

Methodist Healthcare Ministries
San Antonio, Texas

Mental Health Care Services Project
Worksession #1

July 16, 2010



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I. Introduction

Objectives

Project Objectives

- To quantify the current and future demand for Mental Health Services in the San Antonio MSA
 - By Inpatient & Outpatient Volumes
 - By Age Cohort
 - By Location
- To determine the gap between the demand and the capacity of providers of Mental Health Services
 - Hospitals & Healthcare Systems
 - Mental Health Providers (e.g. Psychiatrists, other Mental Health professionals)
- To assess recent historic as well as prospective trends in the delivery of Mental Health Services
 - Inpatient Use Rates
 - Potential Impact of Health Care Reform
 - Reimbursement Rates
- To research and summarize alternate best practice models which could serve as future paradigms
 - Which Have the Most Efficient and Effective Delivery of Mental Health Services?
 - How is Patient Care Coordinated?
 - What are their Underlying Principles for Delivery of these Services?
- To work with MHM leadership to develop a vision for improving the delivery of Mental Health Services and identify potential next steps for implementation

I. Introduction

Agenda

Worksession #1: July 16, 2010

- Introduction & Strategic Analysis 45 Minutes
 - Demographics
 - Inpatient Market Share
 - Outpatient Volumes
 - Use Rates
 - Payor Mix
 - Market Trends

- Demand Analysis 15 Minutes
 - Inpatient Volumes & Bed Needs
 - Outpatient Volumes

- Physician Analysis 15 Minutes
 - Current Supply & Demand

- Current Environment & Best Practices 15 Minutes
 - San Antonio Assessment & Urgent Needs
 - Potential Impact of Health Care Reform
 - Best Practices

- General Discussion / Q & A 30 Minutes

Worksession #2

- Review additional or revised analysis as needed
- Discuss Vision for improving the delivery of Mental Health Services in San Antonio MSA
- Identify potential next steps for implementation

I. Introduction

Key Findings

- Demographics

Total Service Area Population	CY 2009	CY 2014	CY 2019	% Increase 2009 - 2014	Variance 2009 - 2014	% Increase 2009 - 2019	Variance 2009 - 2019
Under 18 Years	575,412	627,296	680,490	9.0%	51,884	18.3%	105,078
18 - 44 Years	767,408	806,988	861,523	5.2%	39,580	12.3%	94,115
45 - 64 Years	476,273	538,279	584,294	13.0%	62,006	22.7%	108,021
65 Years and Over	223,535	269,499	331,564	20.6%	45,964	48.3%	108,029
Total Population	2,042,628	2,242,062	2,457,871	9.8%	199,434	20.3%	415,243

- Primary SA Population Growth 2009 – 2019... +18.2% growth... +298,246 lives
- Secondary SA Population Growth 2009 – 2019... +28.7% growth... +116,998 lives

- Market Share

- Methodist System is the largest provider of Inpatient Mental Health Services in the San Antonio MSA
- There is significant immigration of patients from outside the MSA... net influx of nearly 28,000 patient days

Hospital / System	2009 Discharges			2009 Market Share		
	Primary Service Area	Secondary Service Area	Total Service Area	Primary Service Area	Secondary Service Area	Total Service Area
Methodist System	3,897	277	4,175	26.6%	15.7%	25.4%
Nix Health Care	2,873	317	3,191	19.6%	17.9%	19.4%
Laurel Ridge Treatment	1,502	495	1,997	10.3%	27.9%	12.2%
Baptist System	1,512	109	1,621	10.3%	6.2%	9.9%
University Health System	1,523	59	1,581	10.4%	3.3%	9.6%
Southwest General	1,331	79	1,409	9.1%	4.4%	8.6%
SASH	954	179	1,133	6.5%	10.1%	6.9%
Clarity Child Guidance Center	781	103	884	5.3%	5.8%	5.4%
All Others	274	153	427	1.9%	8.7%	2.6%
Total	14,647	1,772	16,419	100.0%	100.0%	100.0%

I. Introduction

Key Findings

- Projected Growth – Inpatient Services

Age Cohort	2009 Discharges	2014 Discharges	2019 Discharges	Variance 2009 - 2014	% Increase 2009 - 2014	Variance 2009 - 2019	% Growth 2009 - 2019
Ages 0 - 17	3,179	3,472	3,768	293	9.2%	589	18.5%
Ages 18 - 44	7,367	7,555	7,831	189	2.6%	464	6.3%
Ages 45 - 64	4,709	5,210	5,629	501	10.6%	920	19.5%
Ages 65+	1,164	1,366	1,636	202	17.3%	472	40.6%
Total	16,419	17,603	18,864	1,184	7.2%	2,445	14.9%

- Over 73% of Mental Health discharges are in Adult Age Cohorts (18 – 64)... 12,076 out of 16,419 discharges
- Strong growth in Demand for Inpatient Mental Health Services projected over the next 10 years

- Projected Growth – Outpatient Services

- No statewide database available for Outpatient volumes in Texas
- Solucient provides current and 5 year projections based on 57 CPT codes grouped into 9 subgroups
- Solucient projects an increase Outpatient volumes in the MSA of between 1.2% and 9.0% over the next 5 years

Outpatient Procedure Groups	2009 Outpatient Procedures			Variance 2009 - 2014 Population			Variance 2009 - 2014 Technology			% Change 2009 - 2014 Pop	% Change 2009 - 2014 Tech
	PSA	SSA	Total SA	PSA	SSA	Total SA	PSA	SSA	Total SA	Total SA	Total SA
Psychotherapy, individual	416,239	108,239	524,478	30,872	13,589	44,462	(15,030)	408	(14,622)	8.5%	-2.8%
Psychotherapy, group	139,533	89,607	229,141	11,456	12,647	24,104	9,193	(644)	8,549	10.5%	3.7%
Pharmacologic management	93,132	18,031	111,163	7,527	2,186	9,713	727	869	1,596	8.7%	1.4%
Psychotherapy, family	48,091	10,550	58,641	3,527	1,197	4,724	6,234	1,752	7,986	8.1%	13.6%
Health and behavior assessment	12,870	3,181	16,051	1,196	421	1,617	6,126	1,629	7,755	10.1%	48.3%
Other psychiatric therapies	5,782	1,250	7,032	427	147	574	(405)	(47)	(452)	8.2%	-6.4%
Biofeedback	729	173	902	85	31	116	162	31	193	12.9%	21.4%
Electroconvulsive therapy	638	83	721	83	14	97	83	21	104	13.5%	14.4%
Psychoanalysis	233	58	291	23	9	32	(49)	(10)	(59)	11.0%	-20.3%
Total	717,248	231,172	948,420	55,196	30,242	85,438	7,041	4,009	11,050	9.0%	1.2%

I. Introduction

Key Findings

- Use Rates

- Inpatient use rates are 22.1% higher than Texas... 8.0 discharges/1,000 in MSA versus 6.6 in Texas
- Service Area use rates are in line with national use rates
- Appears to be a significant negative correlation between Household Income and Inpatient Use Rates
 - Lower income zip codes have far higher use rates than higher income areas
 - Most pronounced in 18 – 44 and 45 – 64 age cohorts, the highest users of Mental Health services

- Payor Mix

	Market 2009 Discharges by Payor					Variance 2005 - 2009	
	2005	2006	2007	2008	2009	Variance	% Change
Blue Cross / Commercial	4,961	5,084	5,209	4,952	5,384	423	8.5%
Medicaid	4,494	4,306	3,769	4,063	4,254	(240)	-5.3%
Medicare	3,674	3,727	3,402	3,377	3,689	15	0.4%
Other / Government	1,198	1,309	1,344	1,520	1,262	64	5.3%
Self Pay / Indigent	1,310	1,209	1,269	1,417	1,830	520	39.7%
Total	15,637	15,635	14,994	15,330	16,419	782	5.0%

- Self Pay / Indigent discharges have increased by 39.7% since 2005... +520 discharges
- Medicaid discharges have decreased by 5.3% since 2005... -240 discharges
- Budget cuts in Texas Medicaid funding could reduce these volumes further
- 37.1% of MSA Mental Health discharges are either Medicaid or Self Pay / Indigent patients

I. Introduction

Key Findings

- Bed Capacity by Provider

Area Hospitals	2009 Total Mental Health Patient Days				2010 Mental Health Beds				2009 Occupancy Rate				2009 Excess / (Deficit) Capacity			
	Child / Adolescent	Adult	65+	Total	Child / Adolescent	Adult	65+	Total	Child / Adolescent	Adult	65+	Total	Child / Adolescent	Adult	65+	Total
Baptist Medical Center	0	5,537	271	5,808	0	23	0	23	0%	66%	0%	69%	0	1	(1)	0
Northeast Baptist	0	1,027	1,651	2,677	0	0	13	13	0%	0%	35%	56%	0	(4)	7	3
Clarity Child Guidance Ctr	7,203	3	0	7,206	52	0	0	52	38%	0%	0%	38%	24	(0)	0	24
Laurel Ridge Treatment Ctr	44,805	17,278	840	62,923	120	132	0	252	102%	36%	0%	68%	(55)	64	(3)	6
Methodist Health Care System	3,359	18,347	2,793	24,498	20	68	10	98	46%	74%	77%	68%	7	(4)	(1)	2
Southwest General	0	7,432	812	8,244	0	24	22	46	0%	85%	10%	49%	0	(5)	19	14
University Health System	0	6,541	128	6,669	0	20	0	20	0%	90%	0%	91%	0	(6)	(1)	(6)
Nix Health Care System	4,363	14,125	4,204	22,692	21	50	15	86	57%	77%	77%	72%	4	(5)	(1)	(3)
Total - Hospitals with Psych Units	59,729	70,290	10,698	140,718	213	317	60	590	77%	61%	49%	65%	(21)	42	18	39
Total - Hospitals without Psych Units	31	591	321	943	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(0)	(2)	(1)	(4)
Total - All Area Hospitals	59,760	70,882	11,019	141,660	213	317	60	590	77%	61%	50%	66%	(21)	40	17	36

San Antonio State Hospital 8,699 73,801 7,391 89,891 32 184 48 264 74% 110% 42% 93% (2) (105) 19 (88)

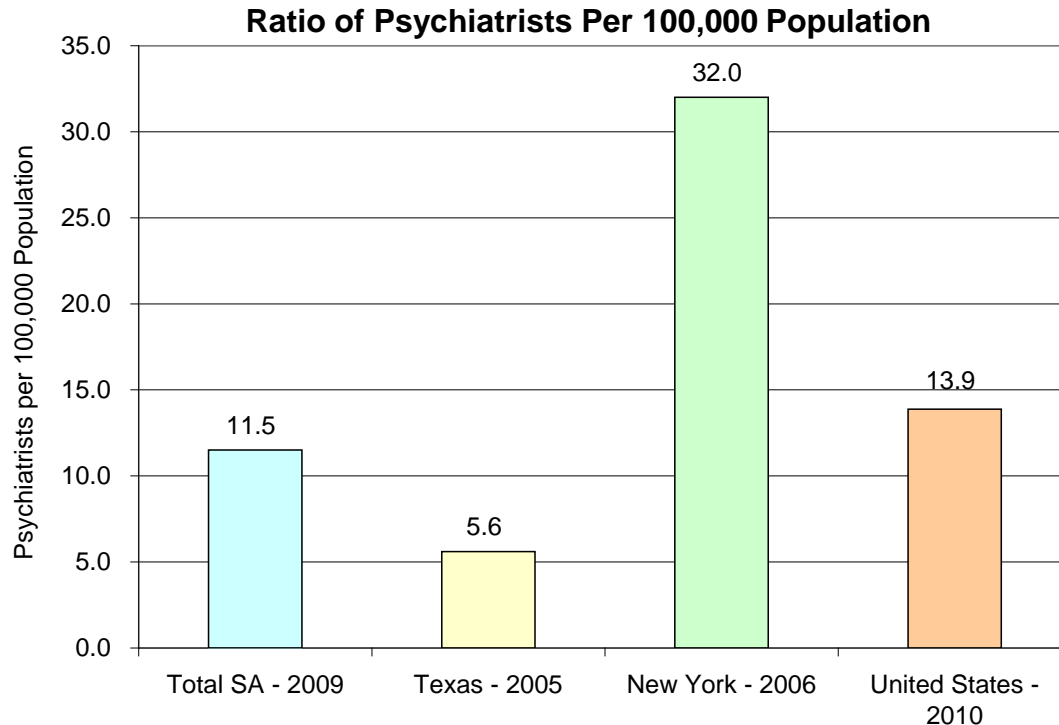
- In aggregate, although the market is currently “oversupplied” mental health beds, there is an undersupply of beds available to low income/indigent patients
- Over the next 10 years, demand projections indicate a need for 101 additional beds
 - Child / Adolescent 22 Beds
 - Adult 51 Beds
 - 65+ 28 Beds

 - Total 101 Beds

I. Introduction

Key Findings

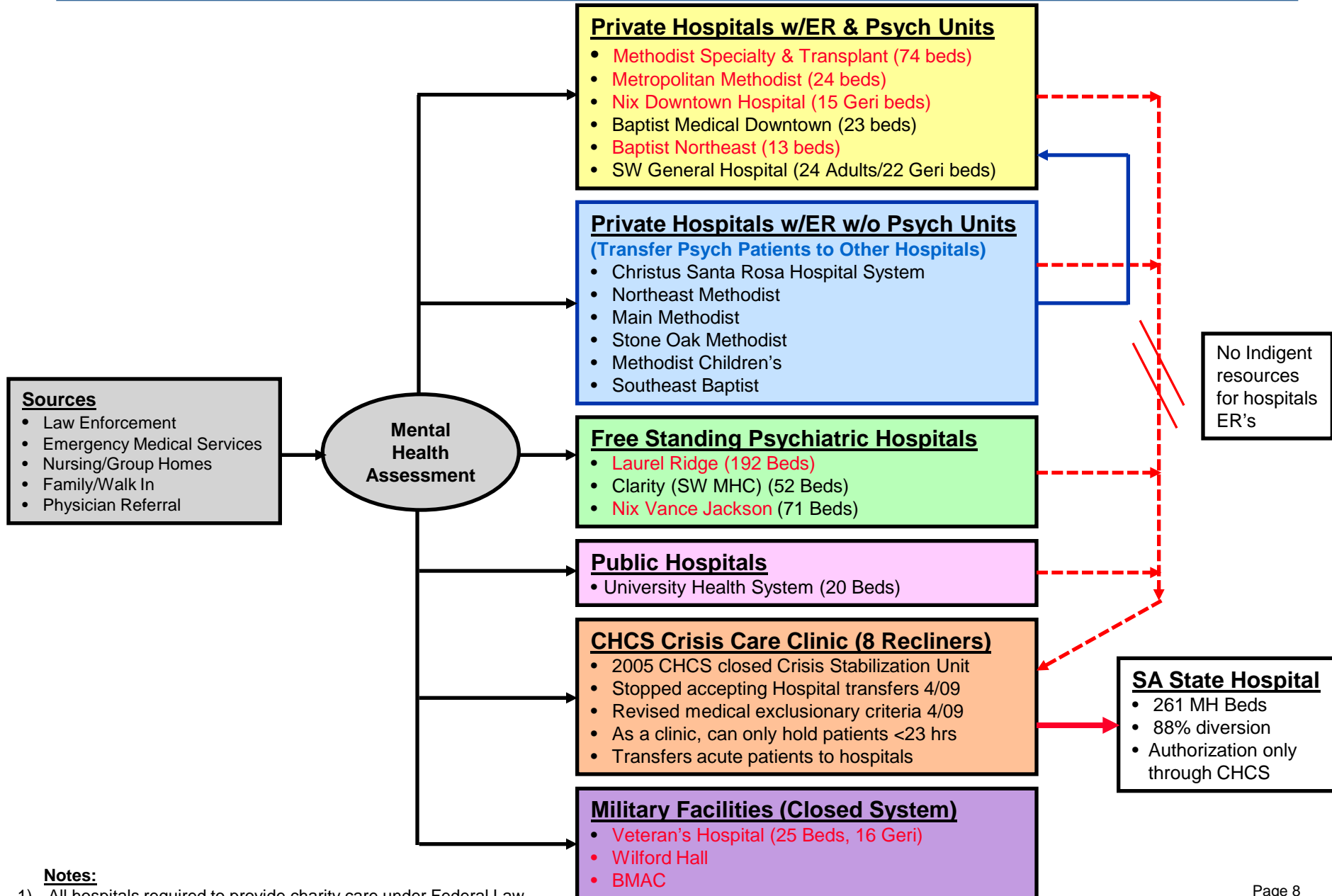
- Mental Health Providers



- Texas has a severe shortage of mental health providers compared to other states... 72% of counties have an acute shortage of mental health providers according to the U.S. Department of Health and Human Services
- Texas' psychiatric supply ratios have declined from 6.8 in 2005 to 5.6 in 2009
- To reach the National ratio of 13.9 physicians per 100,000, the Service Area currently needs an additional 49 psychiatrists ... by 2019, the market will need an additional 106 psychiatrists to meet this ratio
- The shortage of mental health providers is expected to worsen in the future as aging providers retire
 - Current average age of psychiatrists in the San Antonio MSA is 54.9 years
 - Average age of psychiatrist in Texas is 52.9 years

I. Introduction

Current Patient Flow Model



Notes:

- 1) All hospitals required to provide charity care under Federal Law
- 2) Red text indicates facility accepts ED & OPC

I. Introduction

Current Landscape

Overview of San Antonio MSA:

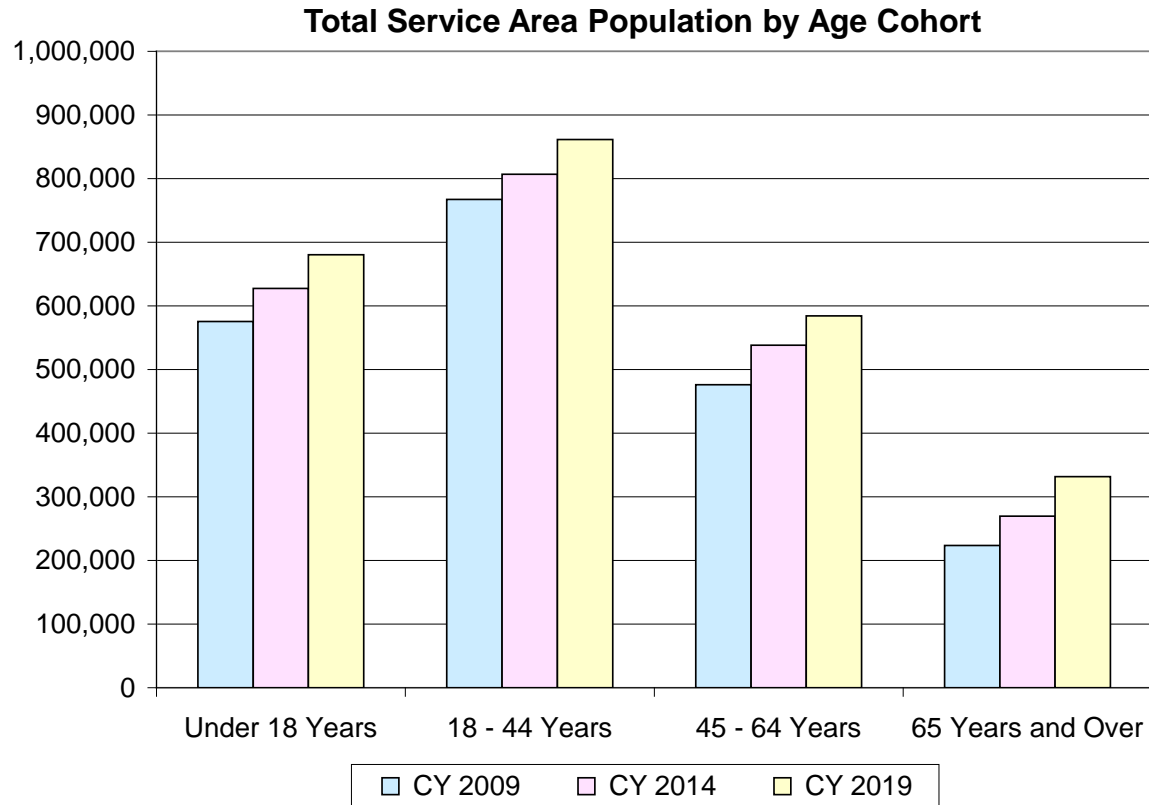
- Mental Health Services for low income / indigent are severely lacking
- San Antonio State Hospital (SASH) is severely underbedded... budget limited availability
- Closure of Crisis Stabilization Unit considered a major setback... should consider means to re-open
- Center for Health Care Services (CHCS) has implemented medical exclusionary criteria which deflects care for low income / indigent patients back to other providers
- Because of dynamics described in preceding diagram, Emergency Departments are often backed up with Psychiatric patients... aggravating an already overburdened/inefficient system of care

Looming Issues

- Department of State Health Services... potential \$134 million in proposed cuts
 - \$44 million reduction for 5 Psychiatric Hospitals... potential 12% capacity reduction
 - \$80 million reduction for state supported Community Health Centers
- San Antonio State Hospital is expected to close 24 Inpatient Beds due to budget cuts
- Nix Health Care may be planning to close / reduce Inpatient Beds... in process of confirming
- University Health System may be going on divert status for Emergency Department
- Health Care Reform
 - Positives: Extended insurance coverage, Medicaid eligibility, drug coverage
 - Negatives: Reimbursements for Hospitals and professionals predicted to remain consistent or decrease... limiting the supply and decreasing the resources for people with mental illness

II. Market Assessment

Demographics – Total Service Area⁽¹⁾

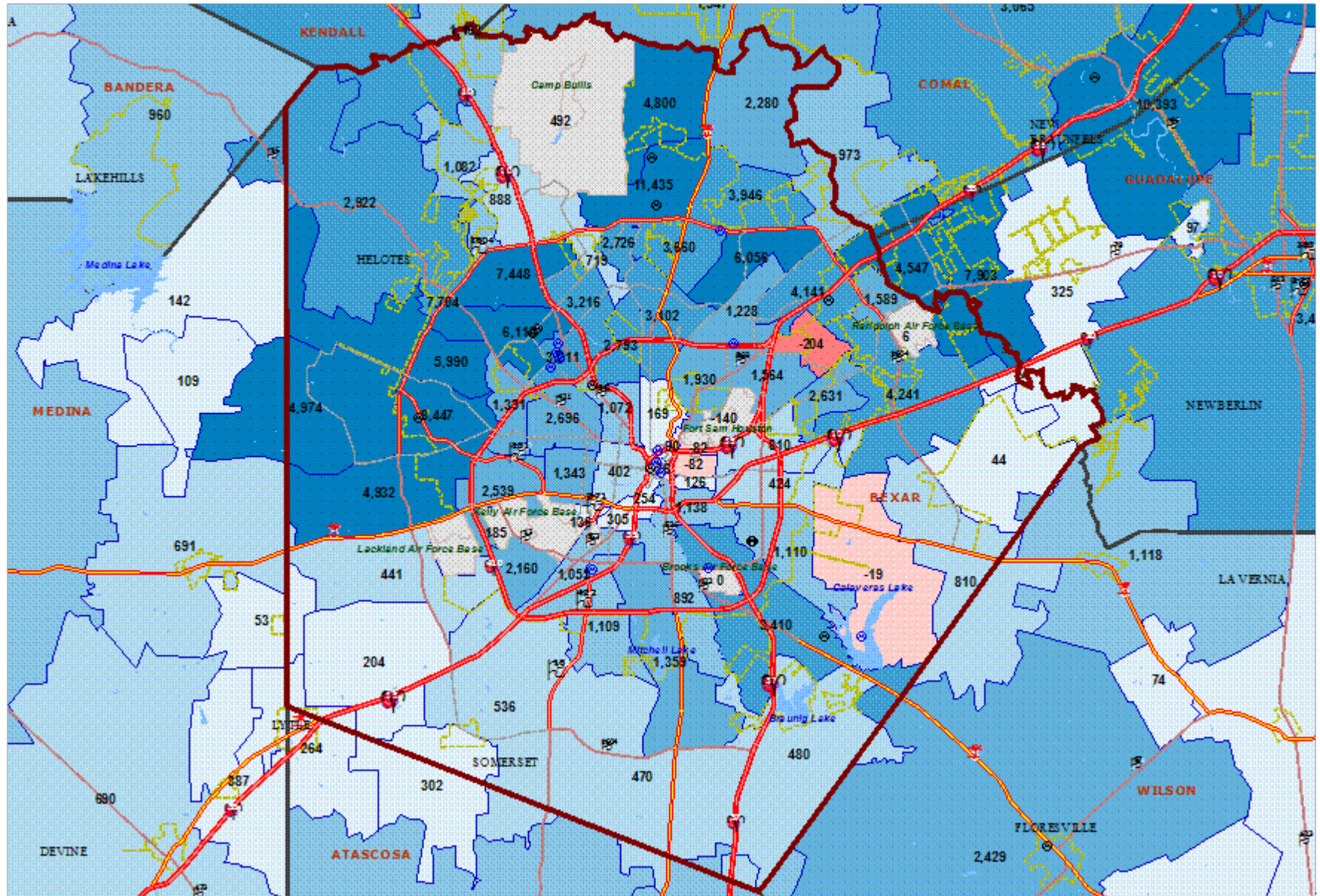


Total Service Area Population	CY 2009	CY 2014	CY 2019	% Increase 2009 - 2019	Variance 2009 - 2019
Under 18 Years	575,412	627,296	680,490	18.3%	105,078
18 - 44 Years	767,408	806,988	861,523	12.3%	94,115
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65 Years and Over	223,535	269,499	331,564	48.3%	108,029
Total Population	2,042,628	2,242,062	2,457,871	20.3%	415,243
Obstetrics (Female 15 - 44)	433,879	454,625	481,767	11.0%	47,888

(1) Source: Claritas 2009 – 2014 database; 2019 population extrapolated from 2009 - 2014 data

II. Market Assessment

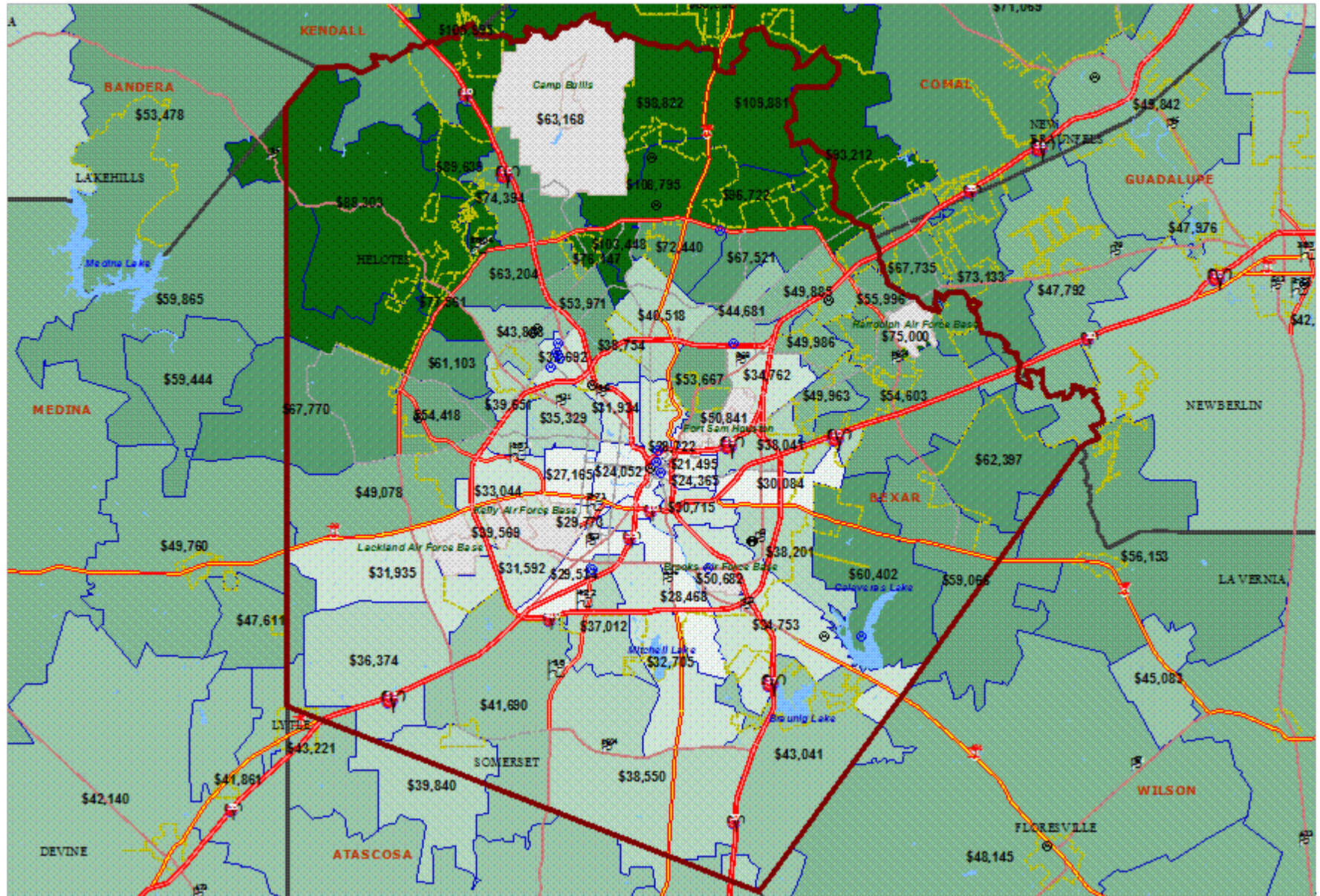
Absolute Population Growth 2009 - 2014⁽¹⁾



(1) Source: Claritas 2009–2014 database; 2019 population extrapolated from 2009-2014 data

II. Market Assessment

2009 Median Household Income⁽¹⁾



(1) Source: Claritas 2009–2014 database; 2019 population extrapolated from 2009–2014 data

II. Market Assessment

Market Share Methodology

Market Share Methodology

Hospital / System Discharges

- Primary Service Area
- Secondary Service Area

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Percentage Hospital / System
Market Share

