

An Analysis of the Manatee County Health Care Study
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December 19, 2008

Newspaper readers in Manatee County should not have been surprised at the headline over a December 1 *Washington Post* story published in the *St. Petersburg Times*: “Tackling the mega-mess of pricey U.S. health care: Much of the system is wasteful and inefficient, health CEOs admit.” Coming just two weeks after formal release of results of a study of their own local health care system, the *Post* report must have seemed like déjà vu to Manatee County citizens who stay informed of such issues through the news media. For the “mega-mess” in health care at the national level echoed much of what the study of their own health care system found: inefficient use of services, lack of accessibility to services by the uninsured and under-insured, scant information-sharing between health care providers, physician shortages in certain specialties and inequitable regulatory rules – all resulting in overall dissatisfaction with the health care delivery system.

The Manatee County study was conducted from March through September 2008 by the Center for Research in Healthcare Systems and Policy at the University of South Florida Sarasota-Manatee, and was overseen by the Institute for Public Policy and Leadership at the Sarasota-Manatee campus of USF. It was underwritten by a \$267,000 grant from the Manatee Chamber Foundation, in response to an invitation from Manatee County Government as administrator of the Indigent Health Care Fund. There are different but parallel reasons for these two influential entities’ active concern for the quality of health care delivery: Manatee County Government, to ensure its scarce resources for indigent health care are used as efficiently as possible; the Chamber Foundation, to ensure the viability of a key element in a prosperous business climate.

For years the delivery of health care services to the indigent and working poor has been in a state of intermittent crisis management. Manatee County Government, as trustee of the Indigent Health Care Fund created by proceeds from sale of then-county-owned Manatee Memorial Hospital in the early 1980s, has considered itself morally obligated to ensure that no person in need of health care services was denied care for inability to pay. County government regularly negotiated a contract to reimburse Manatee Memorial for indigent care services based upon investment revenue only, in order to preserve the “corpus” of the Indigent Care Fund – roughly \$55 million – in perpetuity.

The medical community, however – especially Manatee Memorial Hospital, the magnet provider of health services to the community – often complained that this high-minded moral commitment was fulfilled at its expense, to the tune of millions of dollars each year. With indigent patients often seeking medical care only as a last resort, the risks of an unfavorable outcome – and thus a lawsuit – are greatly elevated. Thus many doctors understandably balked at being expected to be on-call for Emergency Room duty to care for patients for which they would be paid little or nothing and who might sue because the outcome wasn’t perfect, even as they were forfeiting time that could have been spent treating paying patients.

With rising health care costs and increased indigent patient loads, the gap between value of services provided by Manatee Memorial and reimbursement for those services

by county government steadily widened. As it did, doctors increasingly opted out of the equation, some choosing to decline ER assignment and others to retire earlier than they otherwise would have or to move their practices to another city or even another state. The perception of a severe doctor shortage became widespread in the mid-2000s, leading to concern that certain specialties would be unavailable to anyone in Manatee County, regardless of ability to pay.

It was in this climate of fear and uncertainty that the health care survey was commissioned by the Manatee Chamber Foundation. A research team from USF was selected to do the research because it provided an academically objective point of view and because its members would be somewhat familiar with the community's overall dynamics and culture. And because the Center for Research in Healthcare Systems and Policy had done other work in health care systems research.

The questions included: Were the fears of an impending physician shortage justified? While few disputed that there is a national health care crisis, are there unique factors in Manatee County that make the crisis seem worse there? How does Manatee County compare to neighboring counties and to the state of Florida as a whole in health care resources? Does it have an extraordinarily high percentage of illegal immigrants who access indigent care services? And what, if anything, can be done to resolve the perceived shortcomings of the health care system in Manatee County?

To attempt to provide answers to those and other questions, a multi-disciplinary research team carried out a multi-method assessment of primary and secondary data. Secondary data included demographic trends and health statistics drawn from a wide range of county and state agency sources. The primary data were gathered through surveys of physicians, citizens and business owners in Manatee County that were developed specifically for the study. Additionally, data was gathered during seven focus groups, three town-hall-type meetings, and 40 interviews with key individual stakeholders of the Manatee County health care system.

