substance abuse and the TDH's additional emphasis on primary prevention, specific state initiatives relating to the Five Principles for Achieving Better Health (set out on page 7 herein) and revises two Certificate of Need program area standards and criteria.

Tennessee's national health status ranking, comprised of measurements of outcomes and determinants, is now 39th, up from 41st last year and is the fourth straight year of improvement. Importantly, Tennessee has gradually improved over time in 13 critical outcomes and determinants of health (set out in Appendix B). And while our national ranking is 39th, Tennessee's separate health determinants ranking, which can be considered a likely forecast of future health outcomes, is 37. To address the goal of improving the health of Tennesseans, identification of specific outcomes and determinants that negatively impact these rankings is essential. An improved understanding of the underlying personal behaviors, place-based conditions and service issues that affect these outcomes will identify differences and disparities needed to be changed to improve these rankings. These actions, taken across state departments, will address the remaining Five Principles of access, resources, quality and workforce.

Prior to the Governor's approval and adoption, as required by law the 2012 Update to the State Health Plan was reviewed by the Health Services and Development Agency (HSDA) for comment. Comments from the HSDA were incorporated into the draft. The Division is submitting the 2012 Update to the State Health Plan to Governor Haslam for approval and adoption, as required by statute.

The framework for the State Health Plan is based upon the Five Principles for Achieving Better Health identified by the Advisory Committee and taken from the statutory policy statement:

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 development, recruitment, and retention of a sufficient and quality health care workforce.

As required by statute, the Division has established with the Governor's Office a 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 and the improvement of the health status of Tennesseans. This process anticipates annual preparation of modifications to the State Health Plan for approval and adoption by the Governor and provides for the ability by the Division of Health Planning to prepare modifications on an ad hoc basis.

Reviewing and Revising Certificate of Need Standards

With the advice of the HSDA, in 2012 the Division revised the CON standards and criteria for Hospice Services and Ambulatory Surgical Treatment Centers. These revised standards and criteria are included in the 2012 Update to the State Health Plan. The Division followed an extensive public process for each revision, discussed below. The Division is currently revising the standards and criteria for Home Health Services and Free Standing Emergency Rooms. The Division is also in the research stage for preparation for revisions to the Mental Health Residential Treatment Facilities and Nonresidential Substitution-based Treatment Centers for Opiate Addiction standards and criteria. The following table shows the progress made in revising the CON standards and criteria since 2009.

Table 1: Status and Schedule for revising CON category standards and criteria	
Category	Status
1. Positron Emission Tomography (PET) Services	Completed, 2009
2. Cardiac Catheterization Services	Completed, 2009
3. Open Heart Surgery Services	Completed, 2010
4. ESWL (Lithotripsy)	Completed, 2010
5. Magnetic Resonance Imaging	Completed, 2011
6. Megavoltage Radiation Therapy Services	Completed, 2011
7. Ambulatory Surgical Treatment Centers	Completed, 2012
8. Hospice Services	Completed, 2012
9. Freestanding Emergency Rooms	Under revision
10. Home Health Services	Under revision
11. Mental Health Residential Treatment Facilities	Researching
12. Nonresidential Substitution-based Treatment Centers for Opiate Addiction	Researching

The Public Process for Revising CON Program Area Standards and Criteria:

The Division has established the following thorough and transparent process for revising CON program area standards and criteria:

1. The Division staff researches the issues, paying particular attention to national professional standards and other states' CON standards. The Health Services and Development Agency staff provides additional resources in this process.
2. Division staff members conduct interviews with as broad a range of stakeholders as is possible (e.g., for-profit, non-profit, urban, rural, hospital-based, non-hospital-based, etc.) to gain additional expert insight.
3. From the interviews, additional questions are developed and distributed to stakeholders for responses.
4. The responses to the questions are used to develop a draft of revised standards and criteria. This draft is sent out to stakeholders for comment, including the Health Services and Development Agency.
5. Division staff members conduct a public hearing on the draft revisions.
6. Revised standards and criteria are then finalized and included in the draft update to the State Health Plan for eventual approval and adoption by the Governor.

Other Health Planning Division Activities

The Division works collaboratively with many health and health care related entities inside and outside state government. For example, in 2012:

- The Division's Director served as a board member for the Tennessee Institute of Public Health.
- The Division's Director served on the state Internal Health Council
- The Division's Director served on the Tennessee Hospital Association's Workforce Advisory Committee
- Division staff members participated on the Tennessee Obesity Task Force
- The Division's Director served on the Steering Committee for Metro Nashville's "Shaping Healthy Cities: Nashville" Initiative
- The Division's Director served on Metro Nashville's Health Data Task Force

Future Work

During 2013, the Division will continue to promote the State Health Plan's policy priorities, goals, and strategies, incorporating this work with a new emphasis on the economics of primary prevention. Further, the Division will continue its work revising Certificate of Need program area standards and criteria and developing health status trend analyses.

Appendix A

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 in 2004 (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.

Appendix B

Tennessee's Improving Health Trends

Tennessee's Improving Trends

Shown in the following chart are thirteen health determinants and outcomes in which Tennessee has shown gradual improvement over the past five years. However, even with these improvements, Tennessee still lags behind most of the rest of the country in many of these areas, as well as others (source: America's Health Rankings 2012).

Determinant/Outcome	2008	2009	2010	2011	2012	US 2011
Obesity	30.7%	31.2%	32.9%	31.7%	29.2%	28.2%
High School Graduation	68.5%	70.6%	72.6%	74.9%	77.4%	75.5%
Violent Crime (offenses per 100,000)	753	722	668	613	613	403.6
Occupational Fatalities (deaths per 100,000 workers)	6.1	5.8	5.4	5.3	5.4	4.1
Infectious Disease (per 100,000, 2-year avg.)	20.7	18	17.3	9.5	9.1	12.4
Air Pollution (per cubic meter)	13.6	13	12	11.1	10.4	10.5
Lack of Health Insurance (% w/o insurance, two year avg)	27.0%	14.7%	15.2%	14.9%	13.9%	16%
Low Birth Weight (% of live births)	9.5%	9.6%	9.4%	9.2%	9.0%	8.1%
Preventable Hospitalizations (Medicare pop. discharge rate)	97.8	91.9	87.7	85.8	83.4	66.6
Cardiovascular Deaths (per 100,000)	353.8	338.1	326.4	315.7	310.4	264.9
Diabetes (Adult population)	11.9%	10.3%	10.2%	11.3%	11.2%	9.5%
Infant Mortality (deaths per 1,000 live births)	9.5	8.8	8.5	8.2	8.1	6.5
Cancer Deaths (per 100,000)	216	215	215.3	212.5	204	182.5

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