Total Service Area Discharges

- Primary Service Area
- Secondary Service Area

II. Market Assessment

2009 Primary Service Area Market Share by Hospital⁽¹⁾

Service Line	Total	Methodist System	Methodist Hospital	Metropolitan	Methodist Children's	Baptist System	Baptist Medical Center	Northeast Baptist	North Central Baptist	St Luke's Baptist	University Health System	CHRISTUS System	Southwest General	All Others
CARDIOLOGY	18,234	30.2%	12.3%	7.0%	0.3%	39.8%	16.5%	9.1%	4.0%	6.3%	6.4%	8.1%	4.7%	10.7%
DENTISTRY	167	39.7%	16.8%	4.8%	12.8%	25.5%	4.8%	4.0%	12.8%	1.6%	19.2%	12.8%	0.8%	2.0%
DERMATOLOGY	3,518	31.2%	7.0%	6.5%	8.0%	29.6%	10.9%	5.4%	5.6%	3.3%	10.6%	14.6%	5.6%	8.3%
ENDOCRINE	4,915	31.2%	11.2%	5.9%	4.5%	37.7%	12.8%	6.4%	7.1%	4.8%	6.7%	13.4%	4.6%	6.5%
GASTROENTEROLOGY	12,291	34.8%	12.2%	7.3%	2.9%	36.4%	11.7%	8.0%	6.4%	4.9%	10.1%	10.0%	4.6%	4.0%
GENERAL MEDICINE	13,049	27.8%	8.7%	7.0%	2.1%	28.2%	9.6%	5.4%	5.0%	4.4%	5.2%	12.6%	4.7%	21.6%
GENERAL SURGERY	13,871	33.7%	12.3%	6.6%	2.5%	31.3%	8.8%	7.0%	7.3%	4.4%	12.5%	11.7%	3.3%	7.4%
GYNECOLOGY	4,253	36.5%	20.7%	9.1%	0.9%	40.8%	6.6%	7.6%	12.0%	11.5%	13.2%	4.3%	3.0%	2.2%
HEMATOLOGY	2,275	29.7%	13.1%	5.0%	4.6%	37.7%	12.5%	8.1%	4.7%	6.5%	8.8%	17.3%	2.9%	3.5%
HIV	410	20.3%	8.5%	9.1%	0.0%	24.1%	11.7%	4.6%	4.6%	0.3%	37.8%	11.6%	5.5%	0.7%
NEONATOLOGY	7,163	35.1%	0.0%	11.7%	22.9%	38.9%	9.9%	7.5%	13.1%	8.1%	7.4%	10.5%	7.2%	1.0%
NEPHROLOGY	5,835	32.1%	10.5%	7.6%	2.6%	39.2%	14.4%	9.1%	5.8%	4.6%	9.0%	11.7%	3.7%	4.3%
NEUROLOGY	6,704	31.5%	15.1%	5.9%	3.8%	37.4%	10.9%	8.4%	6.7%	6.7%	12.8%	9.1%	4.6%	4.6%
NEUROSURGERY	1,449	45.0%	28.9%	1.4%	4.5%	23.6%	9.8%	4.7%	0.5%	8.4%	18.3%	8.4%	0.5%	4.3%
NORMAL NEWBORNS	18,175	34.2%	0.0%	13.9%	19.7%	37.0%	7.1%	6.6%	10.1%	12.5%	11.9%	8.2%	7.5%	1.1%
OB/DELIVERY	24,552	34.1%	19.3%	13.6%	0.6%	38.0%	8.2%	6.9%	10.6%	11.5%	10.7%	8.4%	7.7%	1.1%
ONCOLOGY MEDICAL	2,639	39.9%	20.2%	7.2%	4.4%	20.7%	7.3%	4.1%	4.0%	2.3%	17.3%	15.8%	1.5%	4.8%
OPEN HEART	1,455	29.2%	17.0%	5.2%	2.9%	25.0%	13.5%	5.9%	1.8%	3.8%	12.3%	10.5%	1.7%	21.2%
OPHTHALMOLOGY	242	33.5%	6.6%	4.4%	17.7%	24.3%	6.6%	2.2%	8.3%	3.3%	28.1%	9.4%	1.7%	3.0%
ORTHOPEDECS	9,269	27.4%	9.6%	6.4%	1.5%	34.1%	8.3%	9.7%	3.9%	8.7%	12.2%	11.5%	4.8%	10.1%
OTHER OB	3,101	32.4%	17.2%	12.7%	0.7%	34.0%	9.2%	6.5%	6.2%	10.1%	10.7%	8.6%	12.5%	1.8%
OTOLARYNGOLOGY	1,184	36.2%	6.4%	2.8%	20.5%	27.3%	5.2%	3.7%	11.6%	4.1%	7.5%	23.0%	2.4%	3.6%
PSYCH/DRUG ABUSE	14,647	26.6%	0.8%	8.4%	0.1%	10.3%	7.1%	2.3%	0.3%	0.3%	10.4%	0.3%	9.1%	43.2%
PULMONARY	11,861	35.2%	10.5%	6.1%	9.9%	33.8%	9.4%	6.5%	7.9%	4.0%	5.6%	13.5%	3.6%	8.3%
RHEUMATOLOGY	351	31.9%	7.6%	10.3%	1.1%	30.0%	8.7%	6.5%	3.4%	5.7%	13.3%	10.6%	3.8%	10.4%
SPINE	3,156	67.4%	36.8%	14.7%	0.9%	9.4%	0.3%	0.6%	1.3%	7.2%	7.4%	2.4%	0.8%	12.6%
THORACIC SURGERY	1,442	35.2%	19.3%	5.0%	1.8%	26.6%	9.1%	5.1%	6.7%	5.0%	17.8%	10.9%	2.8%	6.8%
TRAUMA	569	16.5%	11.3%	0.9%	1.4%	18.1%	2.3%	1.6%	1.2%	10.8%	52.5%	3.5%	0.7%	8.7%
UROLOGY	2,434	34.8%	7.7%	3.0%	1.5%	34.3%	11.7%	4.1%	5.4%	9.5%	10.8%	10.8%	3.6%	5.7%
VASCULAR SURGERY	997	20.2%	4.0%	3.5%	0.4%	51.2%	35.7%	5.6%	1.3%	6.6%	8.7%	8.2%	5.6%	6.2%
Total	190,208	32.8%	10.9%	8.7%	5.0%	32.9%	9.9%	6.7%	6.7%	6.8%	10.0%	9.5%	5.4%	9.4%
Excl. Normal Newborns	172,033	32.6%	12.1%	8.2%	3.4%	32.5%	10.2%	6.7%	6.3%	6.2%	9.8%	9.6%	5.2%	10.2%
PSYCH/DRUG ABUSE	14,647	26.6%	0.8%	8.4%	0.1%	10.3%	7.1%	2.3%	0.3%	0.3%	10.4%	0.3%	9.1%	43.2%

(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

II. Market Assessment

2009 Secondary Service Area Market Share by Hospital⁽¹⁾

Service Line	Total	Methodist System	Methodist Hospital	Northeast Methodist	Metropolitan	Methodist Children's	Baptist System	Northeast Baptist	North Central Baptist	St Luke's Baptist	CHRISTUS System	Guadalupe Regional	South Texas Regional	All Others
CARDIOLOGY	5,685	25.0%	11.7%	7.8%	2.4%	0.3%	23.2%	11.0%	3.5%	4.2%	11.4%	10.0%	6.5%	23.9%
DENTISTRY	51	34.0%	23.5%	2.6%	2.6%	5.2%	20.9%	7.8%	7.8%	0.0%	15.7%	7.8%	3.9%	17.6%
DERMATOLOGY	777	22.1%	9.3%	4.6%	1.9%	2.9%	13.6%	3.9%	5.3%	2.6%	18.0%	13.4%	10.0%	22.9%
ENDOCRINE	1,108	24.7%	12.4%	5.3%	1.6%	2.0%	14.8%	4.1%	5.5%	1.4%	19.9%	11.1%	12.0%	17.5%
GASTROENTEROLOGY	2,950	28.1%	12.0%	7.6%	1.8%	1.6%	17.2%	4.5%	6.1%	2.8%	19.2%	12.9%	8.2%	14.4%
GENERAL MEDICINE	2,841	19.6%	7.5%	5.7%	1.7%	1.1%	14.3%	2.8%	4.3%	3.8%	15.4%	6.5%	7.7%	36.4%
GENERAL SURGERY	3,332	29.9%	11.8%	6.1%	2.8%	1.9%	17.9%	5.4%	6.2%	2.6%	19.3%	10.7%	4.7%	17.5%
GYNECOLOGY	1,097	29.5%	17.9%	0.4%	3.6%	1.3%	30.5%	6.8%	11.1%	8.9%	18.9%	8.2%	4.6%	8.3%
HEMATOLOGY	512	25.6%	11.7%	6.8%	1.0%	3.9%	19.5%	6.5%	5.2%	4.2%	22.4%	15.2%	6.8%	10.4%
HIV	27	50.0%	15.0%	25.0%	10.0%	0.0%	20.0%	0.0%	20.0%	0.0%	15.0%	0.0%	0.0%	15.0%
NEONATOLOGY	1,298	25.7%	0.0%	0.0%	4.3%	20.3%	34.5%	11.0%	16.0%	5.1%	22.7%	3.6%	2.1%	11.4%
NEPHROLOGY	1,348	26.7%	11.1%	7.9%	1.9%	1.3%	18.2%	5.6%	6.1%	2.8%	17.7%	13.2%	7.3%	16.9%
NEUROLOGY	1,601	30.1%	18.6%	5.5%	1.2%	2.7%	19.4%	6.6%	5.5%	4.1%	11.7%	12.3%	6.8%	19.7%
NEUROSURGERY	550	38.9%	25.5%	1.5%	0.5%	3.2%	14.3%	5.1%	0.0%	3.9%	31.0%	0.2%	0.2%	15.4%
NORMAL NEWBORNS	3,402	19.6%	0.0%	0.0%	5.1%	13.2%	26.6%	7.8%	10.1%	6.8%	18.3%	15.7%	6.1%	13.8%
OB/DELIVERY	4,472	20.8%	14.0%	0.0%	5.0%	0.4%	29.5%	8.9%	11.8%	6.6%	18.5%	12.8%	5.2%	13.2%
ONCOLOGY MEDICAL	684	44.2%	26.1%	9.9%	3.5%	2.9%	11.5%	2.9%	4.3%	2.3%	21.1%	6.1%	4.1%	13.1%
OPEN HEART	486	28.5%	15.9%	7.4%	3.6%	1.6%	27.4%	20.6%	0.8%	1.1%	3.8%	0.0%	0.0%	40.2%
OPHTHALMOLOGY	48	33.1%	8.3%	11.0%	2.8%	8.3%	22.1%	8.3%	5.5%	2.8%	8.3%	6.2%	4.1%	26.2%
ORTHOPEDECS	2,988	19.3%	7.1%	4.3%	1.7%	1.0%	20.7%	7.6%	3.7%	6.1%	19.5%	11.6%	2.7%	26.2%
OTHER OB	466	22.7%	17.5%	0.0%	4.6%	0.0%	19.2%	4.0%	8.0%	4.0%	13.7%	18.3%	9.2%	16.9%
OTOLARYNGOLOGY	266	20.1%	7.5%	1.5%	0.0%	9.5%	19.5%	4.0%	9.5%	4.0%	24.6%	10.5%	4.1%	21.2%
PSYCH/DRUG ABUSE	1,772	15.7%	0.8%	0.2%	3.6%	0.2%	6.2%	3.1%	0.8%	0.2%	1.7%	0.6%	0.4%	75.5%
PULMONARY	3,387	24.5%	9.5%	6.8%	1.3%	4.3%	14.8%	3.5%	6.5%	1.6%	19.5%	12.6%	11.0%	17.6%
RHEUMATOLOGY	99	22.3%	10.8%	4.1%	2.7%	0.0%	13.5%	8.1%	2.7%	1.4%	6.8%	31.4%	6.1%	19.9%
SPINE	1,104	56.2%	35.7%	6.6%	6.9%	0.4%	6.0%	0.2%	0.8%	4.8%	3.7%	4.4%	0.2%	29.4%
THORACIC SURGERY	405	30.7%	18.4%	6.6%	1.0%	2.6%	18.4%	5.3%	6.9%	2.6%	15.8%	2.7%	2.0%	30.4%
TRAUMA	172	11.0%	7.0%	0.0%	0.0%	2.3%	9.3%	1.5%	3.1%	3.9%	8.5%	5.2%	1.7%	64.2%
UROLOGY	733	27.0%	5.3%	2.5%	1.1%	0.9%	23.3%	2.9%	5.8%	10.0%	22.5%	12.6%	2.6%	12.0%
VASCULAR SURGERY	167	35.1%	11.2%	7.2%	4.0%	1.6%	31.9%	8.0%	3.2%	5.6%	14.4%	2.4%	1.8%	14.4%
Total	43,827	25.2%	10.9%	4.5%	2.8%	3.0%	20.2%	6.5%	6.3%	4.2%	16.5%	10.4%	5.8%	21.9%
Excl. Normal Newborns	40,425	25.7%	11.8%	4.9%	2.6%	2.1%	19.6%	6.4%	6.0%	4.0%	16.3%	10.0%	5.8%	22.6%
PSYCH/DRUG ABUSE	1,772	15.7%	0.8%	0.2%	3.6%	0.2%	6.2%	3.1%	0.8%	0.2%	1.7%	0.6%	0.4%	75.5%

(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

II. Market Assessment

2009 Total Service Area Market Share by Hospital⁽¹⁾

Service Line	Total	Methodist System	Methodist Hospital	Metropolitan	Methodist Children's	Baptist System	Baptist Medical Center	Northeast Baptist	North Central Baptist	St Luke's Baptist	CHRISTUS System	University Health System	Southwest General	All Others
CARDIOLOGY	23,920	29.0%	12.1%	5.9%	0.3%	35.9%	13.5%	9.5%	3.9%	5.8%	8.9%	5.2%	4.0%	17.1%
DENTISTRY	218	38.4%	18.3%	4.3%	11.0%	24.5%	4.9%	4.9%	11.6%	1.2%	13.5%	17.1%	0.6%	6.0%
DERMATOLOGY	4,295	29.6%	7.4%	5.7%	7.1%	26.7%	9.2%	5.2%	5.6%	3.2%	15.3%	9.0%	5.0%	14.4%
ENDOCRINE	6,023	30.0%	11.4%	5.1%	4.0%	33.5%	10.9%	6.0%	6.8%	4.2%	14.6%	5.7%	4.0%	12.2%
GASTROENTEROLOGY	15,241	33.5%	12.2%	6.2%	2.6%	32.7%	9.8%	7.3%	6.4%	4.5%	11.7%	8.6%	4.0%	9.5%
GENERAL MEDICINE	15,890	26.3%	8.5%	6.0%	1.9%	25.7%	8.3%	4.9%	4.9%	4.3%	13.1%	4.7%	4.3%	25.8%
GENERAL SURGERY	17,203	32.9%	12.2%	5.9%	2.3%	28.7%	7.5%	6.7%	7.1%	4.1%	13.2%	10.9%	3.0%	11.2%
GYNECOLOGY	5,350	35.0%	20.1%	8.0%	1.0%	38.7%	5.6%	7.4%	11.8%	10.9%	7.3%	10.7%	2.7%	5.6%
HEMATOLOGY	2,787	29.0%	12.8%	4.3%	4.4%	34.4%	10.6%	7.8%	4.8%	6.1%	18.3%	7.5%	2.7%	8.2%
HIV	436	22.2%	8.9%	9.2%	0.0%	23.8%	11.0%	4.3%	5.5%	0.3%	11.8%	35.8%	5.2%	1.2%
NEONATOLOGY	8,462	33.6%	0.0%	10.6%	22.5%	38.2%	8.7%	8.0%	13.6%	7.6%	12.3%	7.0%	6.6%	2.2%
NEPHROLOGY	7,184	31.1%	10.6%	6.5%	2.3%	35.3%	12.0%	8.4%	5.9%	4.2%	12.9%	7.6%	3.5%	9.6%
NEUROLOGY	8,305	31.2%	15.7%	5.0%	3.6%	34.0%	9.2%	8.1%	6.5%	6.2%	9.6%	11.5%	4.0%	9.7%
NEUROSURGERY	1,999	43.3%	28.0%	1.1%	4.1%	21.0%	8.6%	4.8%	0.3%	7.1%	14.6%	15.5%	0.5%	5.1%
NORMAL NEWBORNS	21,576	31.9%	0.0%	12.5%	18.7%	35.4%	6.1%	6.8%	10.1%	11.6%	9.8%	10.6%	7.0%	5.3%
OB/DELIVERY	29,024	32.0%	18.5%	12.3%	0.6%	36.7%	7.2%	7.2%	10.8%	10.8%	10.0%	9.6%	7.1%	4.5%
ONCOLOGY MEDICAL	3,323	40.8%	21.4%	6.4%	4.1%	18.8%	5.9%	3.9%	4.1%	2.3%	16.9%	14.6%	1.3%	7.7%
OPEN HEART	1,942	29.0%	16.8%	4.8%	2.6%	25.6%	11.3%	9.5%	1.6%	3.2%	8.9%	9.6%	1.6%	25.3%
OPHTHALMOLOGY	290	33.4%	6.9%	4.1%	16.1%	23.9%	6.4%	3.2%	7.8%	3.2%	9.2%	24.8%	1.4%	7.2%
ORTHOPEDECS	12,257	25.5%	9.0%	5.2%	1.4%	30.8%	6.7%	9.2%	3.9%	8.0%	13.4%	10.5%	4.0%	15.8%
OTHER OB	3,567	31.1%	17.2%	11.7%	0.6%	32.1%	8.3%	6.2%	6.4%	9.3%	9.2%	9.8%	12.0%	5.8%
OTOLARYNGOLOGY	1,450	33.2%	6.6%	2.3%	18.5%	25.8%	4.3%	3.8%	11.2%	4.0%	23.3%	7.0%	2.0%	8.6%
PSYCH/DRUG ABUSE	16,419	25.4%	0.8%	7.9%	0.1%	9.9%	6.6%	2.4%	0.3%	0.3%	0.5%	9.6%	8.6%	46.0%
PULMONARY	15,248	32.8%	10.2%	5.0%	8.7%	29.5%	7.7%	5.8%	7.6%	3.5%	14.8%	4.7%	3.1%	15.0%
RHEUMATOLOGY	449	29.8%	8.3%	8.6%	0.9%	26.4%	7.1%	6.8%	3.3%	4.7%	9.7%	10.7%	3.6%	19.8%
SPINE	4,260	64.5%	36.6%	12.6%	0.8%	8.5%	0.2%	0.5%	1.2%	6.6%	2.7%	6.4%	0.6%	17.2%
THORACIC SURGERY	1,847	34.2%	19.1%	4.1%	2.0%	24.8%	7.8%	5.1%	6.7%	4.5%	12.0%	16.8%	2.5%	9.8%
TRAUMA	741	15.2%	10.3%	0.7%	1.6%	16.0%	1.8%	1.6%	1.6%	9.2%	4.7%	52.2%	0.7%	11.2%
UROLOGY	3,166	33.0%	7.2%	2.6%	1.3%	31.8%	9.6%	3.8%	5.5%	9.6%	13.5%	9.2%	2.9%	9.6%
VASCULAR SURGERY	1,164	22.3%	5.0%	3.6%	0.6%	48.5%	32.8%	6.0%	1.6%	6.4%	9.0%	7.7%	5.4%	7.1%
Total	234,035	31.4%	10.9%	7.6%	4.6%	30.5%	8.4%	6.6%	6.6%	6.3%	10.8%	8.8%	4.8%	13.7%
Excl. Normal Newborns	212,458	31.3%	12.0%	7.1%	3.2%	30.1%	8.7%	6.6%	6.3%	5.8%	10.9%	8.6%	4.6%	14.5%
PSYCH/DRUG ABUSE	16,419	25.4%	0.8%	7.9%	0.1%	9.9%	6.6%	2.4%	0.3%	0.3%	0.5%	9.6%	8.6%	46.0%

(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

II. Market Assessment

Mental Health DRGs

Mental Health DRG Definitions

Diagnosis Related Groups	
Mental Health	
880	Acute adj reaction & psychosocial dysfunction
881	Depressive neuroses
882	Neuroses except depressive
883	Disorders of personality & impulse control
884	Organic disturbances & mental retardation
885	Psychoses
886	Behavioral & developmental disorders
887	Other mental disorder diagnoses
Mental Health Subtotal	
Alcohol / Drug Treatment	
894	A/D abuse or dependence, left ama
895	A/D abuse or dependence w rehab therapy
896	A/D abuse or dependence w/o rehab therapy
897	A/D abuse or dependence w/o rehab therapy
Alcohol / Drug Treatment Subtotal	
Total	

Note Regarding Reported Volumes:

- Anecdotal evidence from multiple sources, indicates reported inpatient volumes may be significantly understated due to:
 - Payor Issues – Discharges could be coded to alternate DRG because of higher reimbursement
 - Emergency Department Overcrowding – If no Psychiatric beds are available, discharge could be coded to alternate DRG to allow admission

II. Market Assessment

2009 Primary Service Area Market Share by Hospital – Mental Health⁽¹⁾

Diagnosis Related Group	Total	Methodist System	MSTH	Metropolitan	Nix Health Care	University Health System	Baptist System	Baptist Medical Center	Northeast Baptist	Laurel Ridge Treatment	Southwest General	SASH	Clarity Child Guidance Ctr	All Others
Mental Health														
Acute adj reaction & psychosocial dysfunction	196	45	20	4	7	21	92	21	20	6	4	5	7	9
Depressive neuroses	313	107	47	57	4	47	16	3	5	67	1	20	42	9
Neuroses except depressive	150	55	21	32	1	31	7	1	1	33	0	6	13	4
Disorders of personality & impulse control	78	32	15	15	0	5	1	0	0	6	0	14	17	2
Organic disturbances & mental retardation	133	41	8	7	15	17	31	12	9	4	4	10	2	10
Psychoses	12,471	2,939	1,956	965	2,813	1,065	1,209	935	255	1,359	1,312	895	692	185
Behavioral & developmental disorders	60	12	9	1	0	5	0	0	0	25	0	4	8	6
Other mental disorder diagnoses	9	1	0	0	0	3	1	1	0	2	0	0	0	1
Mental Health Subtotal	13,409	3,232	2,076	1,081	2,840	1,195	1,357	973	291	1,502	1,321	954	781	227
Alcohol/Drug Treatment														
A/D abuse or dependence, left ama	74	49	24	16	3	13	5	3	1	0	3	0	0	1
A/D abuse or dependence w rehab therapy	3	1	1	0	1	0	0	0	0	0	0	0	0	0
A/D abuse or dependence w/o rehab therapy	1,161	616	352	129	29	315	149	64	41	0	7	0	0	45
Alcohol/Drug Treatment Subtotal	1,238	666	377	145	33	328	155	67	43	0	9	0	0	47
Total	14,647	3,897	2,453	1,227	2,873	1,523	1,512	1,040	333	1,502	1,331	954	781	274

Diagnosis Related Group	Total	Methodist System	MSTH	Metropolitan	Nix Health Care	University Health System	Baptist System	Baptist Medical Center	Northeast Baptist	Laurel Ridge Treatment	Southwest General	SASH	Clarity Child Guidance Ctr	All Others
Mental Health														
Acute adj reaction & psychosocial dysfunction	196	23.0%	10.2%	2.0%	3.4%	10.9%	46.9%	10.9%	10.2%	3.1%	2.0%	2.6%	3.6%	4.6%
Depressive neuroses	313	34.1%	14.9%	18.3%	1.3%	14.9%	5.1%	0.9%	1.7%	21.4%	0.4%	6.4%	13.4%	3.0%
Neuroses except depressive	150	36.5%	14.3%	21.4%	0.9%	20.5%	4.5%	0.9%	0.9%	22.0%	0.0%	4.0%	8.7%	2.9%
Disorders of personality & impulse control	78	41.2%	18.9%	18.9%	0.0%	6.9%	1.7%	0.0%	0.0%	7.7%	0.0%	18.0%	21.9%	2.6%
Organic disturbances & mental retardation	133	30.5%	6.0%	5.0%	11.0%	13.0%	23.0%	9.0%	7.0%	3.0%	3.0%	7.5%	1.5%	7.5%
Psychoses	12,471	23.6%	15.7%	7.7%	22.6%	8.5%	9.7%	7.5%	2.0%	10.9%	10.5%	7.2%	5.5%	1.5%
Behavioral & developmental disorders	60	19.9%	15.5%	2.2%	0.0%	8.8%	0.0%	0.0%	0.0%	41.4%	0.0%	6.6%	13.3%	9.9%
Other mental disorder diagnoses	9	15.4%	0.0%	0.0%	0.0%	30.8%	15.4%	15.4%	0.0%	23.1%	0.0%	0.0%	0.0%	15.4%
Mental Health Subtotal	13,409	24.1%	15.5%	8.1%	21.2%	8.9%	10.1%	7.3%	2.2%	11.2%	9.9%	7.1%	5.8%	1.7%
Alcohol/Drug Treatment														
A/D abuse or dependence, left ama	74	65.8%	32.4%	21.6%	3.6%	18.0%	7.2%	3.6%	1.8%	0.0%	3.6%	0.0%	0.0%	1.8%
A/D abuse or dependence w rehab therapy	3	50.0%	50.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A/D abuse or dependence w/o rehab therapy	1,161	53.0%	30.3%	11.1%	2.5%	27.1%	12.9%	5.5%	3.6%	0.0%	0.6%	0.0%	0.0%	3.9%
Alcohol/Drug Treatment Subtotal	1,238	53.8%	30.5%	11.7%	2.7%	26.5%	12.5%	5.4%	3.4%	0.0%	0.8%	0.0%	0.0%	3.8%
Total	14,647	26.6%	16.7%	8.4%	19.6%	10.4%	10.3%	7.1%	2.3%	10.3%	9.1%	6.5%	5.3%	1.9%

(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THCIC – 2008 for all others not included in PDS Database

II. Market Assessment

2009 Secondary Service Area Market Share by Hospital – Mental Health⁽¹⁾

Diagnosis Related Group	Total	Laurel Ridge Treatment	Nix Health Care	Methodist System	MSTH	Metropolitan	SASH	Baptist System	Northeast Baptist	Clarity Child Guidance Ctr	Southwest General	University Health System	CHRISTUS System	All Others
Mental Health														
Acute adj reaction & psychosocial dysfunction	50	2	0	8	3	1	1	19	9	2	0	5	4	9
Depressive neuroses	57	29	1	7	3	1	4	0	0	4	0	1	0	11
Neuroses except depressive	23	7	1	3	0	3	6	1	1	2	0	0	1	1
Disorders of personality & impulse control	11	0	0	3	3	0	0	4	4	3	0	1	0	0
Organic disturbances & mental retardation	26	0	3	7	0	1	2	5	3	0	0	1	1	7
Psychoses	1,532	451	308	251	185	57	166	64	31	90	79	32	5	87
Behavioral & developmental disorders	8	6	0	0	0	0	0	0	0	2	0	0	0	0
Other mental disorder diagnoses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mental Health Subtotal	1,708	495	313	277	193	64	179	93	48	103	79	41	12	115
Alcohol/Drug Treatment														
A/D abuse or dependence, left ama	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A/D abuse or dependence w rehab therapy	0	0	0	0	0	0	0	0	0	0	0	0	0	0
A/D abuse or dependence w/o rehab therapy	64	0	4	0	0	0	0	16	7	0	0	17	19	8
Alcohol/Drug Treatment Subtotal	64	0	4	0	0	0	0	16	7	0	0	17	19	8
Total	1,772	495	317	277	193	64	179	109	55	103	79	59	31	123

Diagnosis Related Group	Total	Laurel Ridge Treatment	Nix Health Care	Methodist System	MSTH	Metropolitan	SASH	Baptist System	Northeast Baptist	Clarity Child Guidance Ctr	Southwest General	University Health System	CHRISTUS System	All Others
Mental Health														
Acute adj reaction & psychosocial dysfunction	50	4.0%	0.0%	15.9%	5.3%	2.6%	2.0%	37.1%	18.5%	4.0%	0.0%	10.6%	7.9%	18.5%
Depressive neuroses	57	50.9%	2.3%	11.7%	4.7%	2.3%	7.0%	0.0%	0.0%	7.0%	0.0%	2.3%	0.0%	18.7%
Neuroses except depressive	23	30.4%	5.8%	11.6%	0.0%	11.6%	26.1%	5.8%	5.8%	8.7%	0.0%	0.0%	5.8%	5.8%
Disorders of personality & impulse control	11	0.0%	0.0%	24.2%	24.2%	0.0%	0.0%	36.4%	36.4%	27.3%	0.0%	12.1%	0.0%	0.0%
Organic disturbances & mental retardation	26	0.0%	10.3%	25.6%	0.0%	5.1%	7.7%	20.5%	10.3%	0.0%	0.0%	5.1%	5.1%	25.6%
Psychoses	1,532	29.4%	20.1%	16.4%	12.1%	3.7%	10.8%	4.2%	2.0%	5.9%	5.1%	2.1%	0.3%	5.7%
Behavioral & developmental disorders	8	75.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.0%	0.0%	0.0%	0.0%	0.0%
Other mental disorder diagnoses	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Mental Health Subtotal	1,708	29.0%	18.3%	16.2%	11.3%	3.7%	10.5%	5.5%	2.8%	6.0%	4.6%	2.4%	0.7%	6.7%
Alcohol/Drug Treatment														
A/D abuse or dependence, left ama	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A/D abuse or dependence w rehab therapy	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A/D abuse or dependence w/o rehab therapy	64	0.0%	6.3%	0.0%	0.0%	0.0%	0.0%	25.0%	10.4%	0.0%	0.0%	27.1%	29.2%	12.5%
Alcohol/Drug Treatment Subtotal	64	0.0%	6.3%	0.0%	0.0%	0.0%	0.0%	25.0%	10.4%	0.0%	0.0%	27.1%	29.2%	12.5%
Total	1,772	27.9%	17.9%	15.7%	10.9%	3.6%	10.1%	6.2%	3.1%	5.8%	4.4%	3.3%	1.7%	6.9%

(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THCIC – 2008 for all others not included in PDS Database

II. Market Assessment

2009 Total Service Area Market Share by Hospital – Mental Health⁽¹⁾

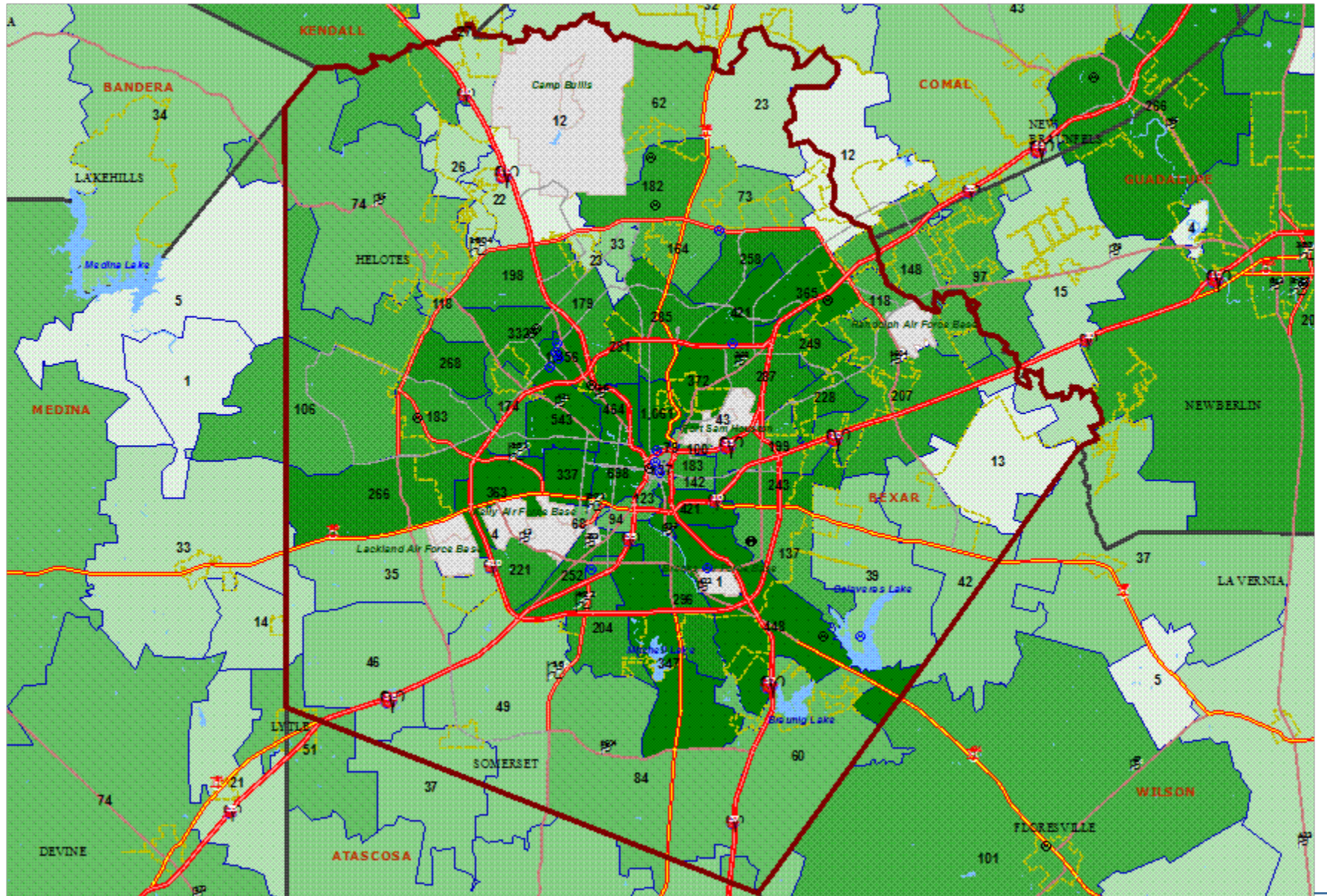
Diagnosis Related Group	Total	Methodist System	MSTH	Metropolitan	Nix Health Care	Laurel Ridge Treatment	Baptist System	Baptist Medical Center	Northeast Baptist	University Health System	Southwest General	SASH	Clarity Child Guidance Ctr	All Others
Mental Health														
Acute adj reaction & psychosocial dysfunction	246	53	23	5	7	8	111	25	29	27	4	6	9	22
Depressive neuroses	370	113	49	59	5	96	16	3	5	48	1	24	46	20
Neuroses except depressive	173	57	21	35	3	40	8	1	3	31	0	12	15	7
Disorders of personality & impulse control	89	35	17	15	0	6	5	0	4	7	0	14	20	2
Organic disturbances & mental retardation	159	47	8	8	17	4	36	13	12	19	4	12	2	18
Psychoses	14,003	3,190	2,141	1,023	3,121	1,810	1,273	967	285	1,097	1,391	1,061	782	277
Behavioral & developmental disorders	68	12	9	1	0	31	0	0	0	5	0	4	10	6
Other mental disorder diagnoses	9	1	0	0	0	2	1	1	0	3	0	0	0	1
Mental Health Subtotal	15,117	3,509	2,269	1,145	3,153	1,997	1,451	1,011	339	1,236	1,400	1,133	884	354
Alcohol/Drug Treatment														
A/D abuse or dependence, left ama	74	49	24	16	3	0	5	3	1	13	3	0	0	1
A/D abuse or dependence w rehab therapy	3	1	1	0	1	0	0	0	0	0	0	0	0	0
A/D abuse or dependence w/o rehab therapy	1,225	616	352	129	33	0	165	65	48	332	7	0	0	72
Alcohol/Drug Treatment Subtotal	1,302	666	377	145	37	0	171	68	49	345	9	0	0	73
Total	16,419	4,175	2,647	1,291	3,191	1,997	1,621	1,079	388	1,581	1,409	1,133	884	427