The team consisted of Neset Hikmet, Ph.D., director, USF Center for Research in Healthcare Systems and Policy, principal investigator; Christopher J. Davis, Ph.D., Assistant Professor of Information Systems, USF St. Petersburg, co-principal investigator; Nir Menachemi, Ph.D., associate professor, Department of Health Care Organization and Policy, University of Alabama, investigator; Anol Bhattacharjee, Ph.D., Professor of Information Systems, USF Tampa, investigator; James Curran, Ph.D., Associate Professor, College of Business, USF Sarasota-Manatee, investigator, and Thomas Pencek, Ph.D., Assistant Professor, College of Business, USF Sarasota-Manatee, investigator.

The study found that many of the health care problems in Manatee County are systemic, a consequence of national and state policies and practices over which local policy-makers and service providers have little or no control. But it also found a number of statistical anomalies in Manatee County that could and do impact the health care delivery system. Among them:

- The county's population from 1998-2007 increased at a somewhat higher rate than the state of Florida: 28.7 percent vs. 25.1 percent.
- Its unemployment rate was slightly higher than the state and national average: 7.3 percent, vs. 6.8 percent state and 6.1 percent U.S.

- The average weekly wage in Manatee was below the state average: \$694, vs. \$810 statewide.
- Fully 28 percent of Manatee residents under age 65 have no health care insurance, vs. 21 percent for the state, and 22.1 percent of the population is 65 or older, compared to 16.8 percent for the state, and thus eligible for Medicare, whose reimbursement rates to providers continue to decline..
- Of 3,398 births recorded in the county in that period, 36.6 percent were to mothers with less than high school education.
- Only 60 percent of high school graduates from the Class of 2006 found employment by the end of the year, and average earnings were \$10,228 per year – less than one-third of the county’s average annual wage.

Together, these factors imply a relative difficulty for the average Manatee resident to find an employer who offers competitive insurance benefits, which means government and/or charitable agencies had a greater burden of health care services shifted to their ledgers. That resulted in a higher percentage of uninsured patients seeking care at hospital emergency rooms, especially Manatee Memorial’s ER, the provider of choice for indigent and uninsured residents.

This consequence, then, also helped explain other statistical irregularities that the researchers found in Manatee County data, especially those related to physician shortage:

- 19.2 percent of physicians have five years or fewer in practice, compared to 27.3 percent statewide.
- 8.5 OB/GYN practitioners per 100,000 population, vs 9.9 statewide.
- 14.2 family practitioners per 100,000, vs. 18.1 for the state.
- 29.6 internists per 100,000, vs. 49 for the state.
- 13.2 pediatric practitioners per 100,000, vs. 19.9 statewide.

It was not surprising that “Dissatisfaction” emerged as one of six themes unearthed by the researchers. As their report noted, “dissatisfaction is, in part, a by-product of the other trends identified (by the data). Given the challenges facing the Manatee County Health Care System, much dissatisfaction was detected among stakeholders in the county. The dissatisfaction seems to be affecting patients, employers and providers.”

Everyone had a reason to be dissatisfied:

- Uninsured patients felt they were treated as “low priority” when they sought care in hospitals and clinics.
- African Americans felt they were being shortchanged because illegal immigrants were overusing services.
- Hispanics felt they were treated as second-class citizens and assumed to be illegal immigrants regardless of their immigration status; plus with few translators available among health care providers, communication was difficult.
- Underinsured patients complained about high deductibles they had to pay after purchasing insurance coverage.

- Fully insured patients were unhappy because their access to emergency care was delayed by so many indigent, uninsured and under-insured patients clogging up emergency rooms.
- Employers were unhappy with the rising cost of employee health care coverage.
- Physicians, nurses and other emergency room workers were upset at the poor and uninsured inappropriately using their services for primary care easily available in walk-in clinics and federally-subsidized clinics.
- Hospital administrators were concerned at the millions of dollars of unreimbursed treatment provided to these groups and the negative effect on physician morale and recruitment of non- or low reimbursement for services provided by physicians.
- Those physicians, of course – especially primary-care doctors – were unhappy with the low rate of reimbursement, the added risk of liability from patients in poor health who wouldn't pay them, and with the poor level of coordination among those serving their patients.