Diagnosis Related Group	Total	Methodist System	MSTH	Metropolitan	Nix Health Care	Laurel Ridge Treatment	Baptist System	Baptist Medical Center	Northeast Baptist	University Health System	Southwest General	SASH	Clarity Child Guidance Ctr	All Others
Mental Health														
Acute adj reaction & psychosocial dysfunction	246	21.5%	9.2%	2.2%	2.7%	3.2%	44.9%	10.3%	11.9%	10.8%	1.6%	2.4%	3.7%	9.1%
Depressive neuroses	370	30.6%	13.3%	15.9%	1.4%	25.9%	4.3%	0.7%	1.4%	13.0%	0.4%	6.5%	12.4%	5.4%
Neuroses except depressive	173	33.2%	12.4%	20.1%	1.5%	23.2%	4.6%	0.8%	1.5%	17.8%	0.0%	6.9%	8.7%	4.1%
Disorders of personality & impulse control	89	39.1%	19.5%	16.5%	0.0%	6.8%	6.0%	0.0%	4.5%	7.5%	0.0%	15.8%	22.6%	2.3%
Organic disturbances & mental retardation	159	29.7%	5.0%	5.0%	10.9%	2.5%	22.6%	8.4%	7.5%	11.7%	2.5%	7.5%	1.3%	11.3%
Psychoses	14,003	22.8%	15.3%	7.3%	22.3%	12.9%	9.1%	6.9%	2.0%	7.8%	9.9%	7.6%	5.6%	2.0%
Behavioral & developmental disorders	68	17.6%	13.7%	2.0%	0.0%	45.4%	0.0%	0.0%	0.0%	7.8%	0.0%	5.9%	14.6%	8.8%
Other mental disorder diagnoses	9	15.4%	0.0%	0.0%	0.0%	23.1%	15.4%	15.4%	0.0%	30.8%	0.0%	0.0%	0.0%	15.4%
Mental Health Subtotal	15,117	23.2%	15.0%	7.6%	20.9%	13.2%	9.6%	6.7%	2.2%	8.2%	9.3%	7.5%	5.8%	2.3%
Alcohol/Drug Treatment														
A/D abuse or dependence, left ama	74	65.8%	32.4%	21.6%	3.6%	0.0%	7.2%	3.6%	1.8%	18.0%	3.6%	0.0%	0.0%	1.8%
A/D abuse or dependence w rehab therapy	3	50.0%	50.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A/D abuse or dependence w/o rehab therapy	1,225	50.3%	28.7%	10.6%	2.7%	0.0%	13.5%	5.3%	3.9%	27.1%	0.5%	0.0%	0.0%	5.9%
Alcohol/Drug Treatment Subtotal	1,302	51.1%	29.0%	11.2%	2.9%	0.0%	13.1%	5.2%	3.8%	26.5%	0.7%	0.0%	0.0%	5.6%
Total	16,419	25.4%	16.1%	7.9%	19.4%	12.2%	9.9%	6.6%	2.4%	9.6%	8.6%	6.9%	5.4%	2.6%

(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THCIC – 2008 for all others not included in PDS Database

II. Market Assessment

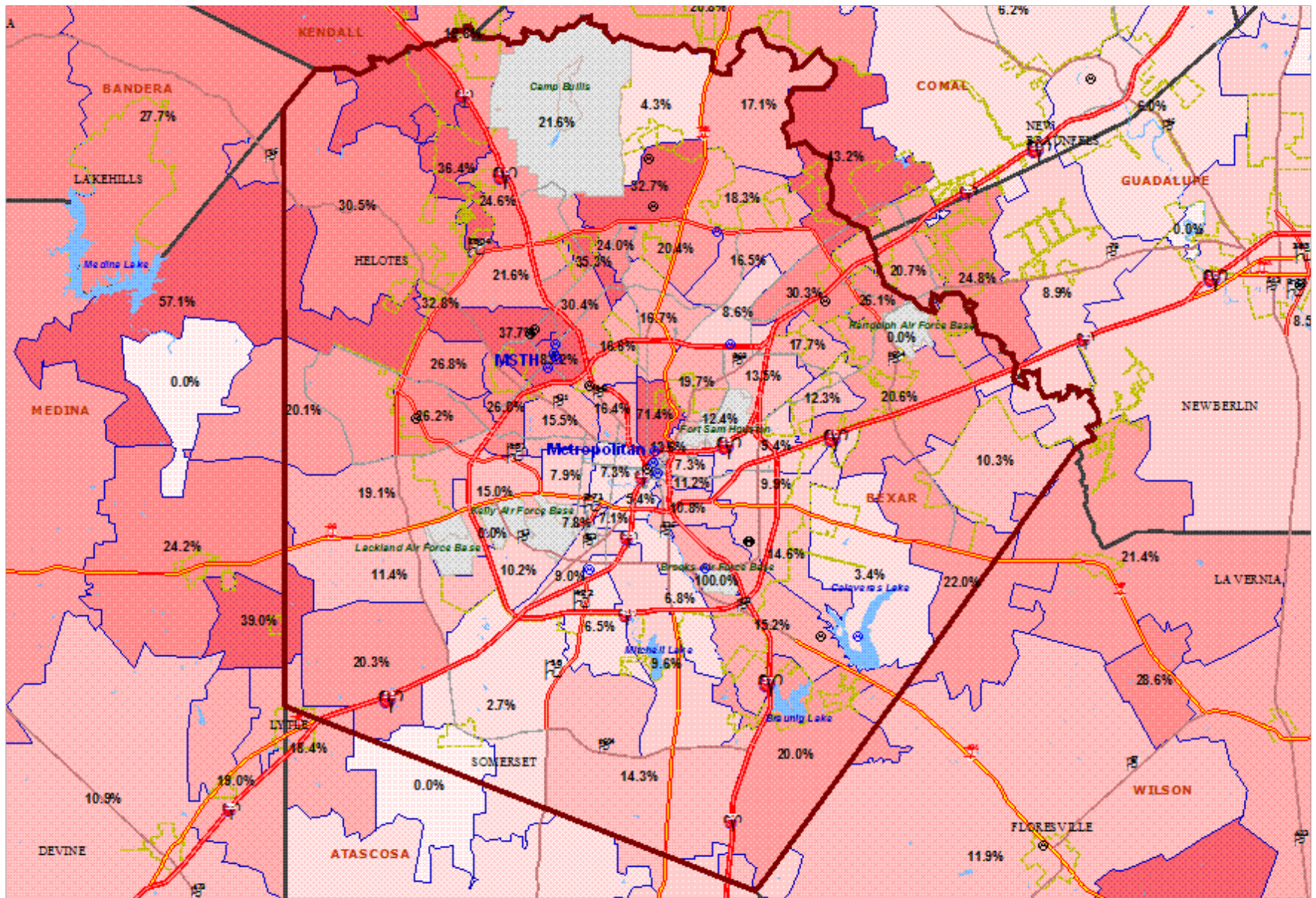
2009 Mental Health Market Discharges by Zip Code⁽¹⁾



(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

II. Market Assessment

2009 Methodist System Mental Health Market Share by Zip Code⁽¹⁾⁽²⁾

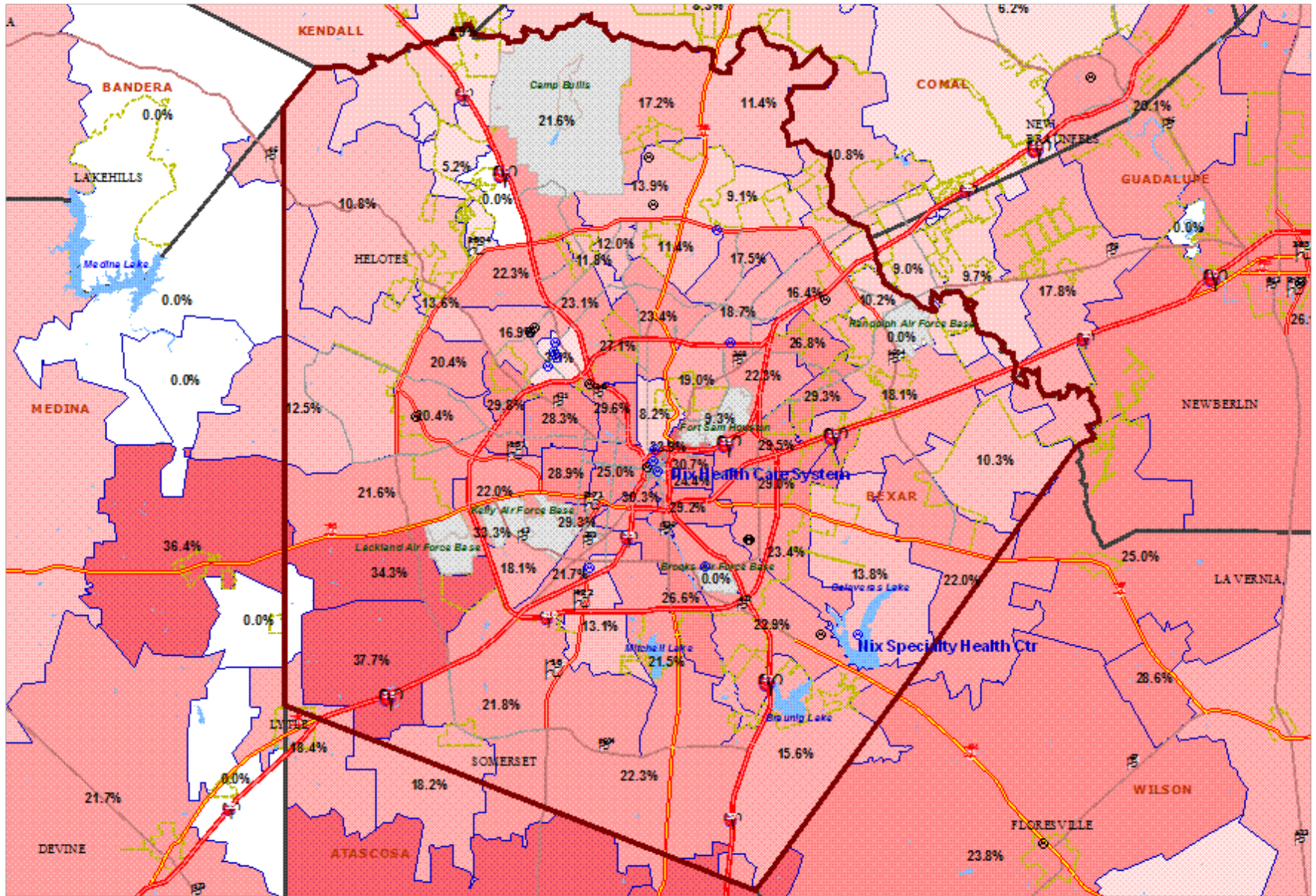


(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

(2) Note: Includes all DRGs related to Psych/Drug Abuse Service Line

II. Market Assessment

2009 Nix Health Care System Mental Health Market Share by Zip Code⁽¹⁾⁽²⁾

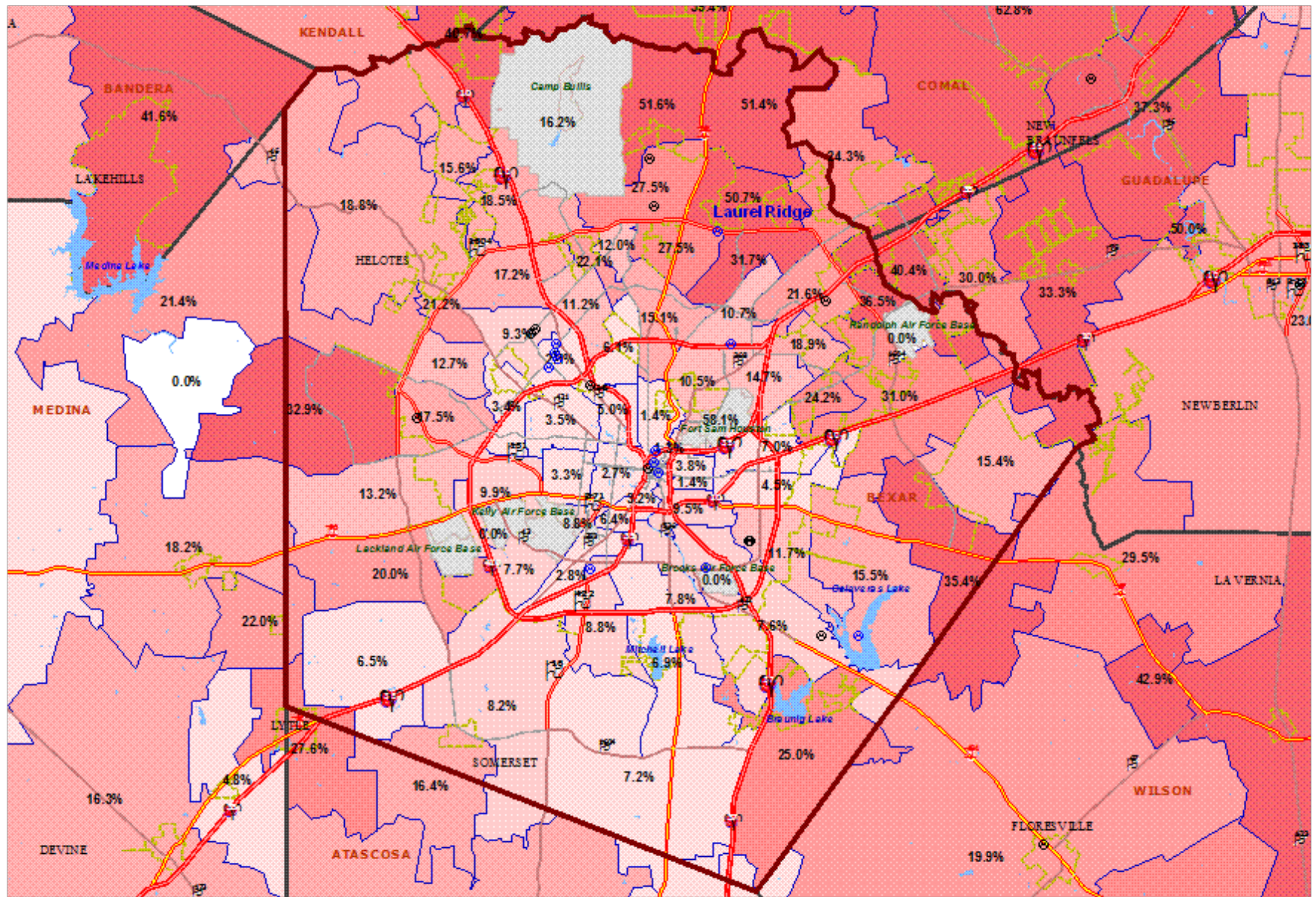


(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

(2) Note: Includes all DRGs related to Psych/Drug Abuse Service Line

II. Market Assessment

2009 Laurel Ridge Mental Health Market Share by Zip Code⁽¹⁾⁽²⁾

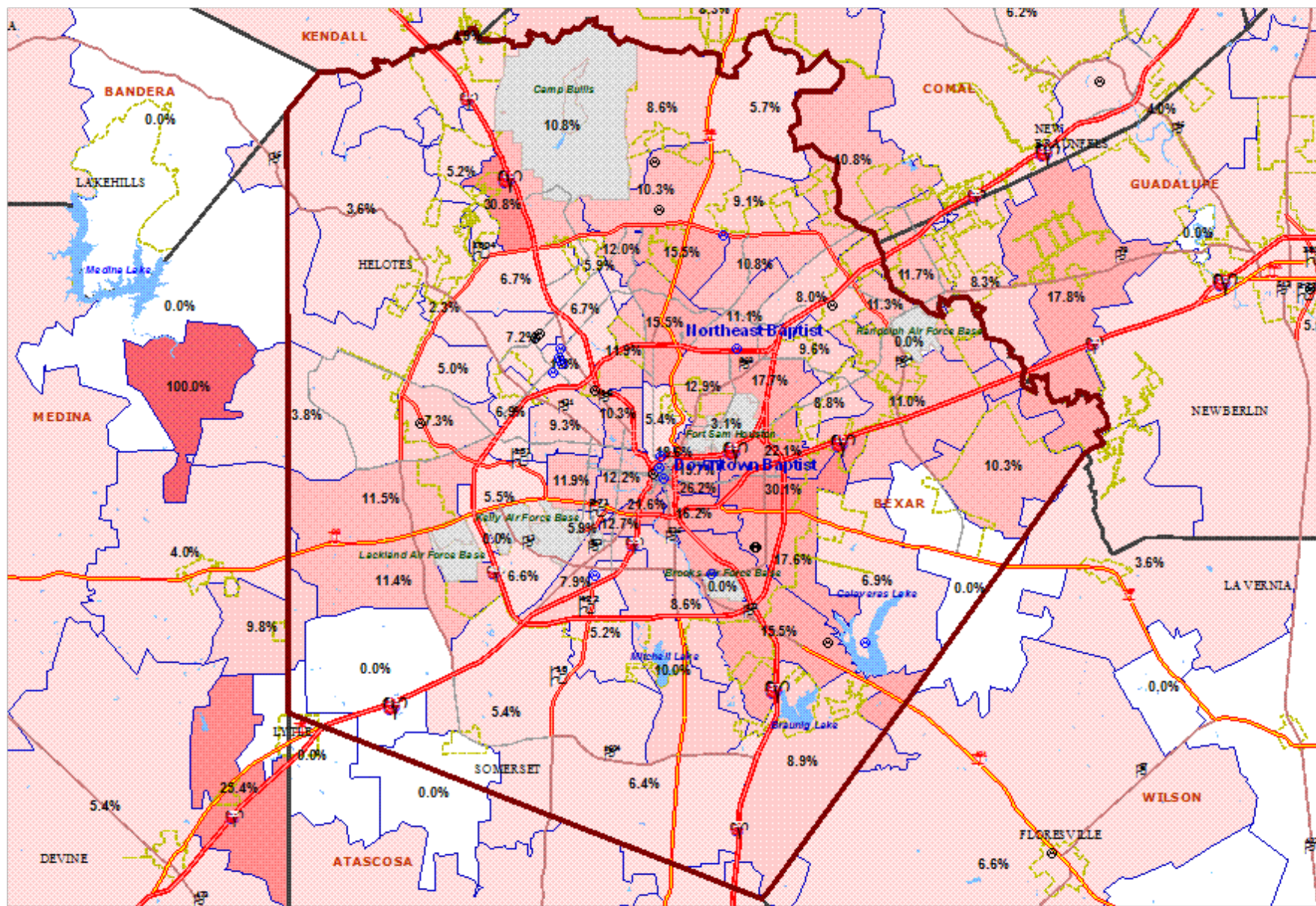


(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

(2) Note: Includes all DRGs related to Psych/Drug Abuse Service Line

II. Market Assessment

2009 Baptist System Mental Health Market Share by Zip Code⁽¹⁾⁽²⁾

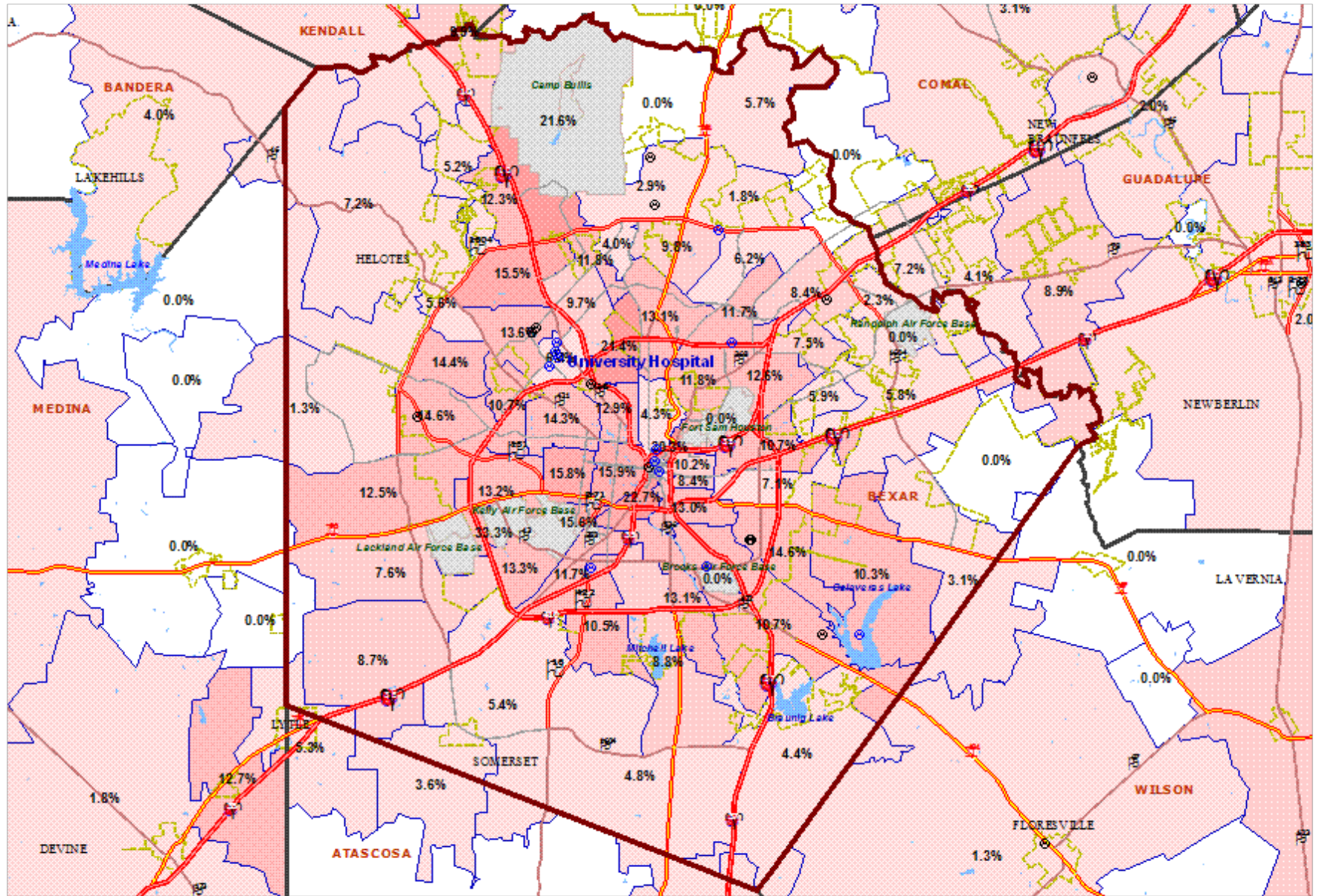


(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

(2) Note: Includes all DRGs related to Psych/Drug Abuse Service Line

II. Market Assessment

2009 UHS Mental Health Market Share by Zip Code⁽¹⁾⁽²⁾

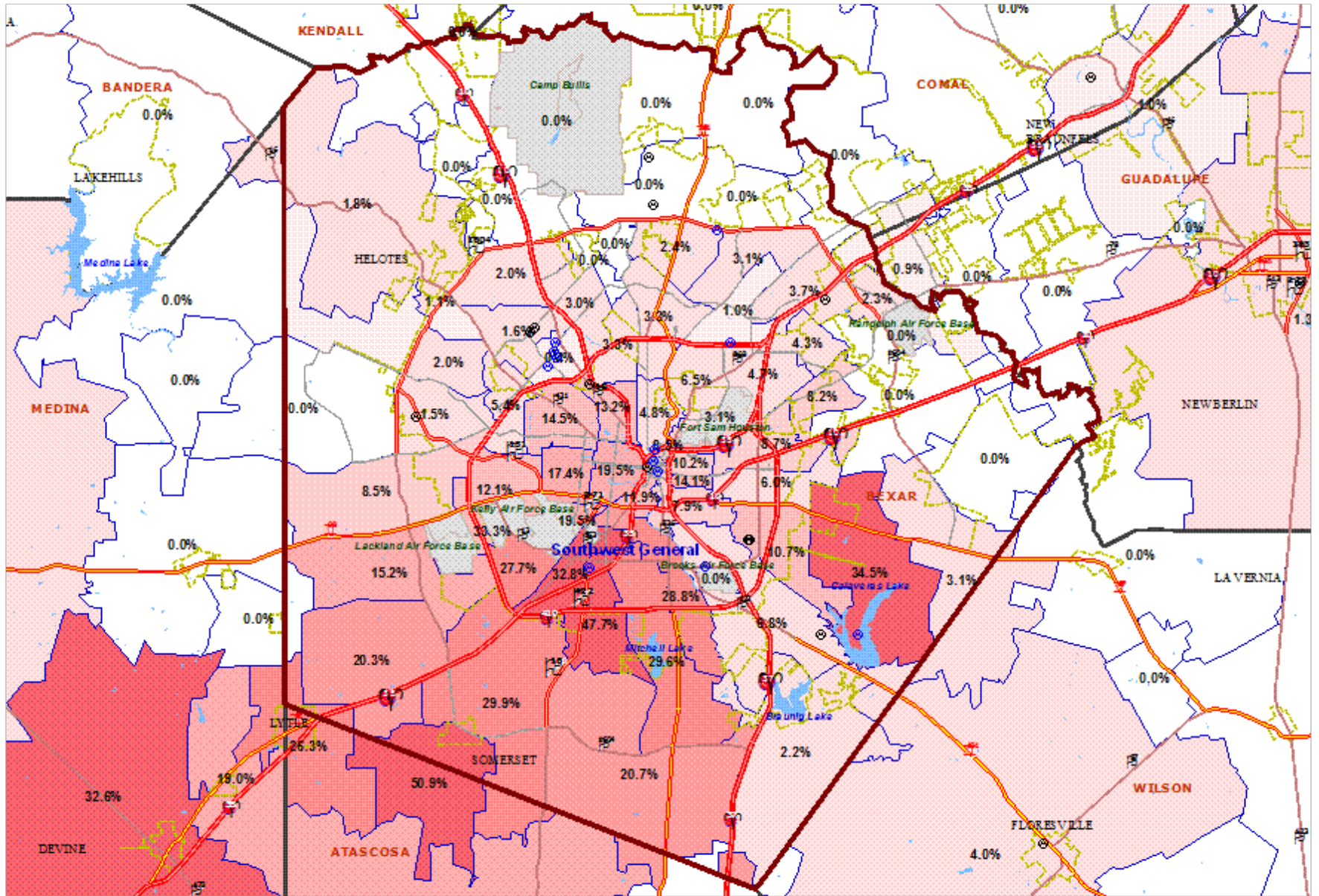


(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized /THCIC – 2008 for all others not included in PDS Database

(2) Note: Includes all DRGs related to Psych/Drug Abuse Service Line

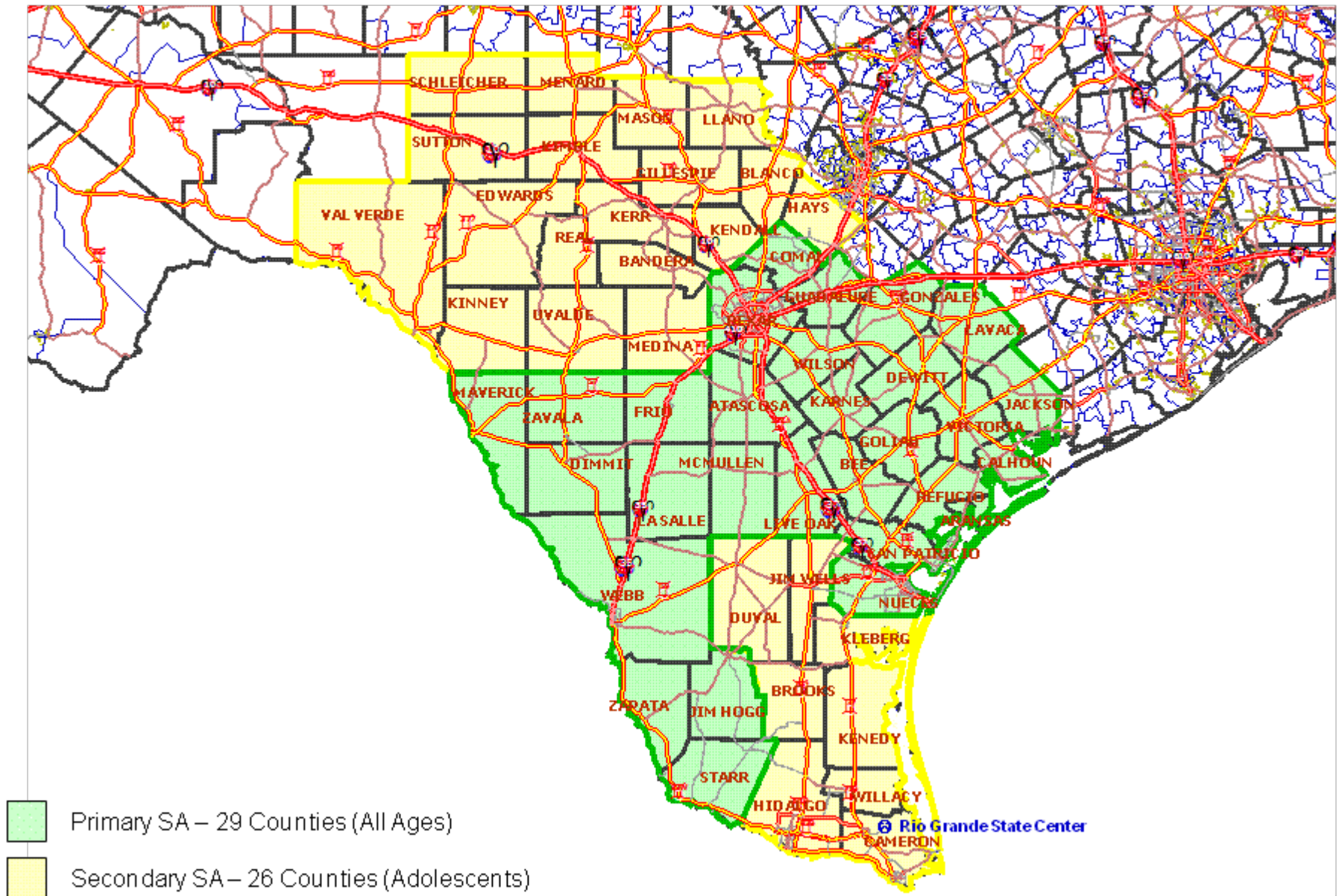
II. Market Assessment

2009 Southwest General Health Market Share by Zip Code⁽¹⁾⁽²⁾



II. Market Assessment

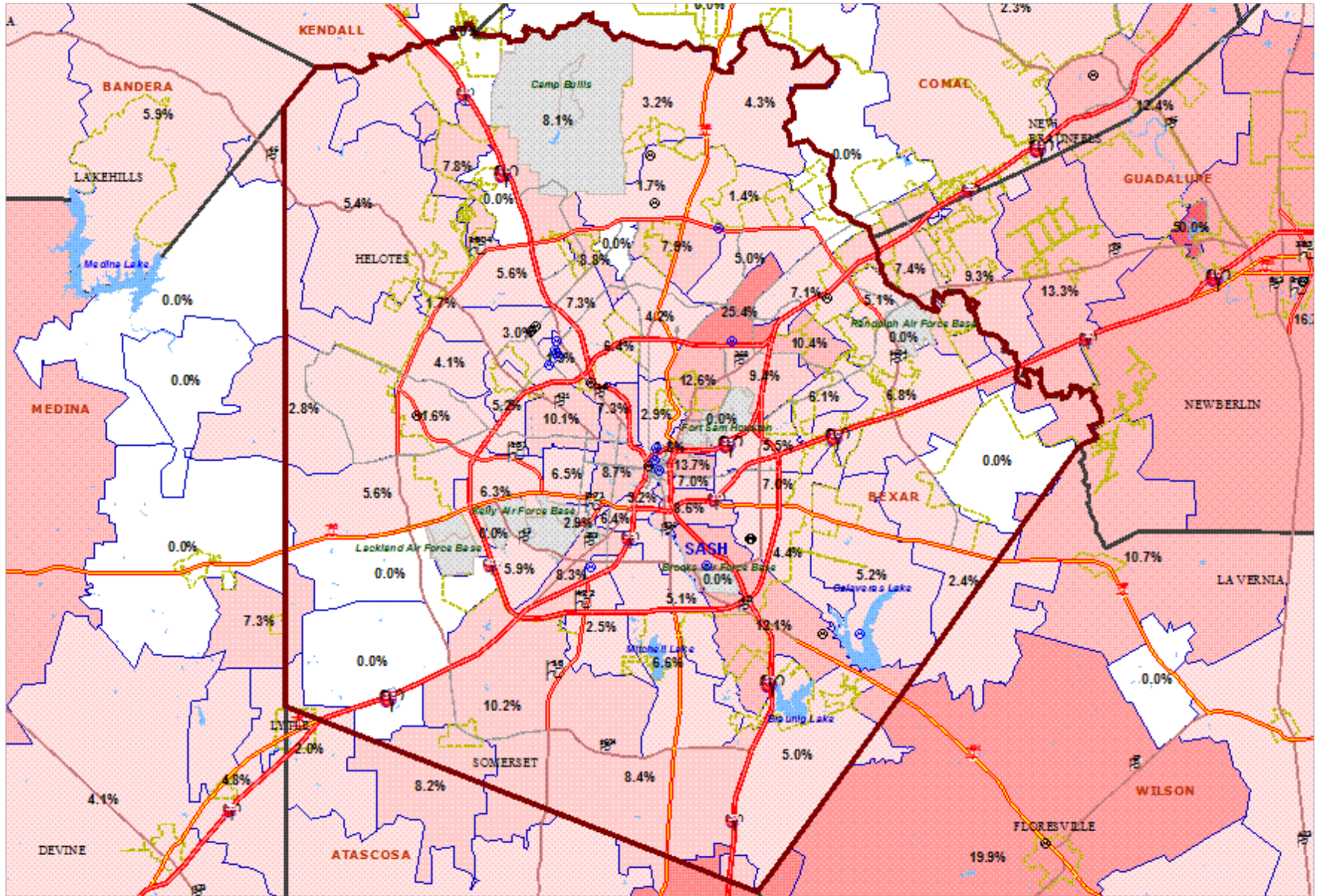
San Antonio State Hospital Service Area Definition⁽¹⁾



(1) Source: San Antonio State Hospital Clinical Director

II. Market Assessment

2009 San Antonio State Hospital Health Market Share by Zip Code⁽¹⁾⁽²⁾

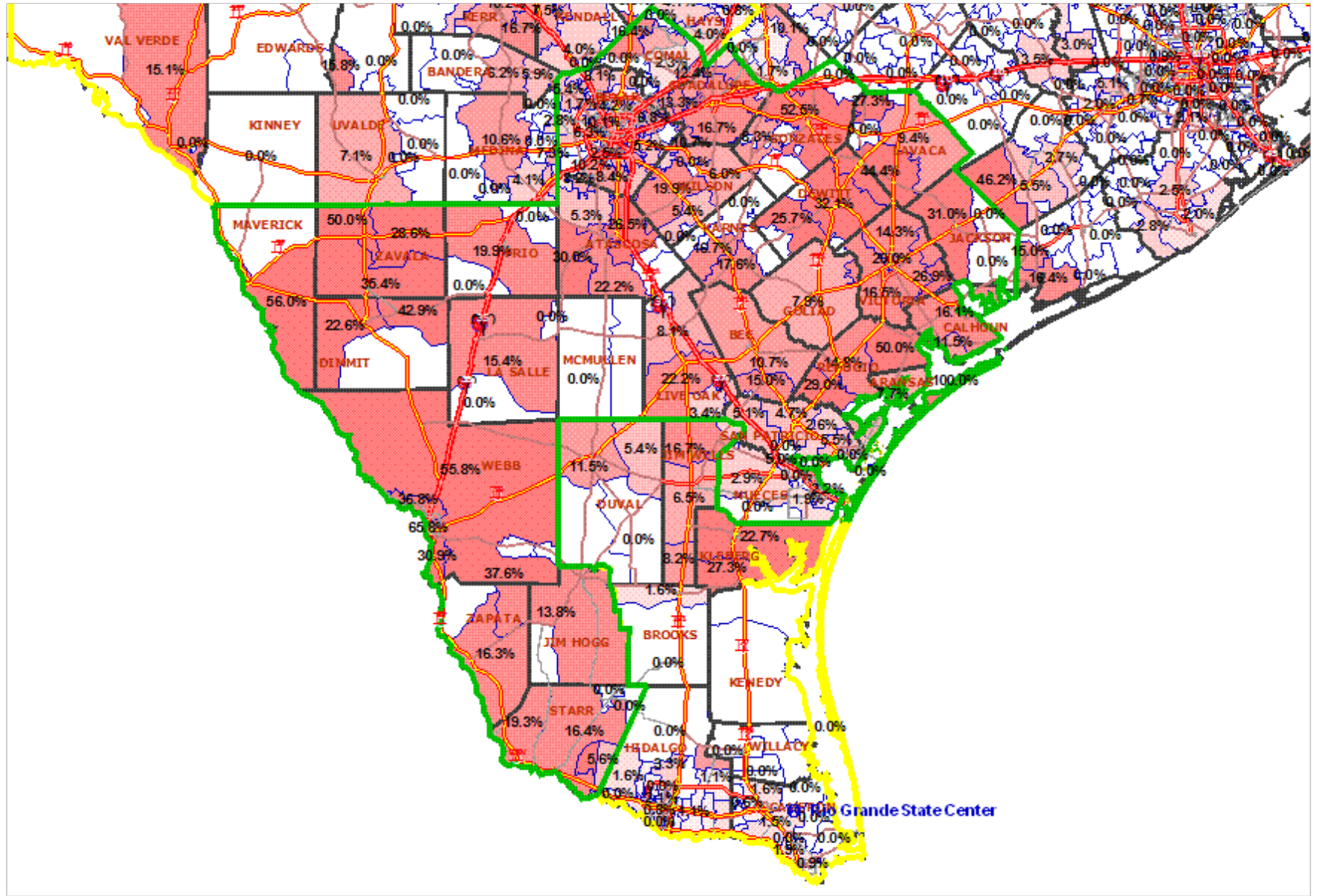


(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

(2) Note: Includes all DRGs related to Psych/Drug Abuse Service Line

II. Market Assessment

2009 San Antonio State Hospital Health Market Share by Zip Code⁽¹⁾⁽²⁾

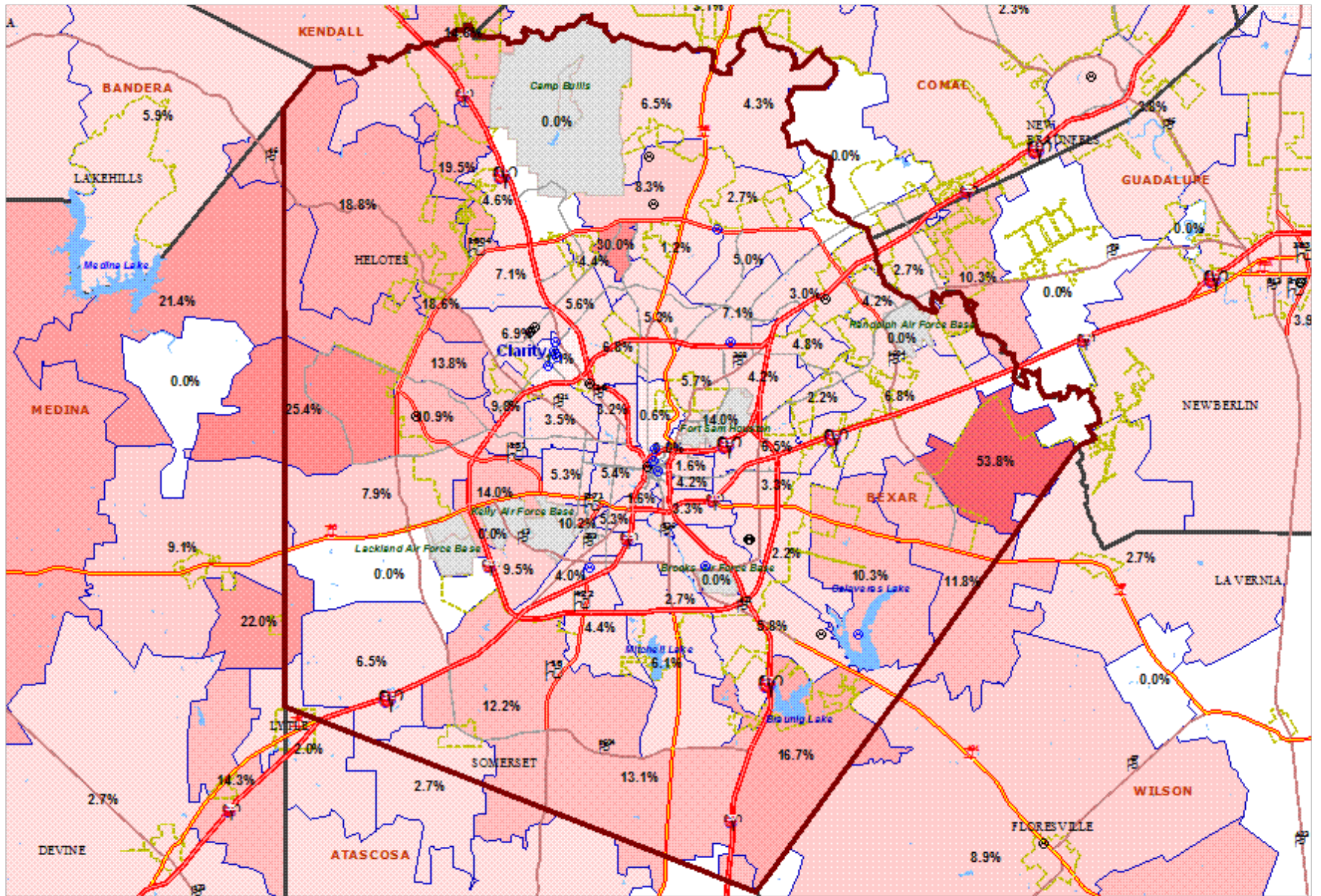


(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

(2) Note: Includes all DRGs related to Psych/Drug Abuse Service Line

II. Market Assessment

2009 Clarity Child Guidance Ctr. Mental Health Market Sh. by Zip Code⁽¹⁾⁽²⁾



(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THCIC – 2008 for all others not included in PDS Database

(2) Note: Includes all DRGs related to Psych/Drug Abuse Service Line

II. Market Assessment

Bed Capacity by Provider⁽¹⁾

Area Hospitals	2009 Total Mental Health Patient Days				2010 Mental Health Beds				2009 Occupancy Rate				2009 Excess / (Deficit) Capacity			
	Child / Adolescent	Adult	65+	Total	Child / Adolescent	Adult	65+	Total	Child / Adolescent	Adult	65+	Total	Child / Adolescent	Adult	65+	Total
Baptist Medical Center	0	5,537	271	5,808	0	23	0	23	0%	66%	0%	69%	0	1	(1)	0
Northeast Baptist	0	1,027	1,651	2,677	0	0	13	13	0%	0%	35%	56%	0	(4)	7	3
Clarity Child Guidance Ctr	7,203	3	0	7,206	52	0	0	52	38%	0%	0%	38%	24	(0)	0	24
Laurel Ridge Treatment Ctr	44,805	17,278	840	62,923	120	132	0	252	102%	36%	0%	68%	(55)	64	(3)	6
Methodist Health Care System	3,359	18,347	2,793	24,498	20	68	10	98	46%	74%	77%	68%	7	(4)	(1)	2
Southwest General	0	7,432	812	8,244	0	24	22	46	0%	85%	10%	49%	0	(5)	19	14
University Health System	0	6,541	128	6,669	0	20	0	20	0%	90%	0%	91%	0	(6)	(1)	(6)
Nix Health Care System	4,363	14,125	4,204	22,692	21	50	15	86	57%	77%	77%	72%	4	(5)	(1)	(3)
Total - Hospitals with Psych Units	59,729	70,290	10,698	140,718	213	317	60	590	77%	61%	49%	65%	(21)	42	18	39
Total - Hospitals without Psych Units	31	591	321	943	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(0)	(2)	(1)	(4)
Total - All Area Hospitals	59,760	70,882	11,019	141,660	213	317	60	590	77%	61%	50%	66%	(21)	40	17	36
San Antonio State Hospital	8,699	73,801	7,391	89,891	32	184	48	264	74%	110%	42%	93%	(2)	(105)	19	(88)

- For planning purposes, the assumed target occupancy rate is 70%... estimated average based on private/semiprivate bed mix, acuity level of patients, and separation of age and sex cohorts
- In aggregate, although the market is currently “oversupplied” mental health beds, there is an undersupply of beds available to low income/indigent patients (see discussion below)
- Notes on Mental Health Beds:
 - Adult beds include Chemical Dependency beds at Laurel Ridge (60 beds) and Methodist Health Care (14 beds)... provided for patients aged 18 to 64 years old
 - Child / Adolescent beds include Residential Treatment Center (RTC) beds at Laurel Ridge (60 beds)... provided for patients aged 4 to 17 years old
 - San Antonio State Hospital has an additional 38 beds dedicated to forensic patients

(1) Source: “Acute Psychiatric Beds by Service – April 2010”, by Liza Jensen

(2) Note: Patient Days reflect volumes from all areas (not restricted to San Antonio MSA) and are specific to Mental Health DRGs

II. Market Assessment

Mental Health Patient Days by Service Area Origin – 2009⁽¹⁾

Area Hospitals	2009 Total Mental Health Patient Days				Total Mental Health Days Service Area Distribution			
	Primary SA	Secondary SA	OOA	Total	Primary SA	Secondary SA	OOA	Total
Baptist Medical Center	5,403	183	223	5,808	93.0%	3.1%	3.8%	100.0%
Northeast Baptist	2,204	313	160	2,677	82.3%	11.7%	6.0%	100.0%
Clarity Child Guidance Ctr	5,372	786	1,048	7,206	74.5%	10.9%	14.5%	100.0%
Laurel Ridge Treatment Ctr	12,779	4,138	46,006	62,923	20.3%	6.6%	73.1%	100.0%
Methodist Health Care System	21,772	1,696	1,030	24,498	88.9%	6.9%	4.2%	100.0%
Southwest General	7,785	392	67	8,244	94.4%	4.8%	0.8%	100.0%
University Health System	6,196	181	292	6,669	92.9%	2.7%	4.4%	100.0%
Nix Health Care System	16,655	2,023	4,015	22,692	73.4%	8.9%	17.7%	100.0%
Total - Hospitals with Psych Units	78,166	9,712	52,840	140,718	55.5%	6.9%	37.6%	100.0%
Total - Hospitals without Psych Units	499	205	239	943	52.9%	21.7%	25.4%	100.0%
Total - All Area Hospitals	78,665	9,917	53,079	141,660	55.5%	7.0%	37.5%	100.0%
San Antonio State Hospital	40,689	3,924	45,278	89,891	45.3%	4.4%	50.4%	100.0%
Total - OOA Hospitals w/ Patients in TSA	22,681	2,589	25,270	25,270				
Total Days in Service Area	142,035	16,430		158,464				

Immigration Days

Outmigration Days

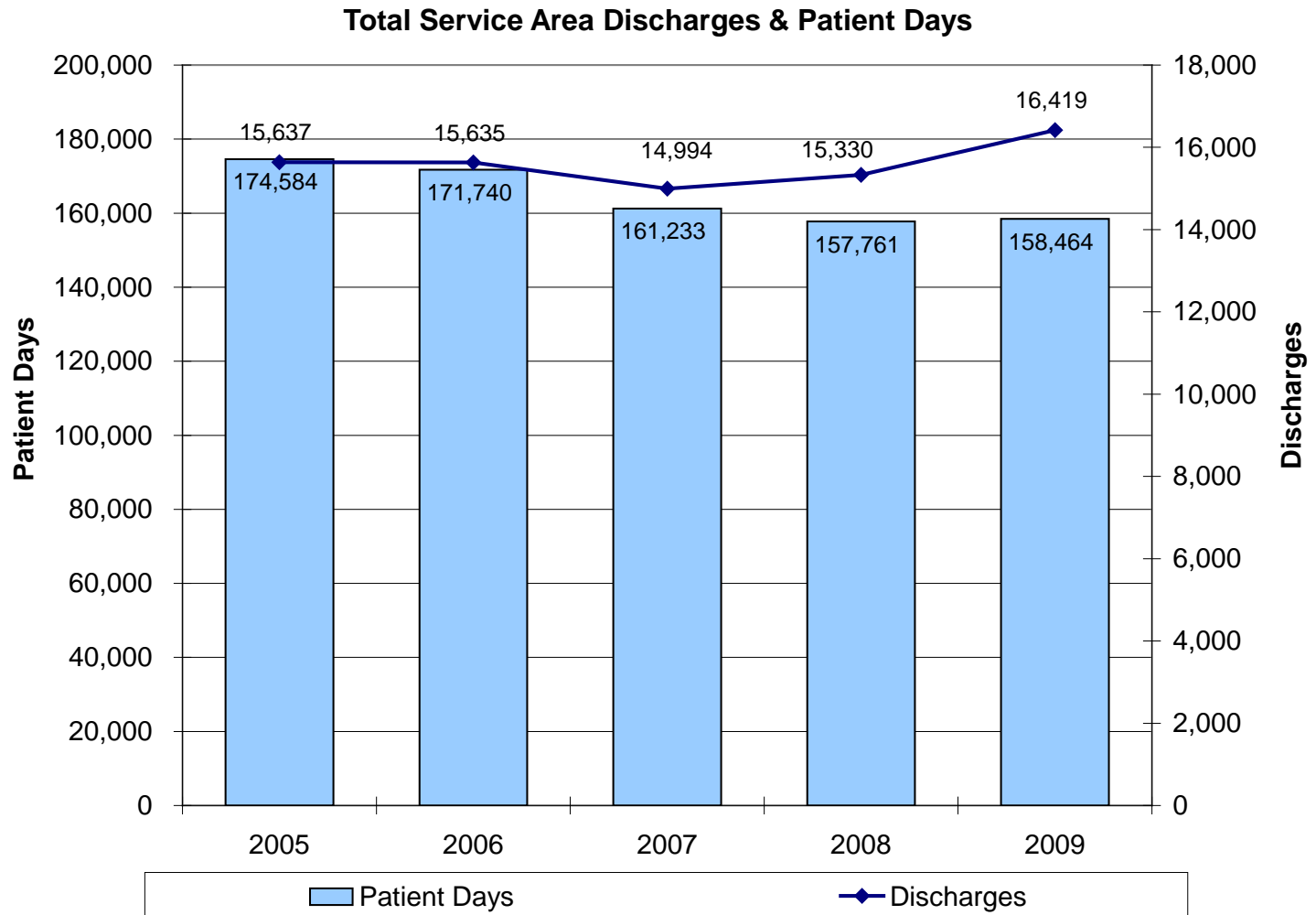
- San Antonio MSA Hospitals have a significant net immigration of Inpatient Volumes... +27,809 Days
- Percentage of Patient Days originating Outside of Service Area varies significantly by provider

(1) Source: PDS Texas State Database 2005 – 2009 / THIC 2005 - 2008 for all others not included in PDS Database

(2) Note: Patient days are specific to Mental Health DRGs

II. Market Assessment

Mental Health Inpatient Volume Trends 2005 - 2009 – Total SA⁽¹⁾



- Significant decline in patient days from 2005 to 2009... 9.2% decrease... 16,120 fewer days
- Overall increase in mental health discharges... 5.0% increase... 782 more discharges

II. Market Assessment

Mental Health Inpatient Discharges 2005 – 2009⁽¹⁾

Diagnosis Related Group	Total SA Discharges					Texas Discharges					Variance 2005 - 2009	
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	TSA	Texas
Mental Health												
Acute adj reaction & psychosocial dysfunction	200	227	212	210	246	2,405	2,215	2,093	2,124	2,262	23.2%	-6.0%
Depressive neuroses	398	338	365	408	370	4,171	4,511	5,302	5,293	5,331	-7.0%	27.8%
Neuroses except depressive	123	151	200	202	173	1,913	2,053	2,180	2,175	2,179	40.4%	13.9%
Disorders of personality & impulse control	82	65	64	72	89	809	750	746	811	734	8.1%	-9.3%
Organic disturbances & mental retardation	199	194	191	196	159	3,045	2,758	2,477	2,483	2,465	-19.9%	-19.0%
Psychoses	13,430	13,375	12,788	13,046	14,003	108,046	116,966	119,299	118,648	124,472	4.3%	15.2%
Behavioral & developmental disorders	85	108	90	92	68	2,209	2,010	2,435	2,589	2,437	-19.6%	10.3%
Other mental disorder diagnoses	18	15	24	19	9	317	336	336	346	328	-51.9%	3.5%
Mental Health Subtotal	14,535	14,473	13,934	14,246	15,117	122,915	131,599	134,869	134,468	140,209	4.0%	14.1%
Alcohol/Drug Treatment												
A/D abuse or dependence, left ama	67	55	59	68	74	1,307	1,288	1,243	1,183	1,198	10.4%	-8.3%
A/D abuse or dependence w rehab therapy	378	400	617	5	3	6,549	7,253	7,589	3,759	1,103	-99.3%	-83.2%
A/D abuse or dependence w/o rehab therapy	657	707	383	1,011	1,225	12,677	12,421	12,119	15,817	19,331	86.5%	52.5%
Alcohol/Drug Treatment Subtotal	1,102	1,162	1,060	1,084	1,302	20,533	20,962	20,952	20,759	21,633	18.1%	5.4%
Total	15,637	15,635	14,994	15,330	16,419	143,448	152,561	155,820	155,227	161,841	5.0%	12.8%

- Mental Health discharges in the Total Service Area have steadily increased in the last five years... +782 discharges... +5.0%
- Increase in discharges in the Total Service Area is significantly lower than the growth rate for Texas

II. Market Assessment

Mental Health Inpatient Days 2005 – 2009⁽¹⁾

Diagnosis Related Group	Total SA Patient Days					Texas Patient Days					Variance 2005 - 2009	
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	TSA	Texas
Mental Health												
Acute adj reaction & psychosocial dysfunction	640	768	680	560	683	11,567	12,437	12,564	21,221	14,648	6.8%	26.6%
Depressive neuroses	1,826	2,014	2,408	2,545	1,693	28,186	31,916	70,962	51,453	39,301	-7.3%	39.4%
Neuroses except depressive	831	1,322	1,690	1,442	798	19,024	27,926	24,815	23,625	24,483	-3.9%	28.7%
Disorders of personality & impulse control	748	635	629	639	1,240	11,457	11,709	10,859	11,690	13,188	65.7%	15.1%
Organic disturbances & mental retardation	11,013	4,194	5,287	4,070	2,893	81,056	48,125	69,727	57,223	52,799	-73.7%	-34.9%
Psychoses	154,335	156,147	142,752	141,960	144,814	1,439,077	1,434,927	1,609,552	1,547,414	1,620,946	-6.2%	12.6%
Behavioral & developmental disorders	853	1,738	2,451	1,890	818	58,363	57,407	78,969	65,484	67,901	-4.1%	16.3%
Other mental disorder diagnoses	191	142	977	656	41	5,616	7,397	8,379	8,096	7,467	-78.7%	33.0%
Mental Health Subtotal	170,437	166,960	156,873	153,763	152,979	1,654,346	1,631,844	1,885,828	1,786,207	1,840,734	-10.2%	11.3%
Alcohol/Drug Treatment												
A/D abuse or dependence, left ama	167	131	138	125	159	3,056	3,095	3,111	2,857	3,221	-5.0%	5.4%
A/D abuse or dependence w rehab therapy	1,634	1,914	2,886	29	24	31,298	36,126	41,372	24,437	11,766	-98.5%	-62.4%
A/D abuse or dependence w/o rehab therapy	2,346	2,735	1,336	3,844	5,302	109,883	98,710	101,120	123,221	160,007	126.0%	45.6%
Alcohol/Drug Treatment Subtotal	4,147	4,780	4,359	3,999	5,485	144,237	137,931	145,603	150,514	174,993	32.3%	21.3%
Total	174,584	171,740	161,233	157,761	158,464	1,798,583	1,769,775	2,031,431	1,936,721	2,015,727	-9.2%	12.1%

- Since 2005, Mental Health patient days have decreased in the Total Service Area by 9.2%...16,120 fewer patient days
- In contrast, patient days in Texas have increased by 12.1% in the last five years

II. Market Assessment

Mental Health Average Length of Stay 2005 – 2009⁽¹⁾

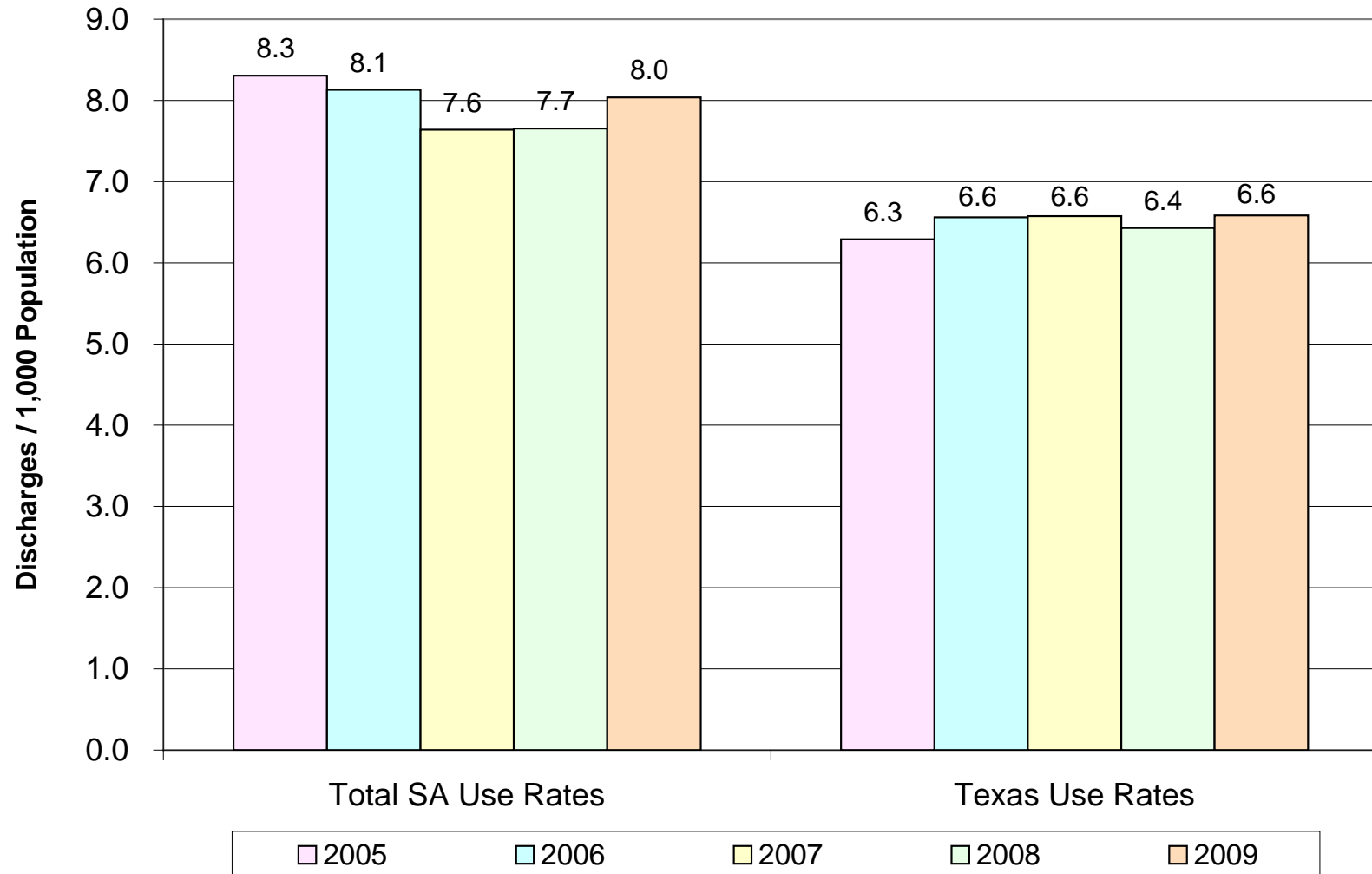
Diagnosis Related Group	Total SA ALOS					Texas ALOS					Variance 2005 - 2009	
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	TSA	Texas
Mental Health												
Acute adj reaction & psychosocial dysfunction	3.2	3.4	3.2	2.7	2.8	4.8	5.6	6.0	10.0	6.5	-13.3%	34.7%
Depressive neuroses	4.6	6.0	6.6	6.2	4.6	6.8	7.1	13.4	9.7	7.4	-0.3%	9.1%
Neuroses except depressive	6.8	8.8	8.5	7.1	4.6	9.9	13.6	11.4	10.9	11.2	-31.6%	13.0%
Disorders of personality & impulse control	9.1	9.8	9.8	8.9	14.0	14.2	15.6	14.6	14.4	18.0	53.3%	26.9%
Organic disturbances & mental retardation	55.3	21.6	27.7	20.8	18.2	26.6	17.4	28.2	23.0	21.4	-67.2%	-19.5%
Psychoses	11.5	11.7	11.2	10.9	10.3	13.3	12.3	13.5	13.0	13.0	-10.0%	-2.2%
Behavioral & developmental disorders	10.0	16.1	27.2	20.6	12.0	26.4	28.6	32.4	25.3	27.9	19.2%	5.5%
Other mental disorder diagnoses	10.6	9.5	41.3	33.9	4.7	17.7	22.0	24.9	23.4	22.7	-55.8%	28.4%
Mental Health Subtotal	11.7	11.5	11.3	10.8	10.1	13.5	12.4	14.0	13.3	13.1	-13.7%	-2.5%
Alcohol/Drug Treatment												
A/D abuse or dependence, left ama	2.5	2.4	2.3	1.8	2.1	2.3	2.4	2.5	2.4	2.7	-14.0%	14.9%
A/D abuse or dependence w rehab therapy	4.3	4.8	4.7	5.5	9.0	4.8	5.0	5.5	6.5	10.7	108.2%	123.1%
A/D abuse or dependence w/o rehab therapy	3.6	3.9	3.5	3.8	4.3	8.7	7.9	8.3	7.8	8.3	21.2%	-4.5%
Alcohol/Drug Treatment Subtotal	3.8	4.1	4.1	3.7	4.2	7.0	6.6	6.9	7.3	8.1	12.0%	15.2%
Total	11.2	11.0	10.8	10.3	9.7	12.5	11.6	13.0	12.5	12.5	-13.6%	-0.7%