And all of this occurred in an atmosphere of intense competition for the health care dollar, with hospital competing with hospital, clinic with clinic, proprietary surgical and diagnostic centers with one another and with hospitals, and out-of-town specialists setting up local branches to poach the Manatee market for financially lucrative out-patient procedures.

Five other major themes emerged from the study, and the team extrapolated from the data recommendations for solutions in each: resource allocation, cost, demographics, coordination and information exchange, and regulatory issues.

The key recommendations were:

- Establish a Manatee County Health Care Alliance, including leaders from business, hospitals, other health care service providers (including family medicine and dentistry), health insurance providers, not-for-profit organizations (such as United Way, YMCA, YWCA) and county government.
- Conduct a comprehensive countywide evaluation of health care funds and services. Rather than “open book” accounting, the aim should be for transparency and awareness of funding streams and their distribution. Evaluation of services should be at an equally high level, comparing services delivered with organizational mission.
- Develop initiatives to recruit and retain physicians – especially family practitioners. Options here include reconsideration of impact fees, loan forgiveness, lobbying for lower malpractice costs and partnering with the county school system to attract recruits. The role of the Alliance here should be similar to that of the Economic Development Council.
- Pursue development of a training or residency program at one or more of the hospitals in Manatee County. The “outreach” model used by Florida State University College of Medicine at Sarasota Memorial Hospital provides a basis to explore opportunities to collaborate with USF, Lake Erie College of Medicine, etc.

- Expand ER diversion programs, building on the experience of those in place at Blake Medical center and Manatee County Rural Health Services.
- Improve the availability of health information to optimize the effectiveness of the county's resources. Action items here include advocating for a Regional Health Information Organization (RHIO); expanding the 211 resource base; setting a vision for health care standards in Manatee County and patient education – promotion of health and wellness programs; education of employers about available programs and services. The overall aim should be to maximize visibility and coordination so as to overcome the lack of awareness of services among residents, business owners and service providers and thus reduce the number of opportunities and appropriate channels for health care delivery.

At the close of 2008, there were encouraging signs of cooperation to begin implementing some of the action steps. Key is formation of The Alliance, with chamber, county government, hospital and USF representatives agreeing informally to establish a steering committee in early 2009 to begin organizing such a group. Also underway at year-end were exploratory talks among chamber and hospital executives with both LECOM and FSU College of Medicine to establish residency programs for students in the two medical training schools based in Manatee-Sarasota area. That is seen as a significant step in recruiting doctors to practice in Manatee County, for statistics provided by medical schools show that the majority of graduates decide to set up their practices in the communities in which they did their residency training.

While the proposed Alliance can address many of the recommendations made by the research team, the real solution to Manatee County's health care crisis will only come if the stakeholders subordinate their individual grievances and turf-guarding instinct to jointly address the overarching problems revealed by the study, such as:

- Inappropriate use of emergency rooms as primary health care service providers. Needed is a unified effort to make patients aware of the most appropriate services, to establish a universal framework to identify those eligible for government assistance in getting such services and to divert inappropriate cases to the proper venue, such as Manatee Rural Health Care clinics. Orange County's universal eligibility program currently in development offers a model for such a program in Manatee.
- Sharing of patient information in a case-management system to avoid costly duplication and assure appropriate levels of care.
- A countywide wellness program to prevent or mitigate health problems, especially among children, perhaps patterned after the system serving Manatee County Government employees.
- A group insurance system to which small businesses can subscribe to obtain group rates for their employees.

Yet as daunting as those actions seem, they are the easier, short-term initiatives that could begin to ease Manatee County's health care crisis. More far-reaching – and far more difficult to resolve – are socioeconomic issues and state and national laws and policies regulating distribution of health care resources. Among them:

- Manatee’s teen pregnancy rate, which is one of the highest in the state. With 36 percent of all births to mothers with less than a high school education, it is not difficult to predict the impact that those births will have on the health care system for years to come. During the decade of high birth rates to teen mothers, Manatee County policy-makers have consistently refused to permit sex education curricula in public schools beyond the abstinence-only approach. A concerted effort to provide effective sex education and access to prophylactics might begin to lower the high teen birth rate and reduce the number of indigents using the health care system.
- Manatee’s low-wage employment market. As reported above, with the county’s average weekly wage of \$694 falling considerably below the state average of \$810, the average worker has difficulty affording health care insurance co-payments even if his/her employer offers coverage. A relatively few major employers operate in Manatee; most employers are small local businesses with fewer than 50 employees, making them ineligible for favorable group ratings that average out “pre-existing conditions” among larger pools of customers and keeping group rates relatively affordable. In fact, the Florida Office of Insurance Regulation, in concert with insurance companies and other health care payers, establish the types of insurance products and coverage options available to small and medium-sized businesses. Those packages do not allow small employers to negotiate with insurance providers for the rate breaks and group packages that large employers manage to win by virtue of their efficiency of scale.