- The Average Length of Stay for Mental Health discharges in the Total Service Area has steadily decreased over the last five years...-13.6%...16,120 fewer patient days
- Texas' Average Length of Stay for Mental Health discharges has also decreased but not as dramatically

II. Market Assessment

Mental Health Inpatient Use Rates 2005 - 2009⁽¹⁾

Inpatient Use Rate Comparison by Years



(1) Sources: PDS Texas State Database – CY 2009 9 mos. annualized / THCIC – 2008 for all others not included in PDS Database Claritas 2009 – 2014 Database

II. Market Assessment

Mental Health Service Inpatient Use Rate Comparison⁽¹⁾

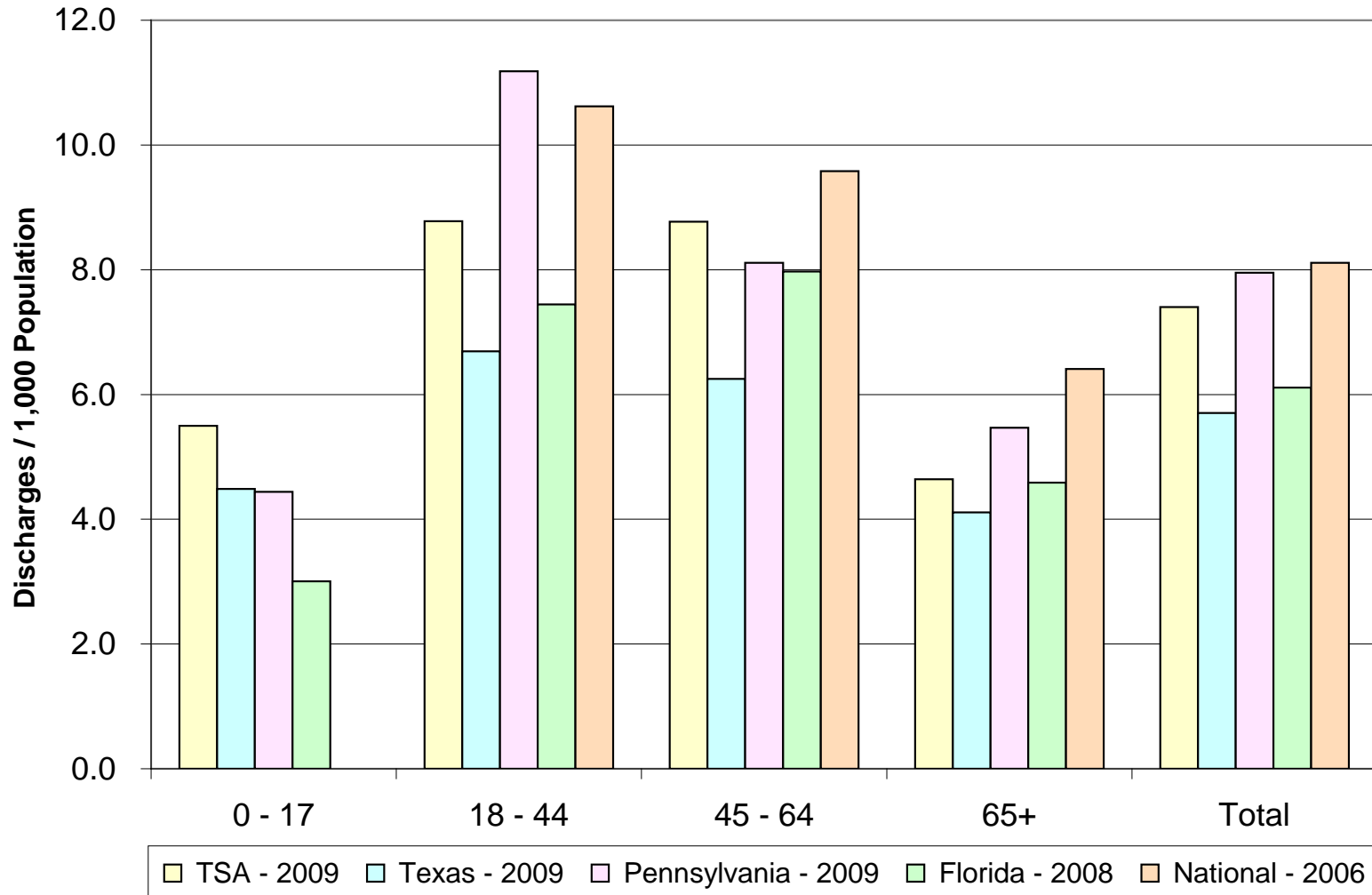
Diagnosis Related Group	Total SA Use Rates					Texas Use Rates					Variance 2005 - 2009	
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	TSA	Texas
Mental Health												
Acute adj reaction & psychosocial dysfunction	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	13.5%	-12.8%
Depressive neuroses	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-14.3%	18.6%
Neuroses except depressive	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	29.4%	5.7%
Disorders of personality & impulse control	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3%	-15.9%
Organic disturbances & mental retardation	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-26.2%	-24.9%
Psychoses	7.1	7.0	6.5	6.5	6.9	4.7	5.0	5.0	4.9	5.1	-3.9%	6.9%
Behavioral & developmental disorders	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	-25.9%	2.3%
Other mental disorder diagnoses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-55.6%	-4.0%
Mental Health Subtotal	7.7	7.5	7.1	7.1	7.4	5.4	5.7	5.7	5.6	5.7	-4.1%	5.8%
Alcohol/Drug Treatment												
A/D abuse or dependence, left ama	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.0	0.0	1.8%	-15.0%
A/D abuse or dependence w rehab therapy	0.2	0.2	0.3	0.0	0.0	0.3	0.3	0.3	0.2	0.0	-99.3%	-84.4%
A/D abuse or dependence w/o rehab therapy	0.3	0.4	0.2	0.5	0.6	0.6	0.5	0.5	0.7	0.8	71.9%	41.4%
Alcohol/Drug Treatment Subtotal	0.6	0.6	0.5	0.5	0.6	0.9	0.9	0.9	0.9	0.9	8.9%	-2.3%
Total	8.3	8.1	7.6	7.7	8.0	6.3	6.6	6.6	6.4	6.6	-3.2%	4.6%

- Although use rates in the Total Service Area have been decreasing over the last five years, mental health inpatient utilization is still significantly higher in the service area than in Texas
- Use rates in Texas have slightly increased since 2005

II. Market Assessment

Mental Health Inpatient Use Rates Comparison by Age Cohort⁽¹⁾⁽²⁾

Mental Health Inpatient Use Rate Comparison by Age Cohort

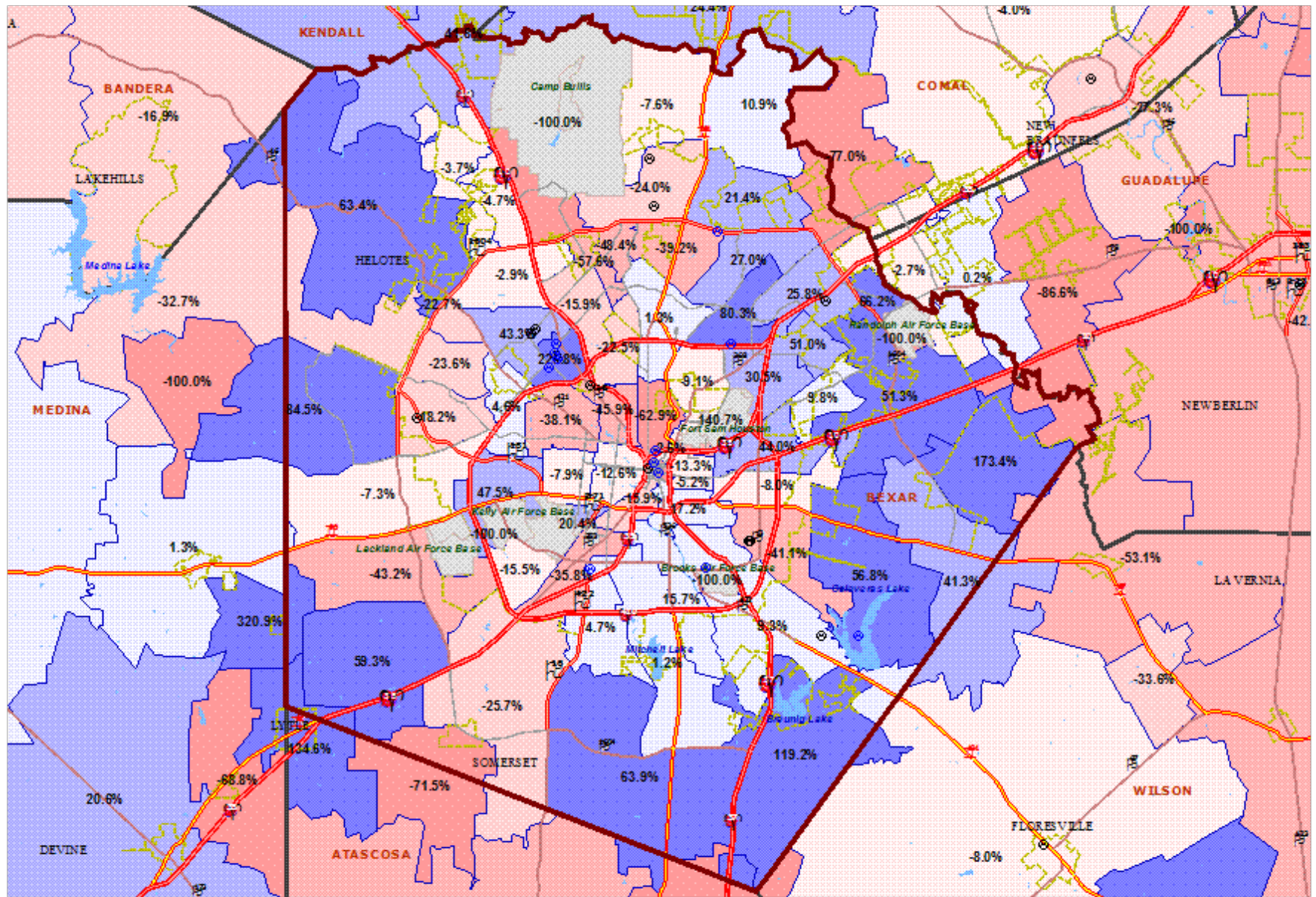


(1) Source: State Inpatient Databases; National data comes from CDC National Health Statistics, July 30, 2008

(2) Note: Excludes Substance Abuse DRGs, National statistics have no data for ages 0 - 17 & shows 15 - 44 instead of 18 - 44

II. Market Assessment

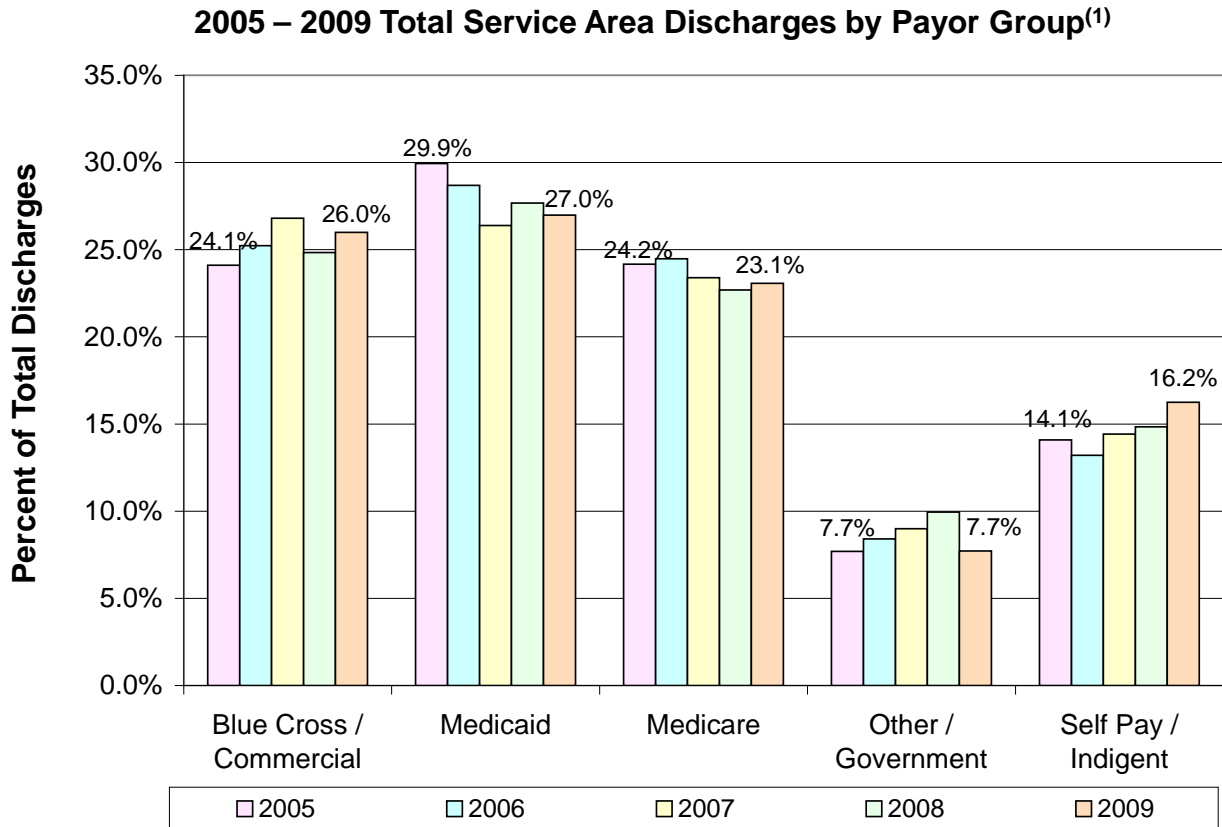
2009 Mental Health Use Rates % Above or Below Total SA – Ages 0 - 17⁽¹⁾



(1) Sources: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database
Claritas 2009 – 2014 Database

II. Market Assessment

2005 – 2009 Mental Health Discharges by Payor⁽¹⁾



	Market 2009 Discharges by Payor					Variance 2005 - 2009	
	2005	2006	2007	2008	2009	Variance	% Change
Blue Cross / Commercial	3,771	3,944	4,019	3,808	4,268	497	13.2%
Medicaid	4,682	4,486	3,957	4,243	4,430	(252)	-5.4%
Medicare	3,778	3,827	3,507	3,478	3,787	9	0.2%
Other / Government	1,203	1,314	1,349	1,525	1,267	63	5.3%
Self Pay / Indigent	2,203	2,064	2,162	2,275	2,668	465	21.1%
Total	15,637	15,635	14,994	15,330	16,419	782	5.0%

(1) Source: PDS Texas State Database 2005 – 2009 / THCIC 2005 - 2008 for all others not included in PDS Database
 (2) Note: San Antonio State Hospital's payor mix data reflects SASH's aggregate payor mix; detailed data not available

II. Market Assessment

2009 Mental Health Discharges by Payor by Hospital⁽¹⁾

Total Service Area

	Payor Group	Total Service Area	Methodist System	MSTH	Metropolitan	Nix Health Care	Laurel Ridge Treatment	Baptist System	Baptist Medical Center	Northeast Baptist	University Health System	Southwest General	SASH	Clarity Child Guidance Ctr	All Others
Disch. by Payor	Blue Cross / Commercial	4,268	1,121	860	203	887	707	192	92	45	220	575	17	287	263
	Medicaid	4,430	1,113	725	373	1,236	698	401	348	37	83	201	176	499	22
	Medicare	3,787	1,138	600	432	999	244	687	375	249	137	424	98	0	60
	Other / Government	1,267	303	197	88	69	322	67	47	17	364	3	5	98	36
	Self Pay / Indigent	2,668	499	264	195	0	26	275	217	39	777	207	837	0	46
	Total	16,419	4,175	2,647	1,291	3,191	1,997	1,621	1,079	388	1,581	1,409	1,133	884	427
% Disch. by Payor	Blue Cross / Commercial	26.0%	26.9%	32.5%	15.7%	27.8%	35.4%	11.8%	8.5%	11.7%	13.9%	40.8%	1.5%	32.5%	61.5%
	Medicaid	27.0%	26.7%	27.4%	28.9%	38.7%	35.0%	24.8%	32.3%	9.6%	5.2%	14.3%	15.6%	56.4%	5.2%
	Medicare	23.1%	27.3%	22.7%	33.5%	31.3%	12.2%	42.4%	34.7%	64.3%	8.7%	30.1%	8.7%	0.0%	14.1%
	Other / Government	7.7%	7.3%	7.5%	6.8%	2.2%	16.1%	4.1%	4.3%	4.5%	23.0%	0.2%	0.4%	11.1%	8.3%
	Self Pay / Indigent	16.2%	12.0%	10.0%	15.1%	0.0%	1.3%	16.9%	20.1%	10.0%	49.2%	14.7%	73.9%	0.0%	10.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

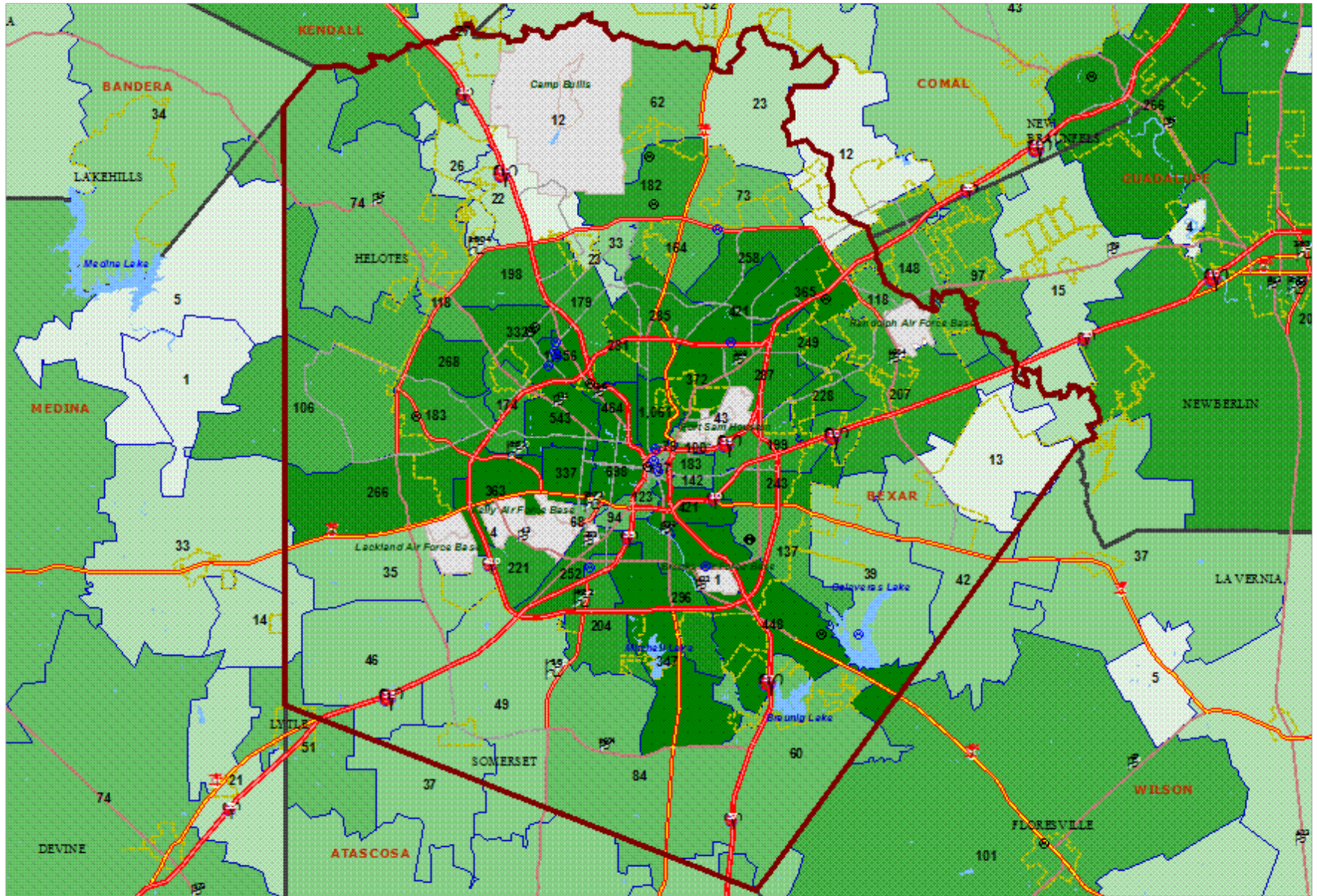
- UHS & San Antonio State Hospital predominately provide care to the indigent
- Clarity Child Guidance Center has a higher than average Medicaid % because they only treat children and adolescents
- Methodist System's payor mix closely matches that of the Total Service Area

(1) Source: PDS Texas State Database 2005 – 2009 / THCIC 2005 - 2008 for all others not included in PDS Database

(2) Note: San Antonio State Hospital's payor mix data reflects SASH's aggregate payor mix; detailed data not available

II. Market Assessment

2009 Mental Health Market Discharges by Zip Code⁽¹⁾

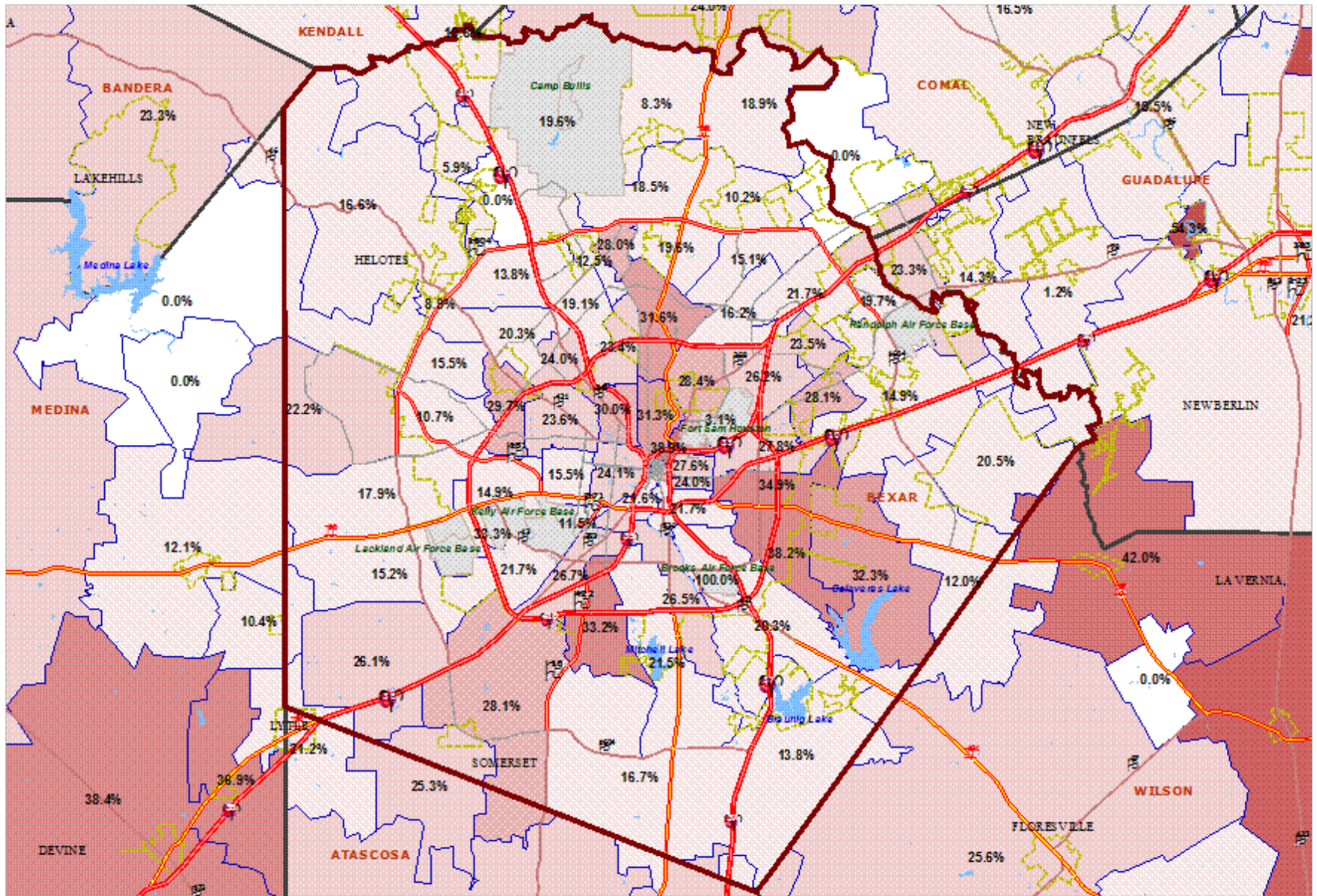


(1) Source: PDS Texas State Database 2005 – 2009/ THCIC 2005 - 2008 for all others not included in PDS Database

(2) Note: San Antonio State Hospital's payor mix data reflects SASH's aggregate payor mix; detailed data not available

II. Market Assessment

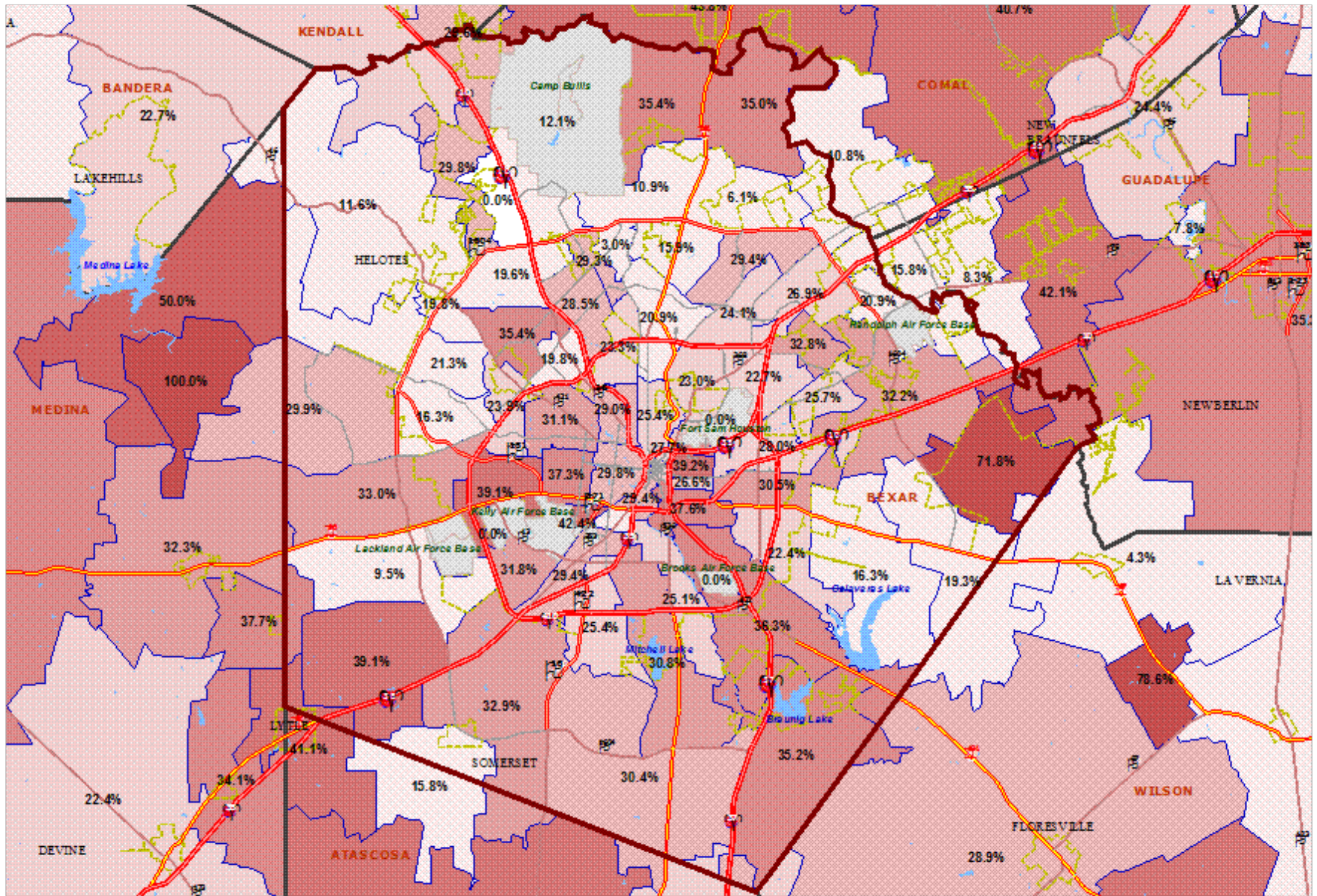
2009 Percent Medicare Discharges by Zip Code⁽¹⁾



(1) Source: PDS Texas State Database 2005 – 2009/ THCIC 2005 - 2008 for all others not included in PDS Database
(2) Note: San Antonio State Hospital's payor mix data reflects SASH's aggregate payor mix; detailed data not available

II. Market Assessment

2009 Percent Medicaid Discharges by Zip Code⁽¹⁾

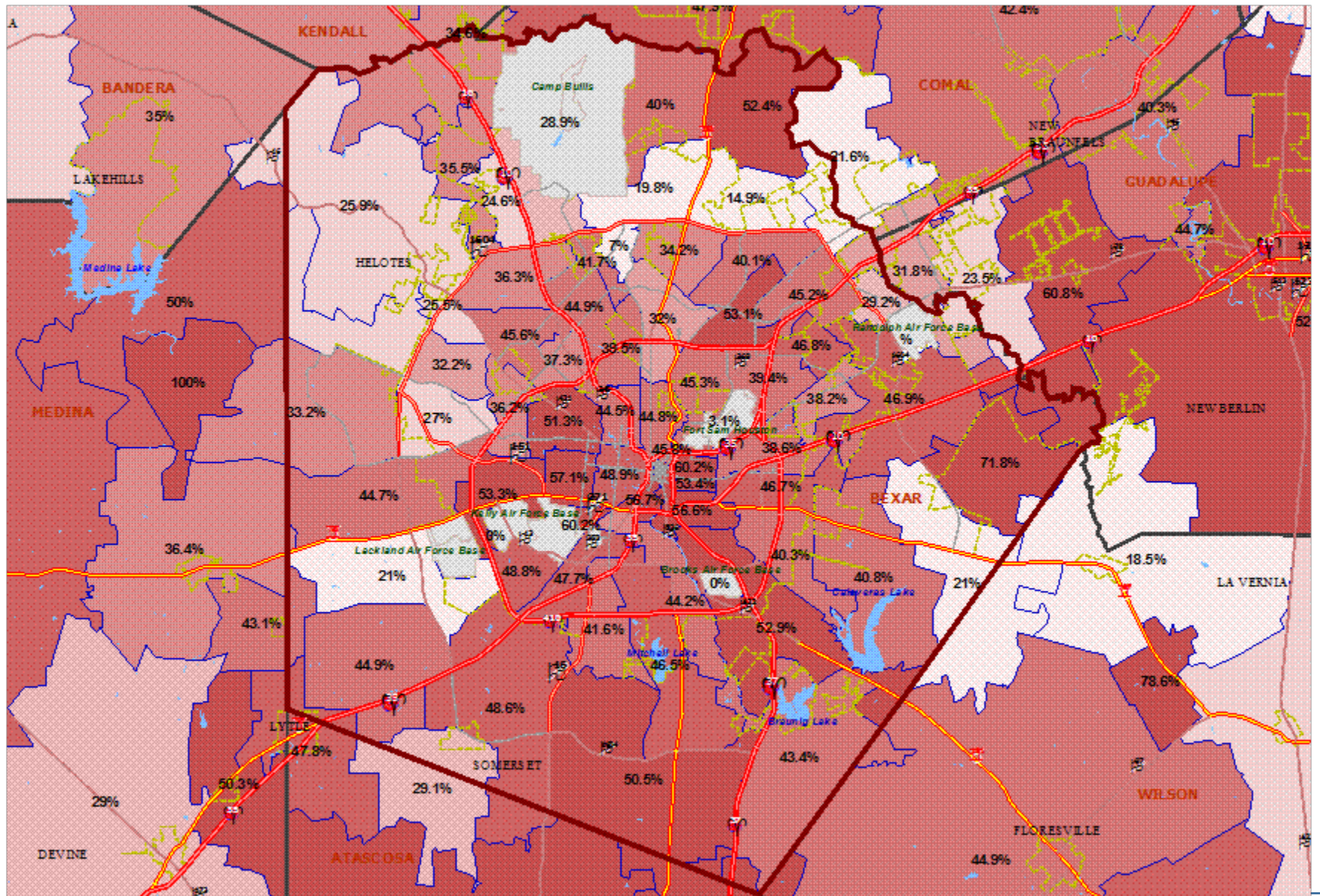


(1) Source: PDS Texas State Database 2005 – 2009/ THCIC 2005 - 2008 for all others not included in PDS Database

(2) Note: San Antonio State Hospital's payor mix data reflects SASH's aggregate payor mix; detailed data not available

II. Market Assessment

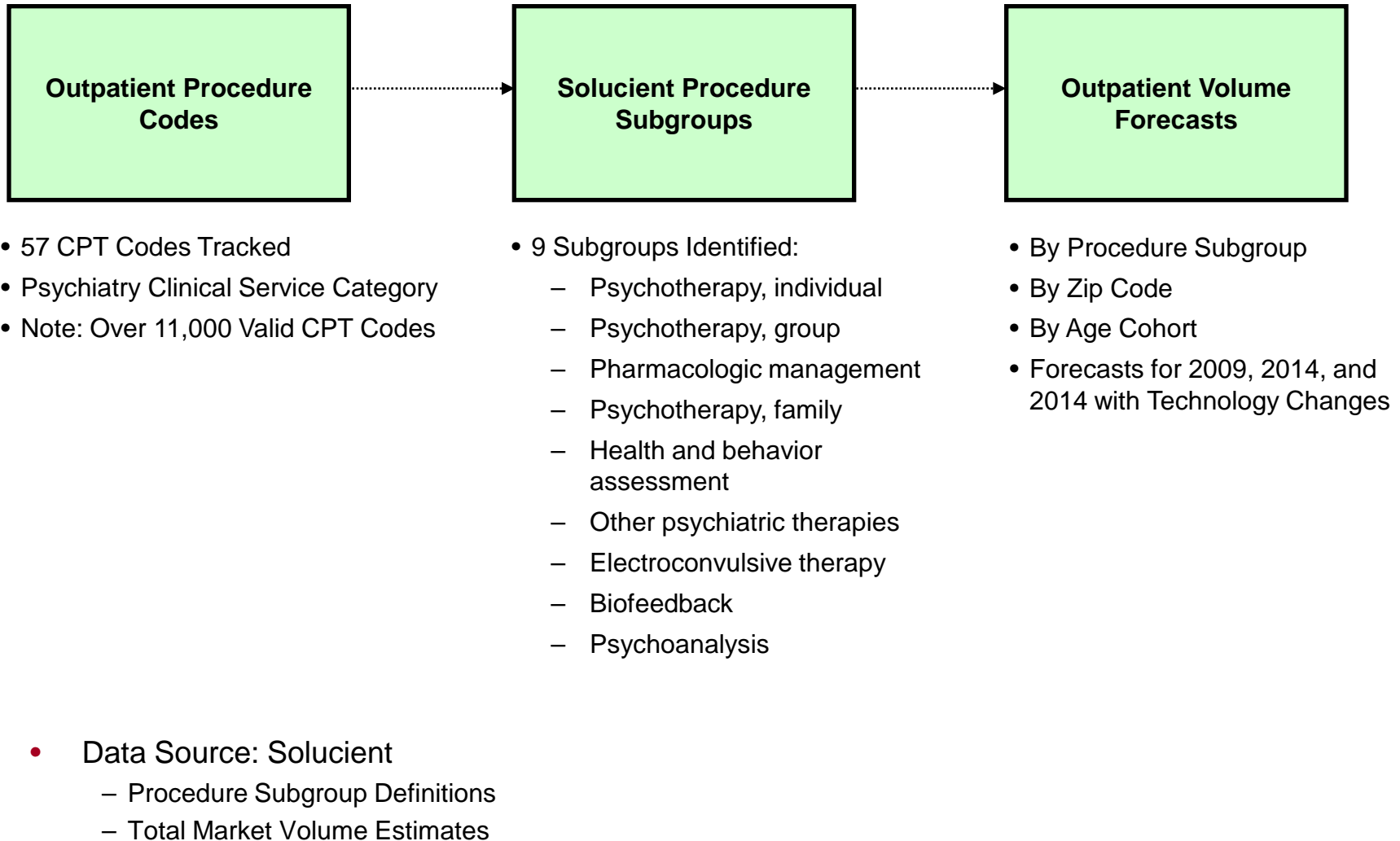
2009 Percent Medicaid + Indigent Payors Market Share by Zip Code⁽¹⁾



(1) Source: PDS Texas State Database – CY 2009 9 mos. annualized / THIC – 2008 for all others not included in PDS Database

II. Market Assessment

Outpatient Mental Health - Approach & Data Sources



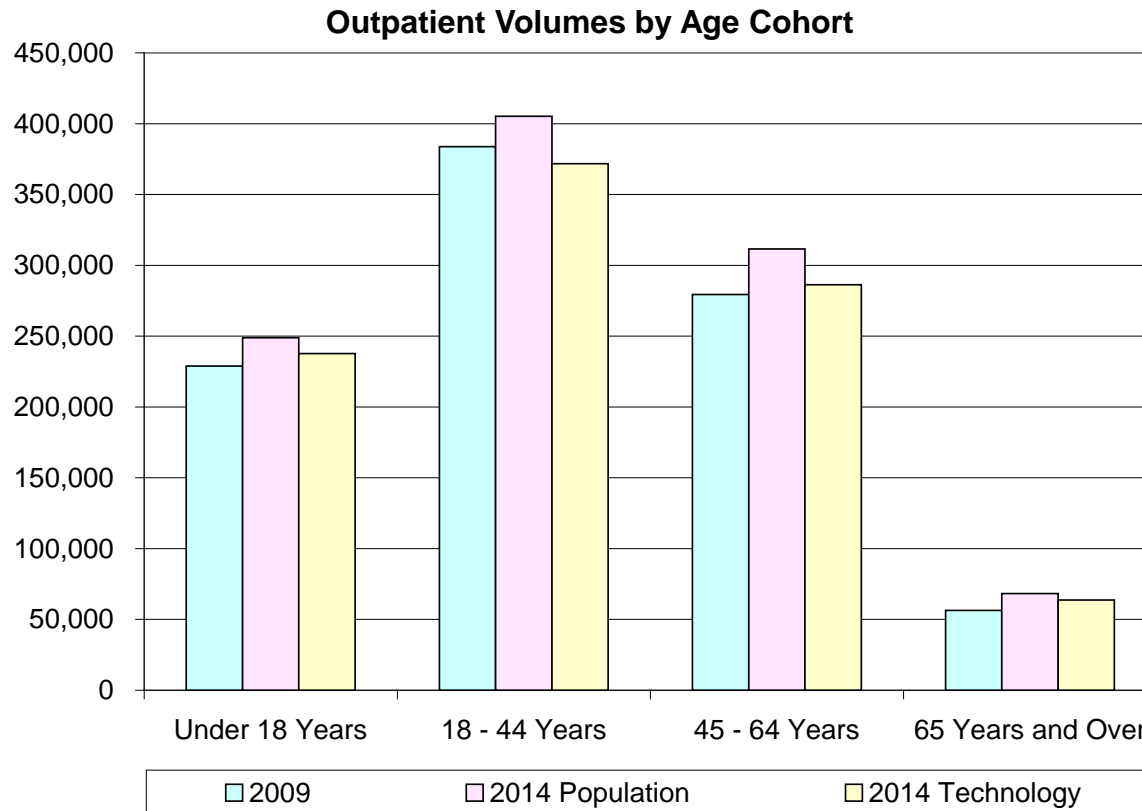
II. Market Assessment

Solucient Data

- No Texas database exists for actual outpatient volumes... Solucient data used as source for estimating total market volumes
- Solucient data provides estimated 2009 total market volumes:
 - By Zip Code
 - By Age Cohort
- Solucient also provides two 2014 total market volume estimates:
 - Based on Demographics (Population Growth & Aging)
 - Based on Demographics and Technology Estimates which incorporate:
 - Assumptions about rates of technology diffusion and changes in practice patterns
 - Trends in outpatient use rates by modality extrapolated to future years
 - Solucient suggests using:
 - 2014 Population-based forecast as very conservative scenario
 - 2014 Technology forecast as a very aggressive scenario
- Caveats & Applications:
 - Limitations on data sources & methodology used by Solucient
 - Variability of use rate over time and region for some procedures
 - Zip code data is extrapolated from County data... higher standard error at this level... some zip code data omitted
 - Analysis using Solucient data should be seen as being directionally correct only... not an exact science

II. Market Assessment

2009 Total Mental Health Outpatient Volumes⁽¹⁾



Outpatient Volumes by Age Cohort	2009	2014 Population	2014 Technology	Variance 2009 - 2014 Pop	Variance 2009 - 2014 Tech	% Variance 2009 - 2014 Pop	% Variance 2009 - 2014 Tech
Under 18 Years	228,886	248,905	237,718	20,019	8,832	8.7%	3.9%
18 - 44 Years	383,777	405,148	371,734	21,371	(12,043)	5.6%	-3.1%
45 - 64 Years	279,334	311,549	286,340	32,215	7,006	11.5%	2.5%
65 Years and Over	56,423	68,256	63,678	11,833	7,255	21.0%	12.9%
Total	948,420	1,033,858	959,470	85,438	11,050	9.0%	1.2%

(1) Source: Solucient Outpatient Procedure Estimates 2009 - 2014

II. Market Assessment

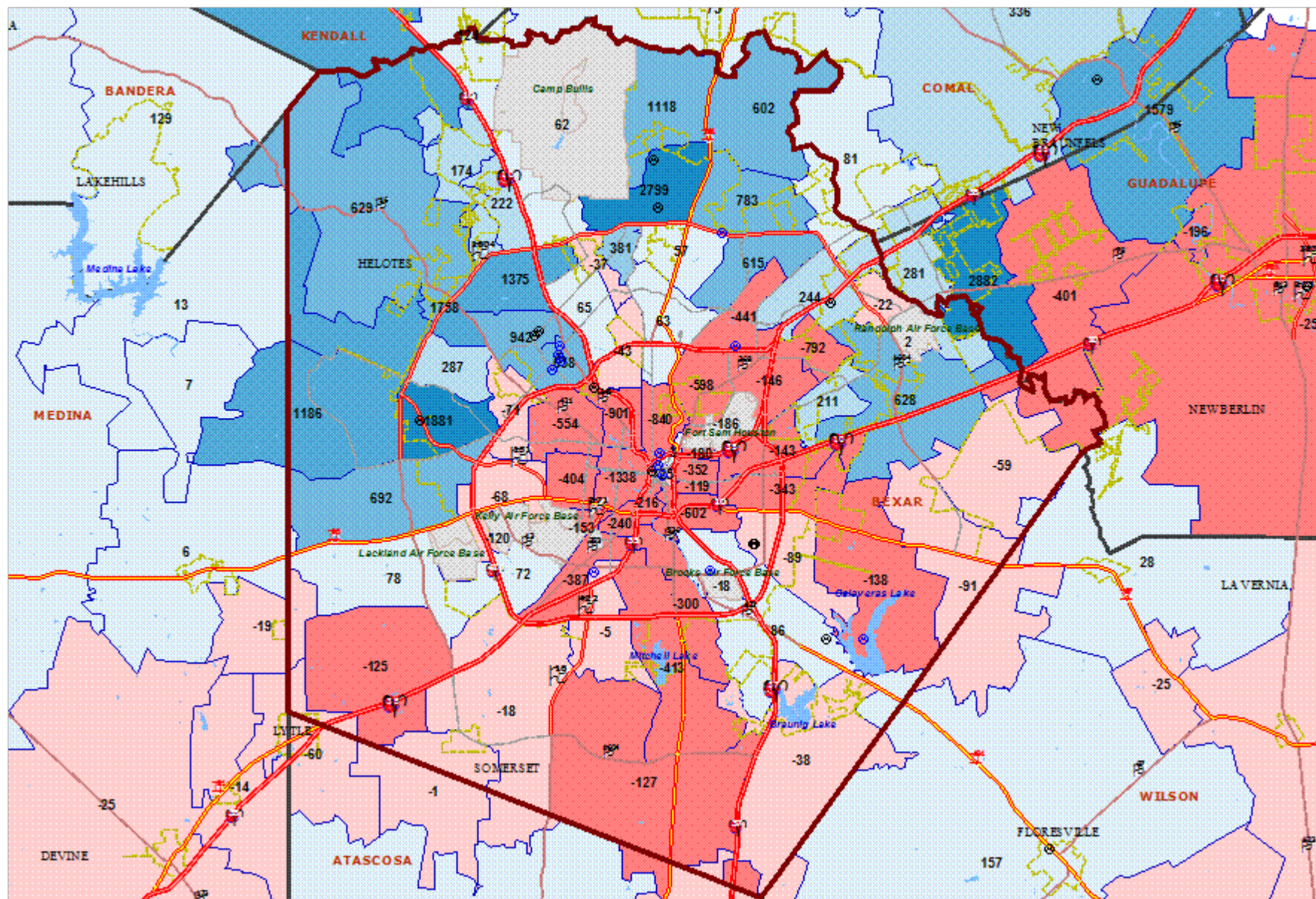
2009 Total Mental Health Outpatient Volumes⁽¹⁾

Outpatient Procedure Groups	2009 Outpatient Procedures			Variance 2009 - 2014 Population			Variance 2009 - 2014 Technology			% Change 2009 - 2014 Pop	% Change 2009 - 2014 Tech
	PSA	SSA	Total SA	PSA	SSA	Total SA	PSA	SSA	Total SA	Total SA	Total SA
Psychotherapy, individual	416,239	108,239	524,478	30,872	13,589	44,462	(15,030)	408	(14,622)	8.5%	-2.8%
Psychotherapy, group	139,533	89,607	229,141	11,456	12,647	24,104	9,193	(644)	8,549	10.5%	3.7%
Pharmacologic management	93,132	18,031	111,163	7,527	2,186	9,713	727	869	1,596	8.7%	1.4%
Psychotherapy, family	48,091	10,550	58,641	3,527	1,197	4,724	6,234	1,752	7,986	8.1%	13.6%
Health and behavior assessment	12,870	3,181	16,051	1,196	421	1,617	6,126	1,629	7,755	10.1%	48.3%
Other psychiatric therapies	5,782	1,250	7,032	427	147	574	(405)	(47)	(452)	8.2%	-6.4%
Biofeedback	729	173	902	85	31	116	162	31	193	12.9%	21.4%
Electroconvulsive therapy	638	83	721	83	14	97	83	21	104	13.5%	14.4%
Psychoanalysis	233	58	291	23	9	32	(49)	(10)	(59)	11.0%	-20.3%
Total	717,248	231,172	948,420	55,196	30,242	85,438	7,041	4,009	11,050	9.0%	1.2%

- Future outpatient volumes vary significantly when comparing population-only forecasts and estimates that incorporate technology changes
 - Anticipated 5-year growth of 85,438 outpatient volumes (population-only forecast)
 - Technology forecasts estimate 11,050 additional outpatient volumes in 2014
- Changes in technology forecasts imply movement away from individual psychotherapy to group or family therapy

II. Market Assessment

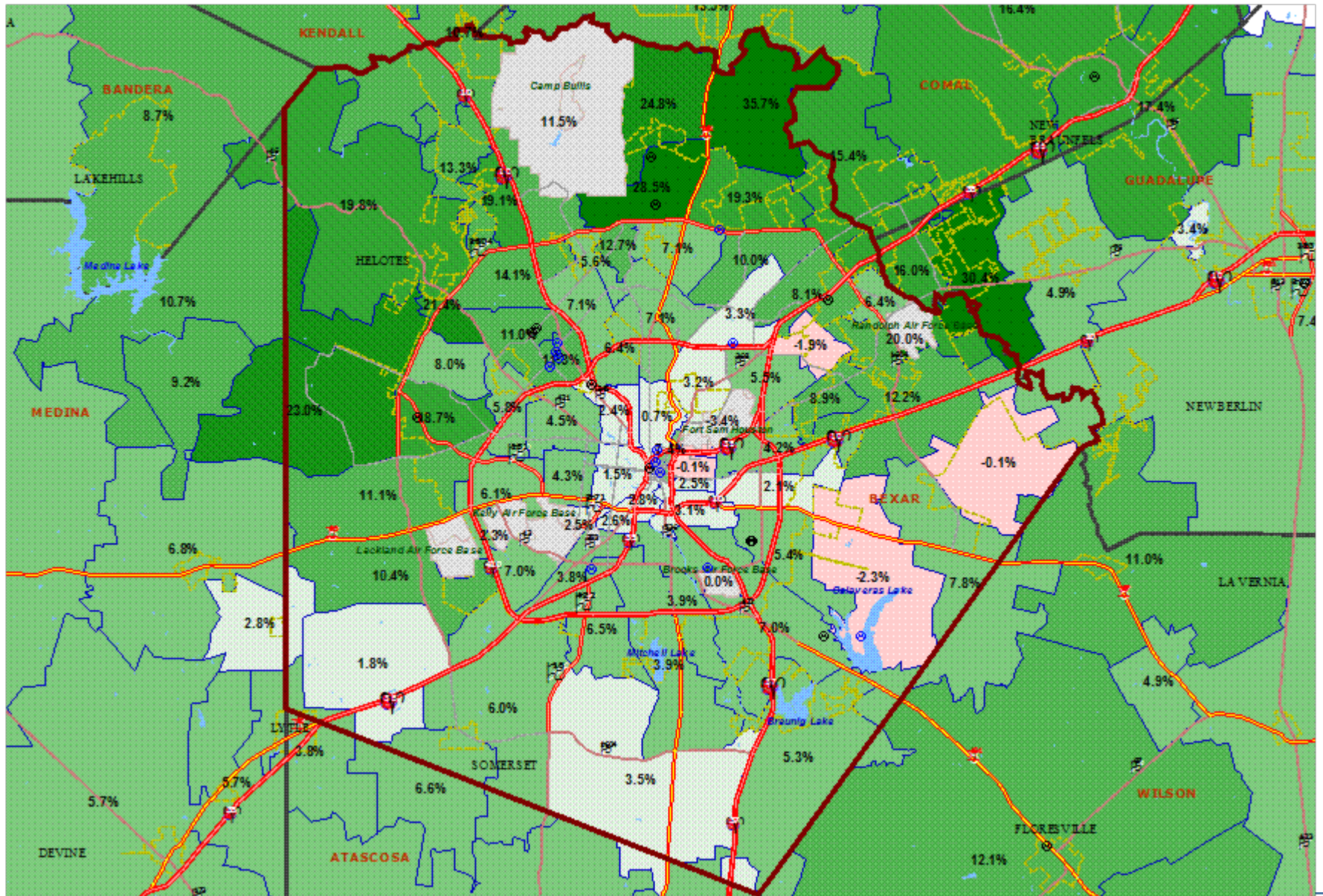
2009 - 2014 Tech Absolute Change in Mental Health Outpatient Volumes⁽¹⁾



(1) Source: Solucient Outpatient Procedure Estimates 2009 - 2014

II. Market Assessment

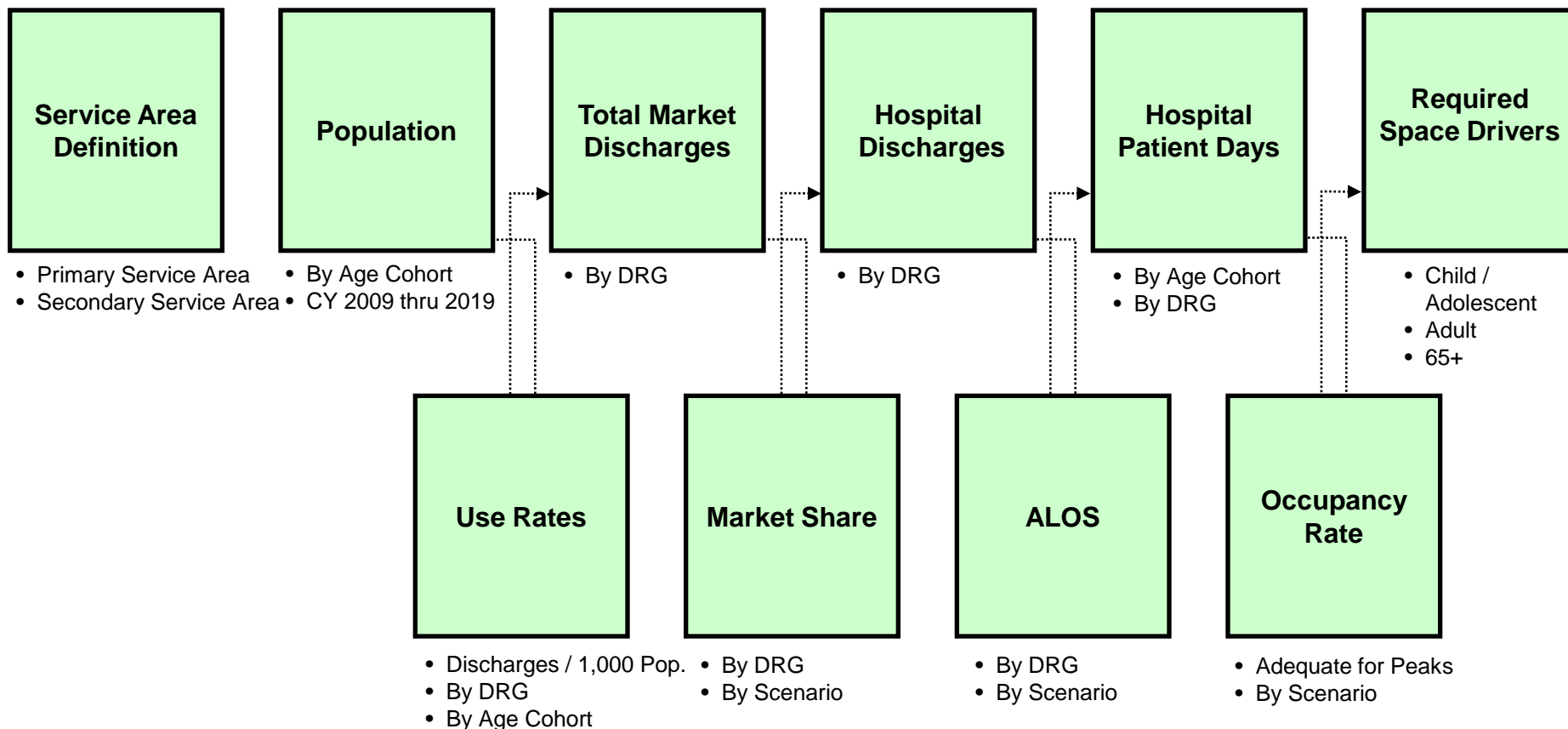
2009 - 2014 Pop % Change in Mental Health Outpatient Volumes⁽¹⁾



(1) Source: Solucient Outpatient Procedure Estimates 2009 - 2014

III. Demand Analysis

Demand Analysis Approach & Data Sources

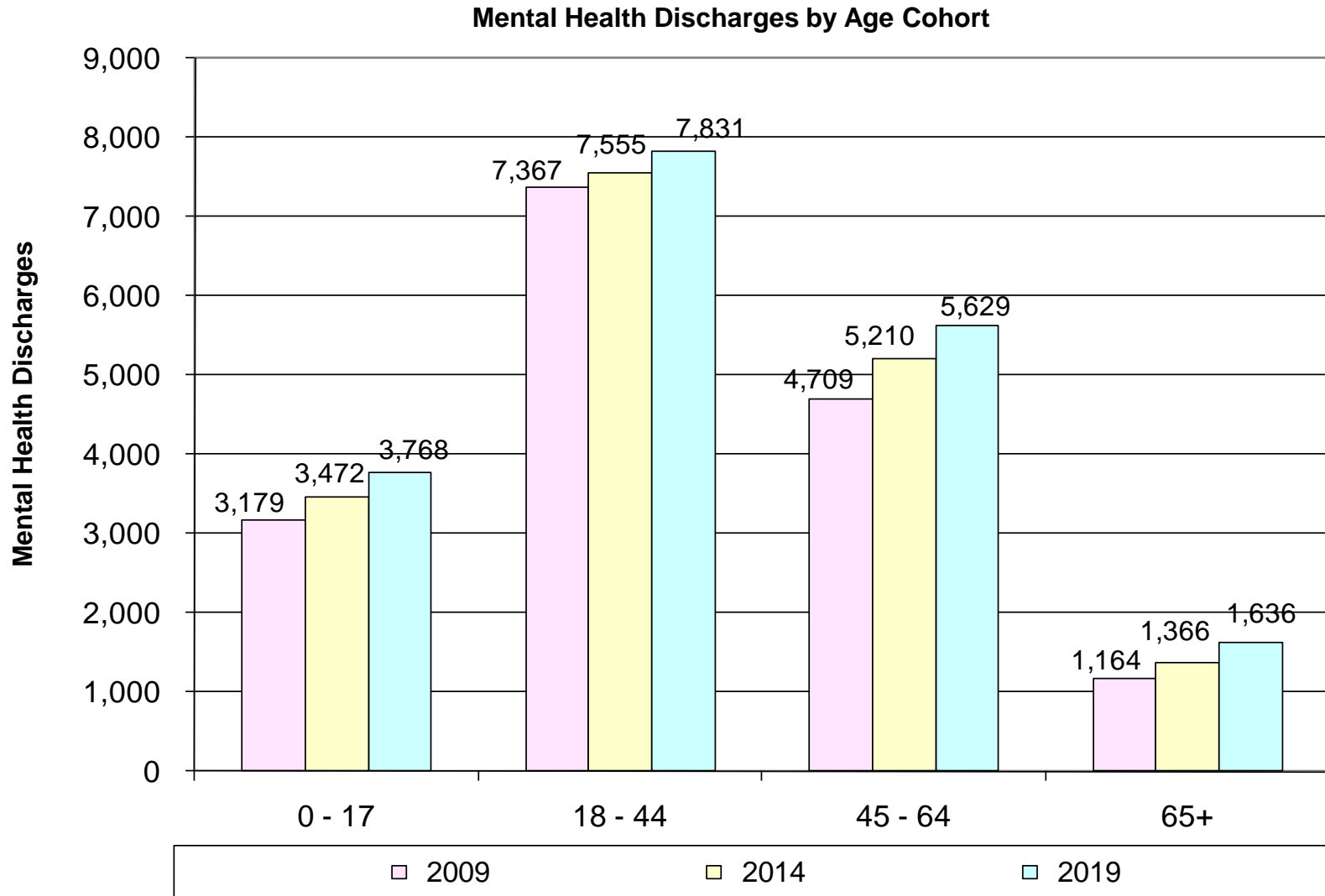


Data Sources

- Inpatient Data: PDS Texas State Database – CY 2005 Through 1st Nine Months Annualized 2009
THCIC State Database – CY 2005 Through CY 2008
- Demographics: Claritas 2009 & 2014 Population by Zip Code; 2019 Population Extrapolated From 2009 - 2014

III. Demand Analysis

2009 - 2019 Growth in Mental Health Discharges – Total Service Area



III. Demand Analysis

2009 - 2019 Growth in Mental Health Discharges – Total Service Area

Service Lines	2009 Discharges					2019 Discharges					2009 - 2019 Variance					
	0 - 17	18 - 44	45 - 64	65+	Total	0 - 17	18 - 44	45 - 64	65+	Total	0 - 17	18 - 44	45 - 64	65+	Total Variance	% Variance
Mental Health																
Acute adj reaction & psychosocial dysfunction	23	99	72	53	246	28	109	87	78	302	5	10	15	25	55	22.5%
Depressive neuroses	139	135	82	14	370	168	147	100	20	434	28	12	17	6	64	17.3%
Neuroses except depressive	43	105	24	1	173	49	112	28	1	191	7	7	4	0	18	10.7%
Disorders of personality & impulse control	46	28	12	3	89	56	31	15	5	106	10	2	3	2	17	19.2%
Organic disturbances & mental retardation	10	16	28	106	159	12	16	34	149	211	2	1	6	43	51	32.3%
Psychoses	2,844	6,345	3,955	859	14,003	3,363	6,743	4,666	1,207	15,979	519	398	712	348	1,976	14.1%
Behavioral & developmental disorders	57	9	3	0	68	70	9	4	0	83	13	0	1	0	15	22.2%
Other mental disorder diagnoses	4	1	1	3	9	5	1	2	3	10	1	(0)	1	0	2	20.8%
Mental Health Subtotal	3,165	6,738	4,177	1,037	15,117	3,750	7,168	4,936	1,462	17,316	585	431	759	424	2,199	14.5%
Alcohol/Drug Treatment																
A/D abuse or dependence, left ama	0	42	30	1	74	0	43	38	2	83	0	1	8	0	9	12.8%
A/D abuse or dependence w rehab therapy	0	3	0	0	3	0	3	0	0	3	0	0	0	0	0	5.2%
A/D abuse or dependence w/o rehab therapy	15	584	501	125	1,225	18	616	655	172	1,461	4	32	153	47	236	19.3%
Alcohol/Drug Treatment Subtotal	15	629	532	126	1,302	18	662	693	174	1,548	4	33	161	48	246	18.9%
Total	3,179	7,367	4,709	1,164	16,419	3,768	7,831	5,629	1,636	18,864	589	464	920	472	2,445	14.9%