To deal with these twin problems will require a long-term effort by the chamber, EDC and government leaders. First, they must try to diversify the economy to attract higher-paying employers and more employers with regional or national operations large enough to offer affordable group health insurance. Second, they must lobby state legislators and the insurance industry to change state policies and laws to allow insurers to offer more attractive group packages to small employers.

- Medicare reimbursement rates and malpractice liability protection. In addition to having a higher percentage of Medicare-eligible patients, Manatee County physicians receive the lowest reimbursement rate for treating Medicare patients in the state of Florida. That’s because the Medicare system bases reimbursement on a complex formula called the “Sustainable Growth Rate,” which in theory adjusts reimbursement according to the cost of living and of maintaining a medical practice. Doctors in the Miami-Dade and Monroe districts receive 13 percent more for the same procedure as doctors in Manatee. Manatee doctors say the SGR fails to reflect the sharp increase in cost of living in Manatee County since 2001. Combine that 13 percent reimbursement disparity with physicians’ exposure to malpractice litigation and it isn’t difficult to see why a physician shortage exists.

Manatee County can't solve these problems alone. But its leaders can and should vigorously lobby state legislators and members of Congress to amend these rules that put them at such an economic disadvantage. The Medicare formula should be the same regardless of geographic location; a Medicare-covered procedure takes, presumably, the same amount of time regardless of the city in which it occurs. And for malpractice protection, physicians seeing indigent and uninsured patients at Manatee Memorial Hospital should have the same protections as those who practice at Federally Qualified Health Centers such as Manatee County Rural Health Systems. That system is covered by the Federal Tort Claims Act, which affords physicians full medical malpractice protection at no cost to the doctors and at no liability to their institution for any malpractice judgments awarded. The federal government backs the physicians serving in those facilities. All physicians serving indigent and uninsured populations should receive comparable protection.

Encouragingly, the Manatee Chamber has already begun addressing some of these recommendations. Initiatives identified at its fall retreat for 2009 include:

- Create a three-year economic development strategic plan.
- Work with local government officials to identify incentives and implement policies that will encourage redevelopment in core areas.
- Develop enhanced job-related skills and competencies for the current and future workforce.
- Pursue a teaching/residency program at one or more hospitals in Manatee County.
- Work with local hospitals to help attract physicians and other medical personnel to the community, including removal of barriers to attracting and retaining physicians and other medical personnel, such as high impact fees for medical facilities.

These are good beginnings, offering hope that Manatee County will avert the crisis it has long feared: a shortage of key specialists to treat *anyone*, regardless of ability to pay. Hopefully, this study has provided a blueprint for action that will reform the entire system, providing equity in health care service quality to all segments of the community, regardless of social or financial status. As noted above, many of the greatest obstacles to that commendable goal are built into the “mega-mess” of the national health care policy structure. The incoming president, Barack Obama, has promised to make health care a top priority of his administration. If such reforms at the national level coincide with the systemic changes needed at the local level, Manatee County will be well on its way to having the efficient, cost-effective, equitable, high-quality health care system its leaders in the Chamber of Commerce and County Government envision.

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David Klement, director of the Institute for Public Policy and Leadership at the University of South Florida Sarasota-Manatee, has lived in Manatee County for 33 years and has studied and commented on the county's health care system for most of that period. The Institute for Public Policy and Leadership seeks to help shape the future social, economic, and governmental environments that influence the lives of citizens – especially in the South Tampa Bay region – by serving as an effective, high-quality knowledge resource, broker, and facilitator. Its primary mission is to conduct non-partisan research, deliberation, training and education on important public policy and leadership issues. The underlying objective of the Institute is to foster informed public decision-making and responsible and ethical governance.