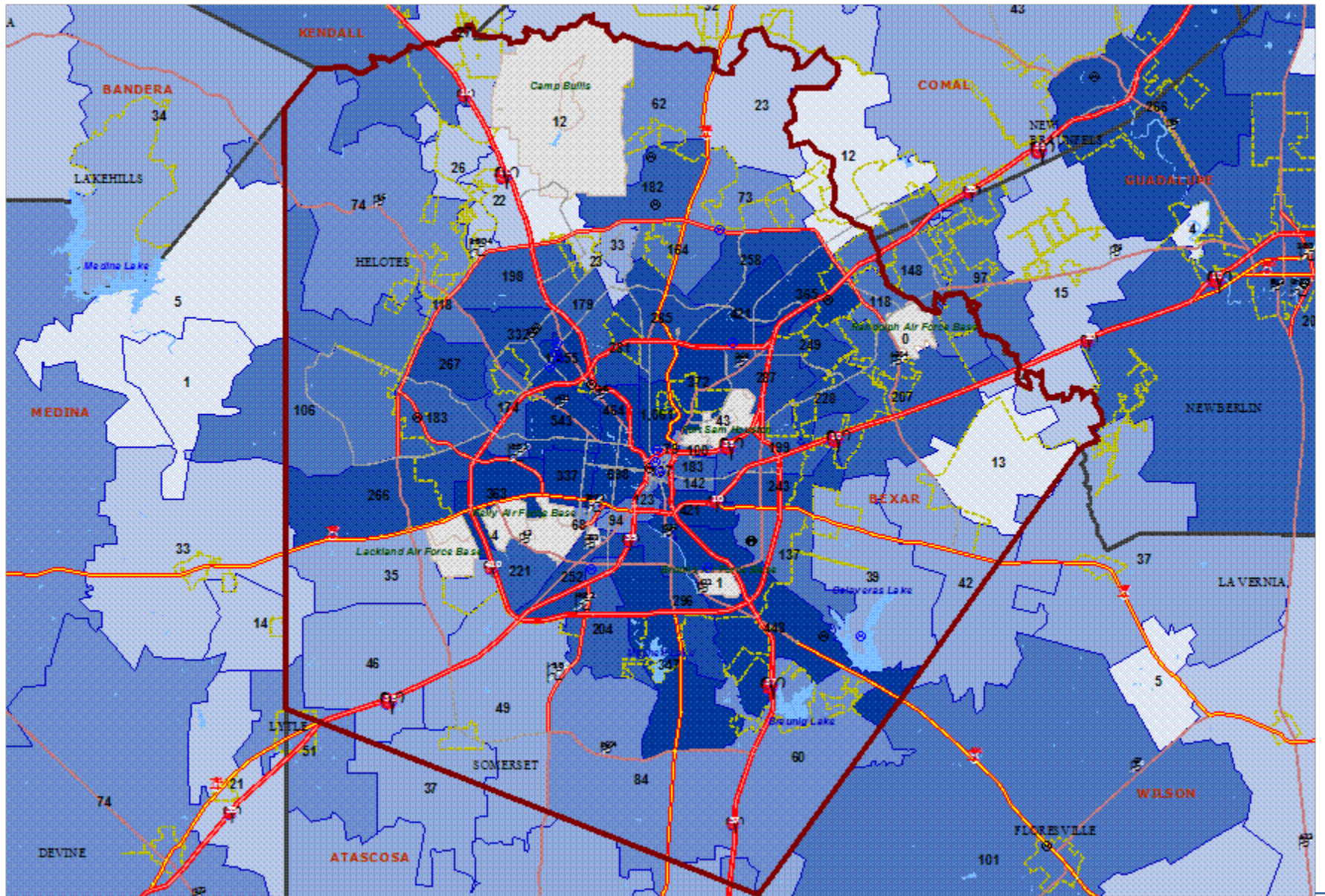
Total % Variance by Age Cohort

18.5% 6.3% 19.5% 40.6% 14.9%

- Highest growth projected for ages of 18 – 64... +1,384 discharges
- Projected growth in the Total Service Area is almost 15% over next 10 years... + 2,445 discharges
- Highest growth is projected for psychoses patients... +1,976 discharges

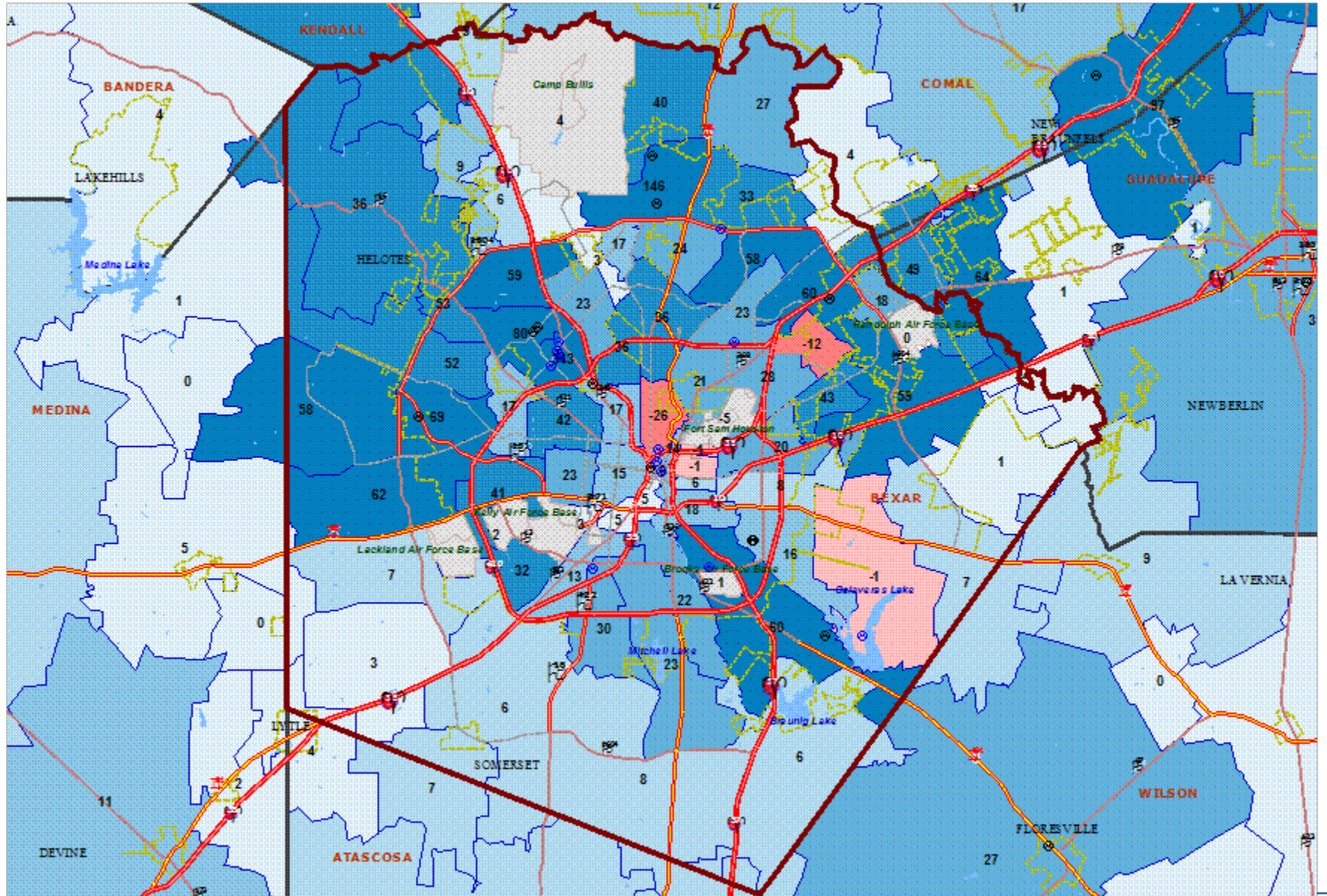
III. Demand Analysis

2009 Total Mental Health Discharges⁽¹⁾



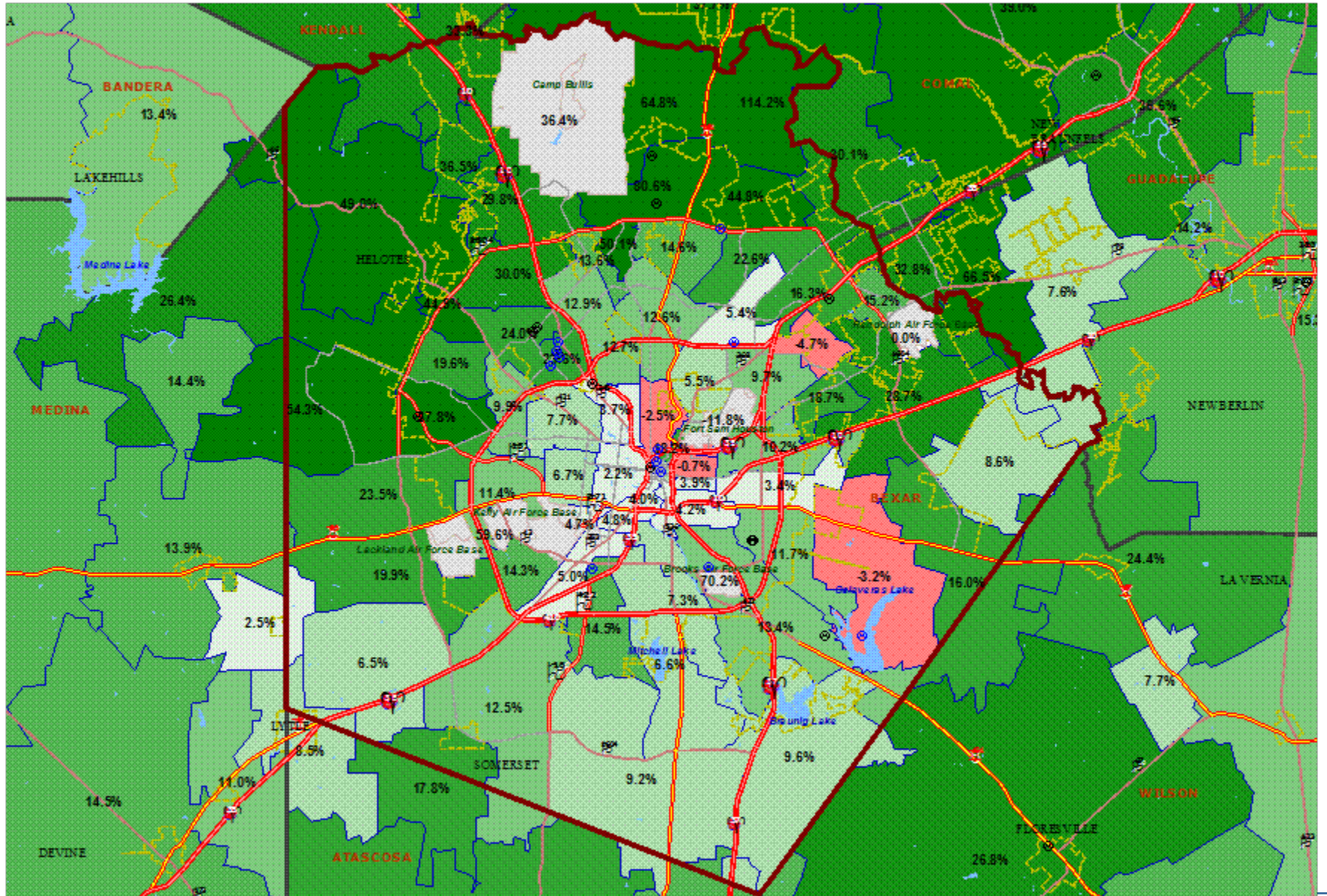
III. Demand Analysis

2009 - 2019 Absolute Change in Total Mental Health Discharges⁽¹⁾



III. Demand Analysis

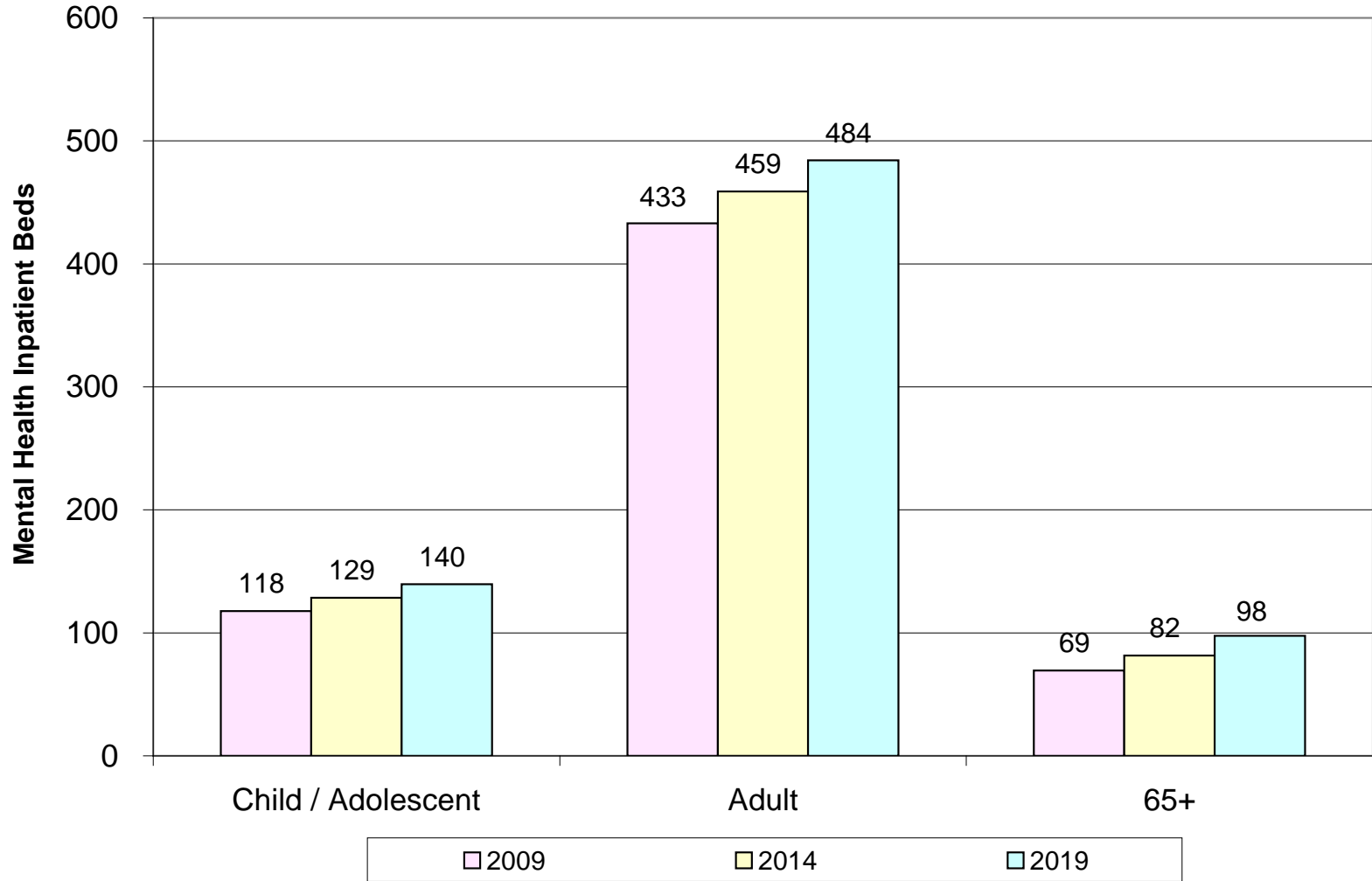
2009 – 2019 Percentage Change in Total Mental Health Discharges⁽¹⁾



III. Demand Analysis

2009 - 2019 Mental Health Bed Need – Total Service Area

Mental Health Inpatient Beds by Type



III. Demand Analysis

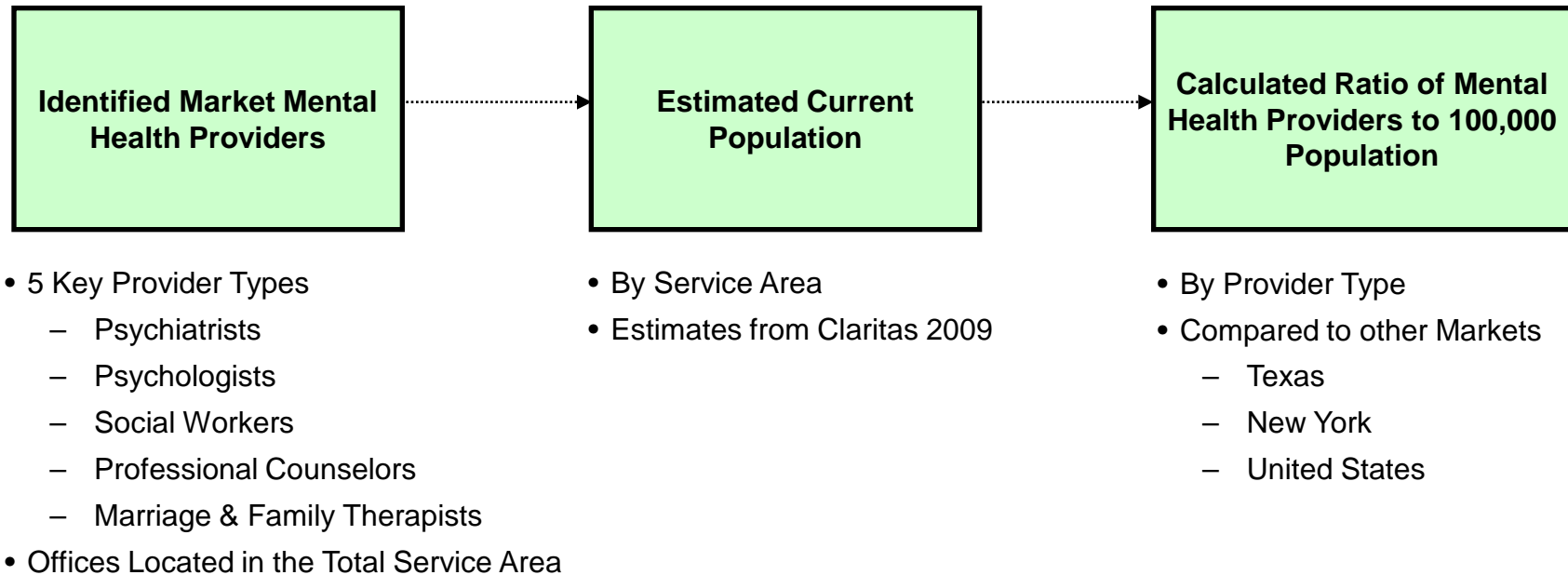
2009 - 2019 Mental Health Bed Need – Total Service Area

Service Lines	2009 Bed Need				2019 Bed Need				2009 - 2019 Variance			
	Child / Adolescent	Adult	65+	Total	Child / Adolescent	Adult	65+	Total	Child / Adolescent	Adult	65+	Total
Mental Health												
Acute adj reaction & psychosocial dysfunction	0	2	1	3	0	2	1	3	0	0	0	1
Depressive neuroses	3	4	0	7	3	4	0	8	1	0	0	1
Neuroses except depressive	1	2	0	3	1	2	0	4	0	0	0	0
Disorders of personality & impulse control	3	1	0	5	4	1	0	6	1	0	0	1
Organic disturbances & mental retardation	1	4	7	11	1	4	10	15	0	1	3	4
Psychoses	106	401	59	567	126	447	83	656	19	46	24	89
Behavioral & developmental disorders	3	0	0	3	4	0	0	4	1	0	0	1
Other mental disorder diagnoses	0	0	0	0	0	0	0	0	0	0	0	0
Mental Health Subtotal	118	414	67	599	139	462	94	695	22	48	27	97
Alcohol/Drug Treatment												
A/D abuse or dependence, left ama	0	1	0	1	0	1	0	1	0	0	0	0
A/D abuse or dependence w rehab therapy	0	0	0	0	0	0	0	0	0	0	0	0
A/D abuse or dependence w/o rehab therapy	0	18	3	21	0	22	3	25	0	3	1	4
Alcohol/Drug Treatment Subtotal	0	19	3	21	0	22	4	26	0	4	1	5
Total	118	433	69	620	140	484	98	721	22	51	28	101

- Projected need in Total Service Area for approximately 101 additional beds over the next 10 years
- Note this does not incorporate existing Mental Health Inpatient Bed excess capacity or deficit

IV. Physician Analysis

Mental Health Providers - Approach



IV. Physician Analysis

Mental Health Providers – Data Sources

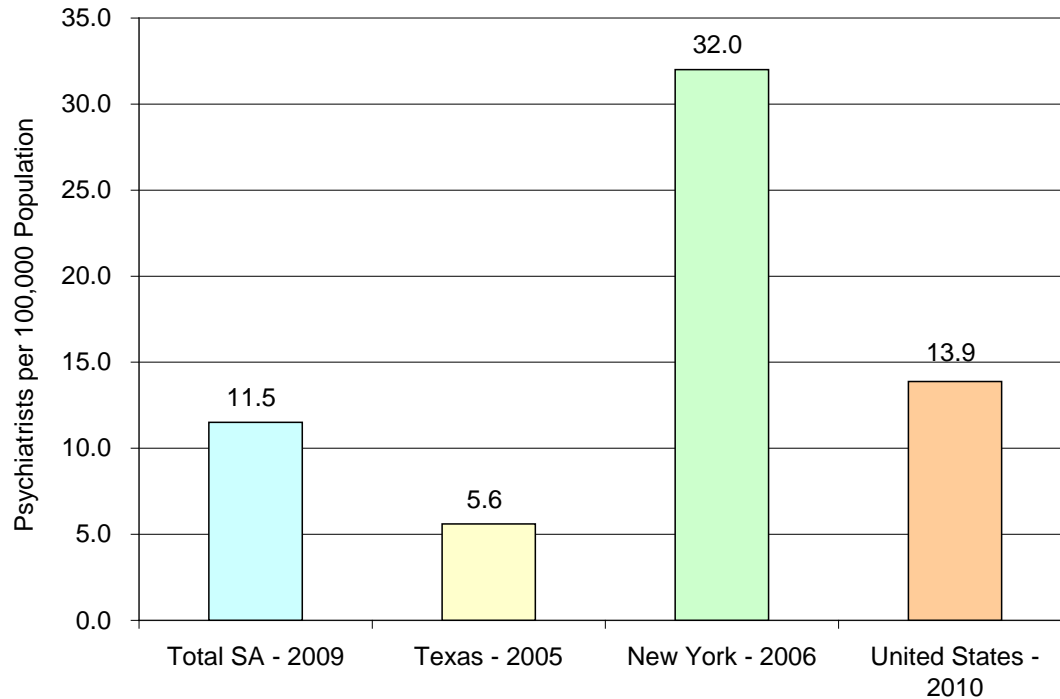
Data Sources

- Psychiatrists: Licensed Market Physicians from the Methodist Health System Physician Database
- Psychologists: Roster from the Texas State Board of Psychologists
 - Includes information for Licensed Psychologists, Provisionally Licensed Psychologists, Licensed Psychological Associate, and Licensed Specialist in School of Psychology
- Licensed Social Workers: Roster from the Texas State Board of Social Worker Examiners
 - Updated on June 25, 2010
 - Includes information for Licensed Baccalaureate Social Workers (LBSW), Licensed Master Social Workers (LMSW), Licensed Master Social Worker-Advanced Practitioners (LMSW-AP), and Licensed Clinical Social Workers (LCSW)
- Licensed Professional Counselors: Roster from the Texas State Board of Examiners of Professional Counselors
 - Updated on June 25, 2010
- Licensed Marriage and Family Therapists: Roster from the Texas State Board of Examiners of Marriage and Family Therapists
 - Updated on June 29, 2010

IV. Physician Analysis

Mental Health Providers Comparison⁽¹⁾

Ratio of Psychiatrists Per 100,000 Population



Service Area	Market Providers					Providers per 100,000 Population				
	Psychiatrists	Psychologists	Social Workers	Professional Counselors	Marriage & Family Therapists	Psychiatrists	Psychologists	Social Workers	Professional Counselors	Marriage & Family Therapists
Primary SA	218	639	1,487	1,129	239	13.3	39.1	90.9	69.0	14.6
Secondary SA	17	121	339	243	36	4.2	29.7	83.2	59.7	8.8
Total SA - 2009	235	760	1,826	1,372	275	11.5	37.2	89.4	67.2	13.5
Texas - 2005	1,298	5,567	15,687	10,896	2,790	5.6	24.2	68.2	47.4	12.1
New York - 2006	6,188					32.0				
United States - 2010	43,000					13.9				

(1) Sources: Texas State Board Rosters, Annual New York Workforce Profile (2006), U.S. Dept. of Health & Human Services - "The Physician Workforce: Projections & Research into Current Issues Affecting Supply & Demand" (2008)

IV. Physician Analysis

Mental Health Providers Comparison⁽¹⁾

- Since no generally accepted benchmark exists for the number of psychiatrists needed in a market, workforce shortages are measured in two ways:
 - Comparing the supply ratio (the number of mental health providers available per 100,000 population) to other communities
 - Reviewing the number of counties designated as Health Professional Shortage Areas
- San Antonio MSA has more mental health providers per 100,000 population than Texas
 - Total Service Area's ratio of psychiatrists per 100,000 population is twice that of Texas
 - Total Service Area has more psychologists, social workers, professional counselors, and marriage & family therapists per 100,000 than the state average
- Texas has a severe shortage of mental health providers compared to other states
 - 72% of Texas counties have an acute shortage of mental health providers according to the U.S. Department of Health and Human Services – Health Professional Shortage Areas
 - Includes 7 of the 8 counties that comprise the San Antonio MSA (Kendall County is the exception)
 - Texas' ratio of psychiatrists per 100,000 population is well below national standards
 - Texas' psychiatric supply ratios have declined from 6.8 in 2009 to 5.6 in 2005
- Although the Total Service Area has a higher psychiatrist supply ratio than Texas, it is still below the National average
 - Currently, the Total Service Area needs an additional 49 psychiatrists to reach the National ratio of 13.9 physicians per 100,000 population
 - By 2019, the market will need an additional 106 psychiatrists

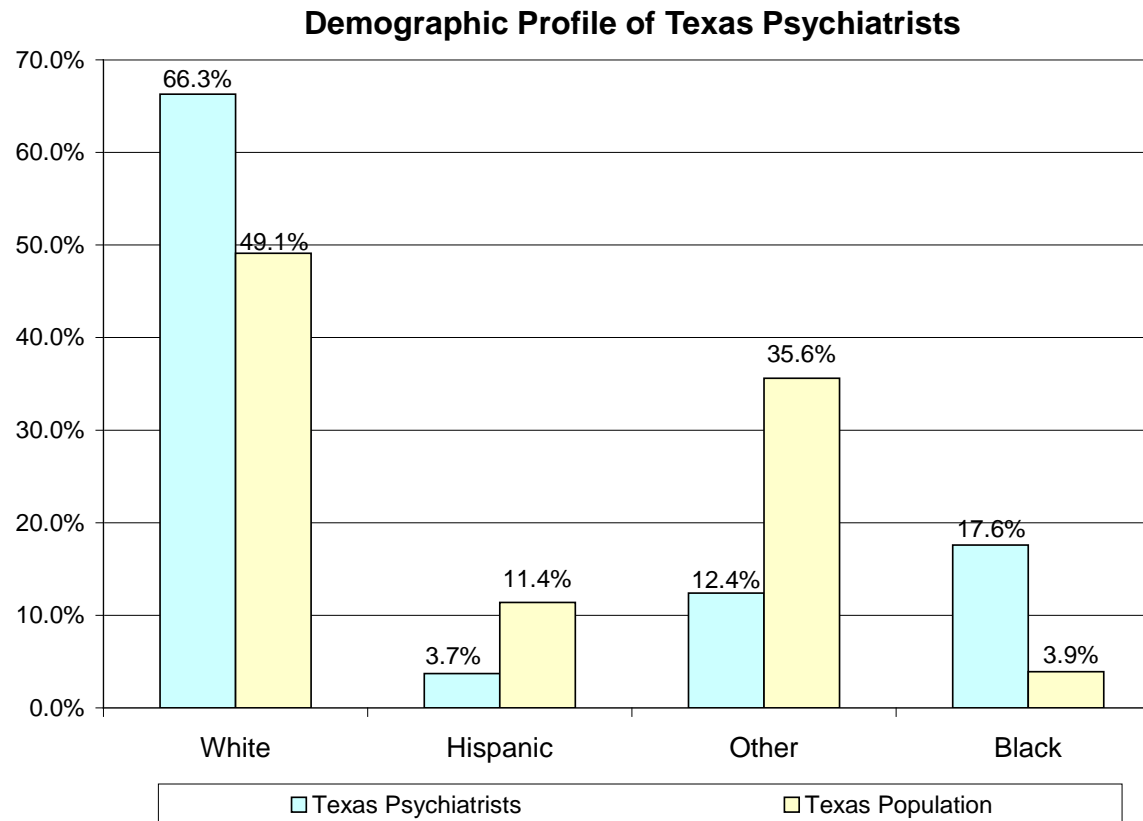
IV. Physician Analysis

Mental Health Providers Supply Ratio⁽¹⁾

- A major research study conducted by researchers from the University of North Carolina at Chapel Hill and University of Texas Medical Branch found that the United States has a critical shortage of psychiatrists
- The study concluded that the average ratio of psychiatrists per 100,000 population should be 25.9
 - Ratio developed by using data from the National Comorbidity Survey Replication of 2001
 - Calculated ratios are considered conservative because of exclusion of certain disorders requiring treatment but with unreliable data (including substance abuse, schizophrenia, ADHD, dysthymia)
 - The researchers estimated that the one year prevalence of serious mental illness in the United State is 3.9%
 - Study concluded that patients with serious mental health illnesses have ~1 therapy visit per month and about 20 minutes per month of "psychopharm-oriented visits with some prescriber"
- Current supply ratios vary county-to-county based upon the demographic profile of the area
 - Metropolitan areas have the highest concentrations of mental health providers
 - Per capita income is negatively correlated with psychiatric supply ratios
 - According to the study, poorer communities need more psychiatric time
- Using the 25.9 psychiatrist ratio, the San Antonio MSA needs to more than double its current number of psychiatrists to adequately care for its population... 294 additional psychiatrist needed

IV. Physician Analysis

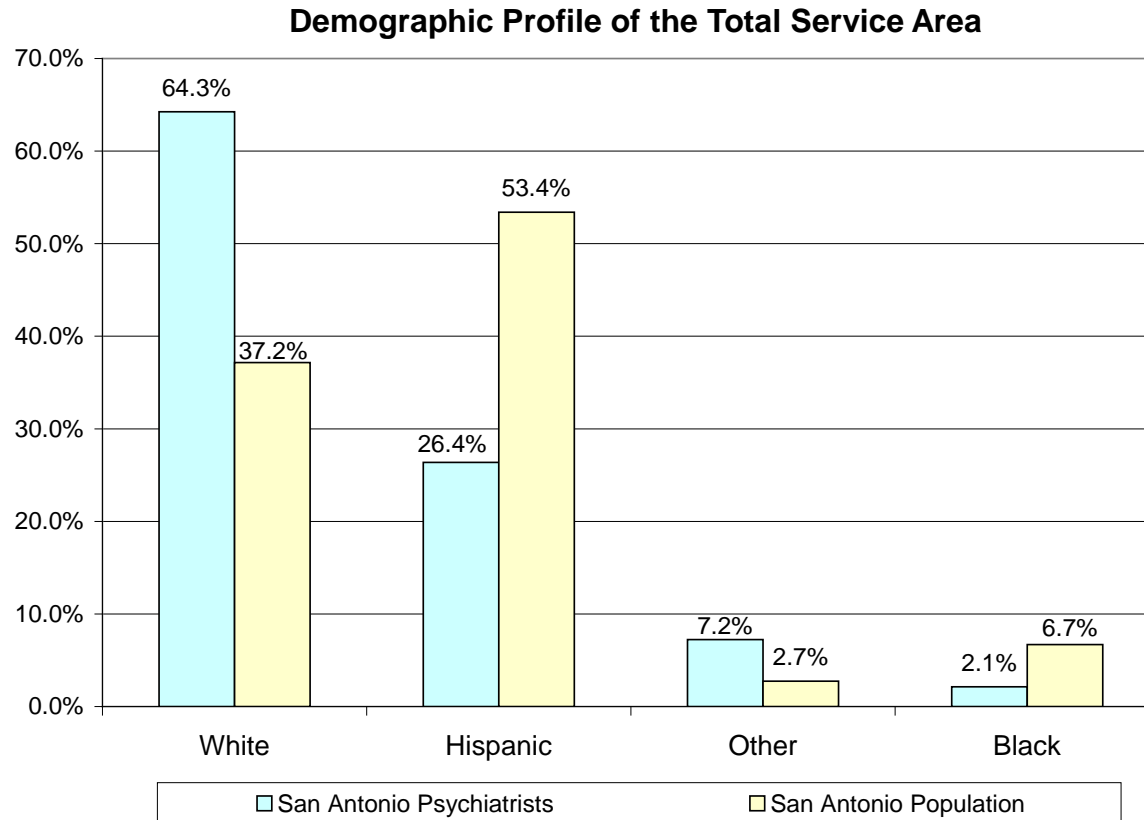
Mental Health Providers – Demographic Profile of Texas⁽¹⁾



- In addition to having a shortage of providers, Texas faces the problem of having a mental health workforce that does not reflect the state’s demographics
- A report released by the U.S. Surgeon General in 2001 states that “Racial and ethnic minorities continue to be badly underrepresented, relative to their proportion of the U.S. population, within the core mental health professions – psychiatry, psychology, social work, counseling, and psychiatric nursing.”

IV. Physician Analysis

Mental Health Providers – Demographic Profile of San Antonio MSA⁽¹⁾



- The racial / ethnic mix of the psychiatrists in San Antonio is significantly different than that of the population
- Language barriers and cultural differences can be issues when providing mental health care

IV. Physician Analysis

Mental Health Providers - Issues⁽¹⁾

- The San Antonio MSA, like Texas, has a shortage of mental health providers based on supply ratios and federally designated Health Professional Shortage Areas for mental health
- The shortage of mental health providers is expected to worsen in the future
 - Population growth in the Total Service Area will result in need for an additional 106 psychiatrists by 2019 (based on current U.S. supply ratio)
 - The workforce will shrink as aging providers retire
 - Current average age of psychiatrists in the San Antonio MSA is 54.9 years
 - Average age of psychiatrist in Texas is 52.9 years
 - Annual turnover rates of mental health providers are high
 - A survey conducted in 2008 of Texas' community mental health centers showed a 23 - 25% annual turnover rate for psychiatrists, professional counselors, and clinical social workers
 - According to The Department of State Health Services, the 2006 turnover rates at state psychiatric hospitals ranged from 14 – 17% for psychiatrists, psychologists, and social workers
- Anecdotal evidence indicates that Psychiatrists are increasingly reluctant to work in inpatient settings
 - Inpatient reimbursement rates and payor mixes are less attractive than private practice
 - Inpatient setting perceived as higher stress environment... e.g., higher acuity patients
- The current mental health workforce in San Antonio does not reflect the demographic profile of the population leading to potential language and culture issues

V. Current Environment

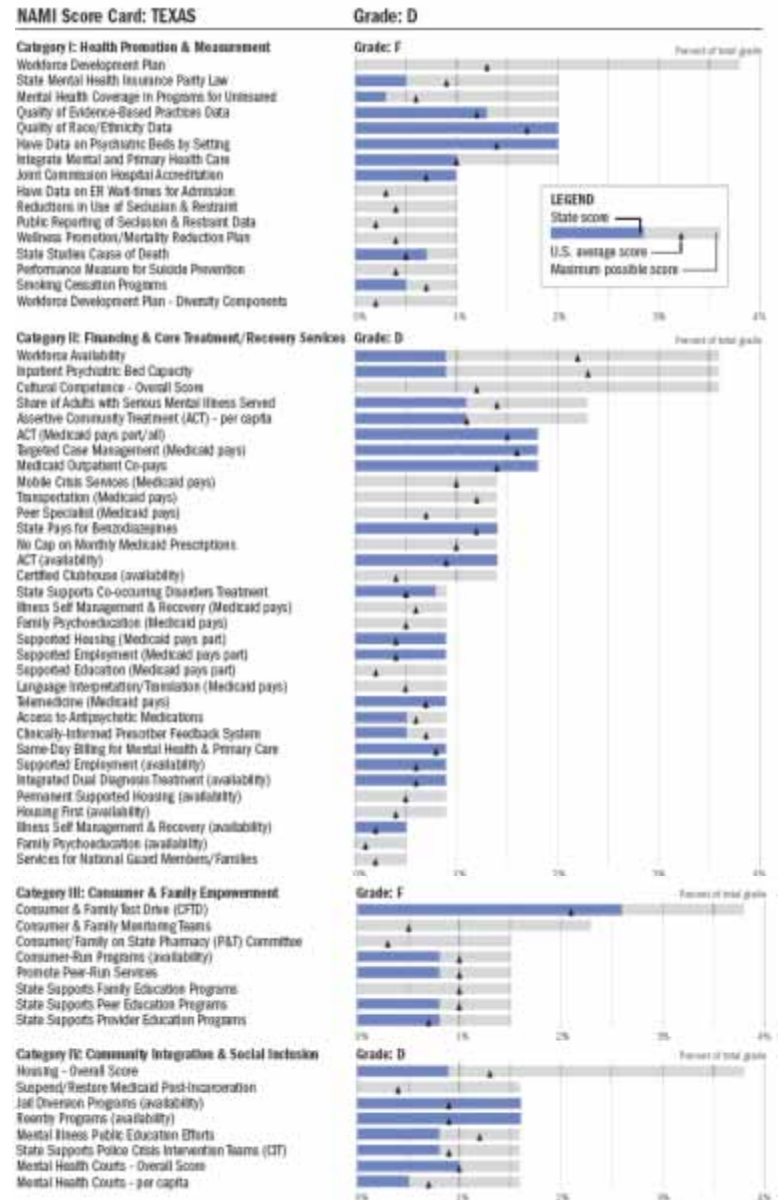
Mental Health Care Sector⁽¹⁾

- Mental illness is a costly and debilitating affliction
 - By 2013, mental illnesses will result in \$300 billion in lost productivity
 - The U.S. Surgeon General cites mental illnesses as the 2nd leading cause of disability... affects 1 out of 5 Americans
 - The Global Burden of Disease study indicates that the burden from mental disorders in the U.S. exceeds that of any other health condition
- It is estimated that less than 50% of all people with mental illnesses receive treatment due to lack of access to care and perceived stigma
- Other barriers preventing people from receiving proper care:
 - Lack of insurance coverage for proper treatment
 - High costs of therapy and medication
 - Lack of awareness and education amongst community for mental health issues
 - Shortage of resources at community mental health centers
- Low reimbursement rates make providing care unfavorable for providers
- Quality of care is difficult to gauge and produces a lack of consistency in service
- The mental health sector in Texas is severely underfunded and proposed budget cuts by The Dept of State Health Services will worsen this problem... \$134 million cutback for mental health programs
 - \$44 million reduction for 5 Psychiatric Hospitals... potential 12% capacity reduction
 - \$80 million reduction for state supported Community Health Centers

V. Current Environment

Mental Health Care in Texas⁽¹⁾

- NAMI grades states based on four major categories
 - Category I - Health Promotion & Measurement... 25% of total score
 - Category II - Financing & Core Treatment/Recovery Services... 45% of total score
 - Category III - Consumer & Family Empowerment... 15% of total score
 - Category IV – Community Integration & Social Inclusion... 15% of total score
- Based on the NAMI scoring system, Texas received a grade of D
- Areas for ‘urgent needs’ are:
 - Equitable funding for local Mental Health Authorities
 - Improve access to services in all areas
 - Expand health insurance coverage to uninsured persons
 - Address cultural competence and workforce shortage



(1) Source: NAMI – “Grading the States”

V. Current Environment

Mental Health Care Areas for Improvement⁽¹⁾

- Numerous studies have suggested areas for improvement in Mental Health and segments of the national healthcare reform acts are addressing many of these
- The following highlights many of the proposed areas for improvement:
 - Improving quality of care by:
 - Emphasizing prevention and early intervention
 - Providing incentives for increased use of evidence-based treatment instead of the current “prescribe-and-check up” model
 - Engaging consumers through health education and assistance in making choices
 - Increasing use of technology... upgrading electronic medical record systems for compatibility
 - Expanding data collection, data warehousing, and analysis capability for mental health
 - Integrating mental health care with overall health care by:
 - Creating mechanisms that provide access to health and mental health care coverage for all
 - Integrating mental health into primary care settings for both children and adults
 - Linking primary care providers who furnish mental health services with mental health specialists for treatment of complex cases
 - Providing incentives for expansion of medical homes and similar organized systems of care
 - Allowing public mental health agencies to become medical homes
 - Encouraging holistic care through reimbursement methodology
 - Include attention to mental health disorders in programs of chronic-care management
 - Addressing the needs of people who require services that are not generally covered by private insurance

(1) Source: The Bazelon Center for Mental Health Law – “Integrating Mental Health in Healthcare”

V. Current Environment

Mental Health Care Areas for Improvement⁽¹⁾

- Incorporate Mental Health into Public Health activities through the following areas:
 - Community-wide education
 - Surveillance/epidemiologic surveys
 - Screening at-risk groups
 - Assuring and linking individuals' access to care
 - Identifying underlying causes of disease burden
 - Promoting prevention and early intervention
 - Expanding electronic data systems and information exchange
 - Addressing social determinants of health, such as poverty and violence
 - Disaster response

V. Healthcare Reform

Potential Effects on Mental Health⁽¹⁾

- The Patient Protection and Affordable Care Act passed in 2010 will provide:
 - Minimum standards for health insurance policies
 - Significant improvements to Medicaid
 - Authorization for demonstrations and testing of new approaches
 - More options for long-term care of people with disabilities
 - Expanded Medicare eligibility
 - Improved coordination of primary care and mental health services for people using the public mental health system
 - Eliminates annual and lifetime limits on mental health (and physical health) benefits
 - Individuals with pre-existing conditions will have immediate access to insurance through high-risk pools
- Additional components of healthcare reform are driving changes that will benefit mental health
 - Provide tax credits for some low-income Americans to help meet the cost of purchasing insurance
 - Drug costs will be reduced and a wider variety of drugs will be made available for people on Medicaid
 - End the practice of not selling insurance policies to people with pre-existing conditions
 - Insurance providers will be required to provide a minimum basic mental health benefit
 - The range of Home and Community Based Services (HCBS) offered to people with disabilities who require long-term care, but do not wish to be institutionalized, will be expanded
 - National Depression Centers of Excellence will be established and funded with 5 year grants
 - Extending the [Wellstone Domenici Parity and Addiction Equity Act](#) that provides insurance plan parity for mental health services

(1) Source: Medpage Today – “How health care reform will affect mental health”

V. Healthcare Reform

Potential Effects on Mental Health⁽¹⁾

Wellstone Domenici Mental Health Act

- Also known as the Mental Health Parity and Addiction Equity Act, passed in 2008 but put into effect October 2009 with key changes:
 - Mental Health and Substance abuse disorder (MH/SUD) benefits must be no more restrictive than all other medical/surgical benefits in terms of finance and treatment limitations;
 - May not be subject to any separate cost sharing requirements or treatment limitations that only apply to such benefits;
 - Out-of-network benefits matching the overall plan;
 - Standards for medical necessity determinations and reasons for any denial of benefits relating to MH/SUD, must be disclosed upon request;
 - Parity requirements are extended to substance use disorder benefits;
 - Requirements do not apply to small employers who have between 2 and 50 employees;
 - Timeframe
 - Final rules - April 5, 2010
 - Apply to insurance plan years that start on or after July 1, 2010.

V. Healthcare Reform

Potential Effects on Mental Health⁽¹⁾

- Concerns of the effects of the Healthcare Reform on Mental Health
 - “Requires public information about a provider’s performance, based partially on patient feedback, that may not adequately capture the diverse needs of patients and their treatment” – *Public Reporting on Performance Information*
 - “Does not fix the long-standing Medicare SGR [Sustainable Growth Rate] payment problem” – *American Psychiatric Association*
 - “Requires eventual physician participation in quality reporting initiatives” – *Physician Quality Reporting Initiative (PQRI)*
 - Declining Medicare reimbursements rates means many health professionals (including mental health) may no longer accept Medicare patients
 - Case study: Medicare reimbursement cuts have caused more than 300 doctors to drop the program in the last two years including 50 in the first three months of 2010 according to the Houston Chronicle.
 - Many managed care plans reimbursements are based on percentages of Medicare and will be similarly impacted
 - Lack of incentives and support to mental health professionals
 - The growth in insured people with mental illness seeking help may further strain the system

(1) Source: Medpage Today – “How health care reform will affect mental health”;
Washington Examiner – “Texas doctors fleeing from Medicare”

V. Best Practice Models

Trends of Best Practice Sites⁽¹⁾

	Massachusetts General Hospital	McLean Hospital*	Johns Hopkins Medicine	NY Presbyterian Hosp/Univ Med Ctr	Sheppard and Enoch Pratt	Menninger Clinic	Green Oaks Hospital
Location	Massachusetts	Massachusetts	Maryland	New York	Maryland	Texas	Texas
Rank	1	3	2	4	6	9	N/A
Hospital Type	General Surgical	Psych	General Surgical	General Surgical	Psych	Psych	Psych
Academic Institution	Harvard	Harvard	Johns Hopkins	Columbia and Cornell	None	Baylor	None
Teaching Program	Strong Ties to Harvard	Strong Ties to Harvard	Residency, Training, & Research	Cornell & Columbia SOM's	None	Weak connection with Baylor (joint program)	None
Research Focus	Strong- Market Leader	Strong- Market Leader	Strong- Market Leader	Strong- Market Leader	Significant	Weak	None
Full Service	Yes	Yes	Yes	Yes	Yes	No	No
Community Focus	Strong	Strong	Significant	Significant	Significant (Mid-Atlantic Region)	Weak - No OP or community clinics	Strong (North Texas)
Funding Sources	Private and Public	Private	Private	Private and Public	Private	Private	Public

- Top hospitals are generally located in the States which NAMI graded as having the Best Practices
- US News rankings utilize ratings developed by mental health professionals
- 16 of the Top 20 Psychiatry Hospitals in the United States have a University anchor... 12 of the affiliated universities are elite, private schools
- MH Professionals cite strong research and leading teaching practices as key draws for many to work at Top Hospitals.

(1) Sources: US News 2009 – 2010 Best Hospitals; Hospital websites

V. Best Practice Models

Massachusetts General Hospital⁽¹⁾

- Began in 1934 as one of the first hospital based departments of psychiatry in the nation
- Nonprofit, private hospital owned by Partners Healthcare
- Connected to Harvard University with more than 100 psychiatry interns, residents, fellows from a joint program each year, and 300 doctors who also teach
- Leader in Clinical Trials with a research budget of \$50M/year and over 70 clinical and research fellows.
- Funding from private entities such as the Rockefeller Foundation, Harvard Medical School Endowment and private donations
- Focus on education and academic medicine with programs such as the interactive Psychiatry Academy
- Services offered are:
 - Acute Care: Crisis Stabilization Unit
 - Inpatient program offering over 40 Treatments and Services
 - 2 Community Health Centers: Charlestown and Revere
 - Research Centers
 - Programs catered to different at-risk groups
- Ranked by U.S. News as No #1 in Psych for past 14 Years



V. Best Practice Models

Massachusetts General Hospital⁽¹⁾

- Strengths

- Leverages Harvard anchor's endowment for research/clinical study funding
- Uses research/clinical study funding to capture market dominance as leading edge hospital
- Business model of using school endowment, public donations, and working with State initiatives along with selling findings from leading edge research and studies
- Strong network and partnerships with local community such as partnerships with the Red Sox Foundation, Harvard Medical School, and an affiliate of the McLean Hospital, another Top 3 hospital
- Focuses on evidence-based results through extensive clinical studies as well as holistic approach to health not just through medication:
 - Case study: The Center for Women's Mental Health in perinatal and reproductive psychiatry does extensive screening to see how medication might affect things such as bone loss, risk of postpartum depression, and malformations.
- Due to market leading position, it defines best practices of treatment and has the most advanced resources

- Weaknesses

- With the economic downturn and a weakened State budget, spending for healthcare programs are lower, leaving many who qualify for subsidies unable to process payments
- Most profits generated in the Psychiatry department go back towards supporting research and maintaining leading edge findings, therefore there is not a lot of liquidity in assets

V. Best Practice Models

McLean Hospital⁽¹⁾

- Affiliated with Harvard Medical School and Massachusetts General Hospital
- McLean specializes as a Mental Health Institution
- Founded in 1811, now privately owned by Partners Healthcare System (also own Mass General) as a nonprofit hospital
- Serves as a major teaching facility for Harvard Medical School
- Largest program of research in neuroscience and psychiatry of any private psychiatric hospital in the United States
- Renowned for training mental health professionals with best practices, and develop new effective strategies for treatment
- Offers full continuum of care including: acute inpatient, acute residential, hospitalization, residential care, and outpatient services.
- Licensed/certified by the State Dept. of Public Health, State Dept. of Mental Health, and Centers for Medicare & Medicaid Services
- Ranked by U.S. News at #3 in Psych



FY 2008 Data:

177 Beds
185 Physicians
25 Residents
71 Residents
5,362 Admits
54,457 Inpatient Days
35,33 Outpatient Visits

V. Best Practice Models

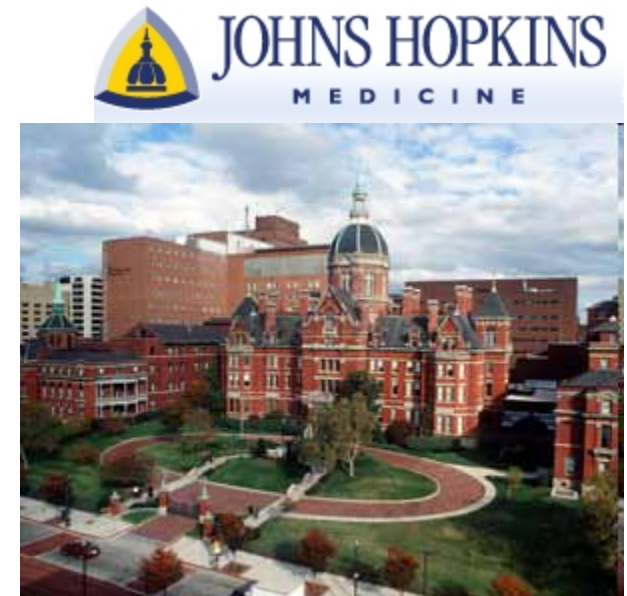
McLean Hospital⁽¹⁾

- Strengths
 - Strong private donations - \$8.8M last year, due in part to historical significance
 - Ranks among Top 15 hospitals worldwide to in grant size from the National Institute of Health
 - Maintains the worlds largest neuroscientific and psychiatric research program in a private hospital setting
 - Known in industry for the combination of teaching, treatment, and research whereas most facilities just focus on one of these priorities
 - Strong connections to other private hospitals through ownership by Partners Healthcare system and to Harvard Medical School which serves as a strong anchor for it's teaching focus
 - Home to the Harvard Brain Tissue Resource Center, the largest “brain bank” in the world
- Weaknesses
 - Susceptible to falling revenue/low reimbursement rates for mental health.
 - Case Study: In the late '90s, falling revenues forced the Hospital to sell unused land to the Town of Belmont. The deal finalized in 2005.
 - No surgical services are offered and surgeries are transferred to Massachusetts General Hospital. This takes away from potential revenues as there might be higher margins in surgical services.

V. Best Practice Models

Johns Hopkins Medicine⁽¹⁾

- Opened in 1913 as the Henry Phipps Psychiatric Clinic
- Dual mission to serve the surrounding community and to care for patients with challenging illnesses
- 87 Physicians, 75 nurses, 100 inpatient beds (88 adult, 12 children)
- Facility houses the Departments of Psychiatry, Behavioral Sciences, Neurology, and Neuroscience to foster a collaborative and interactive atmosphere for teaching, research, and establish best practices in patient care
- 34 Outpatient Clinics located within vicinity of 2 campus': The Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center
- Ranked by US News as No.2 in Psych



FY2009 Data
Inpatient Admissions:
 2,411 Adult
 387 Children
48,697 Outpatient Visits
8,816 All Day Hospital Visits
1,215 ER Admissions
113 Deferrals

V. Best Practice Models

Johns Hopkins Medicine⁽¹⁾

- Strengths
 - Internationally renowned with a sizeable out-of-state and international patient base
 - Has Johns Hopkins University anchor with a sizable private endowment from the Medical School- one of Johns Hopkins' most renowned and established departments
 - Bayview campus has extensive training program with Johns Hopkins Psychiatry Residency program, Medical students, and post-doctoral fellows
 - Psychiatry faculty are also educators in the Johns Hopkins School of Medicine so the academic hospital component is very well integrated
 - Strong overall hospital reputation as #1 hospital in country for past 18 years
 - Research funding from initiatives such as the National Institute of Health, and private donors
 - Consists of strong programs in collaboration with the JHU School of Medicine, and Henry Phipps Psychiatric Service
 - The Psychiatric admissions unit is separate from the General hospital admissions and they work to identify core causes of issues so patients can be placed in the right clinic and program

- Weaknesses
 - Does not participate with many insurance plans for payment of hospital fees or physician fees
 - ED department primarily accepts physician referrals and not drop-in or State mandated patients

V. Best Practice Models

New York-Presbyterian Hospital University Medical Center⁽¹⁾

- Anchored by Columbia University and Cornell University
- Accepts various managed care insurance, Medicare, clinics, reduced self-pay fees, and private deluxe treatment
- Focus on patient care, research, and testing.
- 2 Major Facilities: The Payne Whitney Clinic in Manhattan (opened 1927) and the Westchester Division in White Plains
- Affiliated with the New York Psychiatric Institute
- Levels of Care: Evaluation, Outpatient, Inpatient (Premium), Addiction Recovery, ED
- National Leader in research for: Autism, Sleep disorders, and Child Psychiatry
- Ranked by U.S. News as No.4 in Psych



V. Best Practice Models

New York-Presbyterian Hospital University Medical Center⁽¹⁾

- Strengths
 - Anchored by Cornell and Columbia which provides:
 - Collaborative opportunities to merge research and teaching interests
 - Shared financial and knowledge resources
 - Opportunities for community involvement
 - Community education through free seminars
 - Create new model of care using Hospitalists to address Mental Health needs of general inpatients
 - Known for using state-of-the-art treatment facilities
- Weaknesses
 - The 2 locations have separate programs which can increase bureaucracy
 - In the past has been criticized on lack of consistency and cohesiveness between 2 locations
 - No community clinics
 - Inpatient care is a premium service

V. Best Practice Models

Sheppard and Enoch Pratt Hospital⁽¹⁾

- Founded in 1853 as a private, nonprofit hospital
- Operates as the main Psych Hospital for the larger behavioral health provider, Sheppard Pratt Health System.
- As a Mental Health System, Sheppard employs over 2,300 people and has 37 programs in 12 counties in Maryland, Baltimore City, and North Virginia.
- Services include: Hospital, Premiere Unit, Residential Treatment, School, Day Hospital, Outpatient, and Rehab
- 10 Outpatient/Community centers, and 14 Education centers
- Plans to contract with hospital emergency rooms to prevent unnecessary hospitalizations
- Ranked by U.S. News as No.6 in Psych



FY2009 Data
 414 Beds
 1,816 Employees
 8,118 Discharges
 86,970 Patient Days
 15% Medicare Discharges
 28% Medicaid Discharges

(1) Source: Sheppard and Enoch Pratt Hospital's Website

V. Best Practice Models

Sheppard and Enoch Pratt Hospital⁽¹⁾

- Strengths
 - Main psych hospital of an extensive Health system that serves a large geographic region
 - Large private funding background
 - Parent corporation, the Sheppard and Enoch Pratt Foundation, has a very powerful board that conducts effective fundraising for research, and resources to provide treatments
 - Focus on serving the entire Mid-Atlantic region and being best practice center for patients who need Mental Health treatment in this large geographic area
 - Numerous contracts with local businesses and hospitals have contracts with Sheppard and Enoch Pratt Hospital to provide mental health care which enables a stronghold on the market
- Weaknesses
 - Weaker research model than higher ranked hospitals
 - Not the industry leader in introducing best practices
 - Case: Sheppard and Enoch Pratt Hospital use state-of-the-art technology and techniques to treat patients but are not at the fore front of developing these advancements.
 - Close association to Towson University but has been unable to develop joint academic or research programs due to cost and lack of resources

V. Best Practice Models

Menninger Clinic⁽¹⁾

- Established in 1919, the Menninger Clinic is a private Psychiatric facility.
- Affiliated the Baylor College of Medicine, The Methodist Hospital, and Texas Medical Center
- Relocated to Houston, Texas in 2003 from Topeka, Kansas
- 135 Beds serving 6 specialty treatment programs for adults and adolescents, Comprehensive Psychiatric Assessments, Adolescent Assessments, and Professional Assessments
- 14 Acre Campus with 7 buildings including residence halls, dining commons, wellness center, on-site school, and outdoor recreation areas.
- Pathway to Excellence Designation by the American Nurses Credentialing Center
- Joint Commission Accreditation
- Works with any insurance whether they are in network or out of network
- Focus on Specialty Program and Inpatient programs
- Ranked by US News as No.9 in Psych



FY2009 Data

135 Beds
1,816 Employees
8,118 Discharges
86,970 Patient Days
15% Medicare Discharges
28% Medicaid Discharges

(1) Source: Menninger Clinic's Website

V. Best Practice Models

Menninger Clinic⁽¹⁾

- Strengths

- Located near Houston's Medical Center, a very Medically advanced and focused area which lots of research funding and strong knowledge base
- Accepts most insurance and works with patients regardless of whether their insurance is in-network or out
- Focus on inpatient treatment typically provides a more manageable and safe environment
- Integrated medical, psychological, behavioral, and social model that includes having multidisciplinary teams collaborating with patient to develop personalized treatments
- Responds quickly to market best practices
 - Phase II Planning Incorporates:
 - Educational Facilities including Leadership & Executive Programs
 - Patient Aftercare Services

- Weaknesses

- No outpatient care, community clinics, or ED support
- Does not accept involuntary patients
- Not a industry leader in advancing best practices
- Treatment methodology might be unrealistic to emulate since most patients are voluntarily checked in inpatients and the focus is on placing patients in programs that are at least 4 weeks long.

V. Best Practice Models

Green Oaks Hospital (1)

- Private Hospital founded in 1983
- Part of HCA Healthcare
- Provide Mental Health and Addiction services for Adolescents, Seniors, and Adults.
- Green Oaks Hospital is the main location
- 2 outpatient clinics in Las Colinas and Plano
- Offers Crisis Stabilization, Emergency Services, Inpatient Care, and Outpatient treatment.
- Supports most insurance including NorthStar- a public behavioral health managed care initiative in North Texas
- Not ranked by US News



FY 2009 Data:

106 Beds
283 Employees
6,982 Discharges
36,255 Patient Days
100 ED Admits
<100 ED Not Admitted

V. Best Practice Models

Green Oaks Hospital⁽¹⁾

- Strengths

- Very community oriented, from 2 large outpatient clinics to relationships with local hospitals (Medical City Dallas and Medical Center Plano), to newsletters circulated around the community, to working on programs with various State departments such as the Dallas Police Department
- Supported by the NorthStar Public Health Initiative for financial resources
- Access to consistent data from NorthStar regarding decision support, and integration into long-term services
- Benefactor of the initiatives driven by other community forces such as the Dallas Police Department and the NTBHA

- Weaknesses

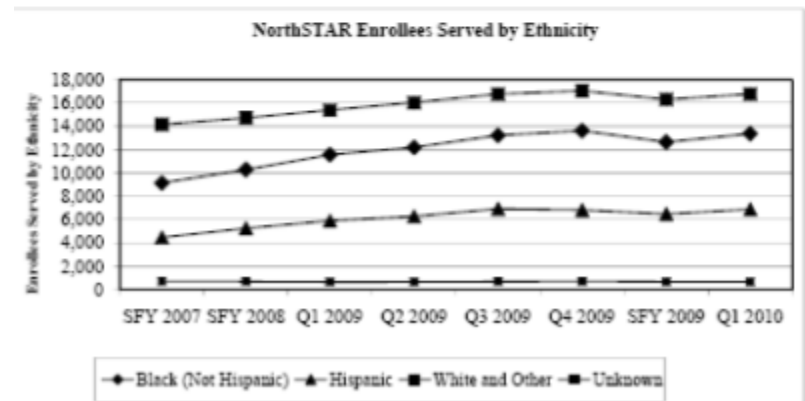
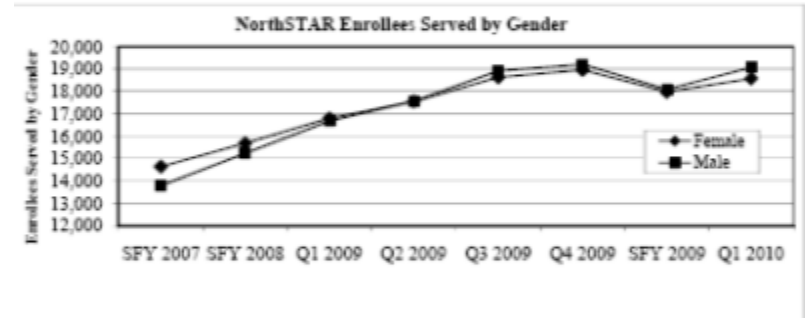
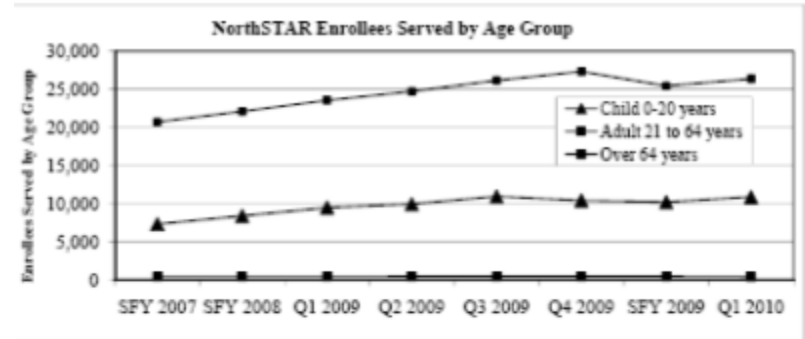
- Financial indicators show the hospital is losing money each fiscal year, with growing losses in Operating Margin, and Net Income (Loss)
- As recently as the past few months have had a tense relationship with the State over having to pay court and attorney costs over committing involuntary patients. This expense has led to the hospital proposing to stop accepting any more county sent patients.
- Funding and Supportive/Transitional funding are cited are two of the biggest problems in Texas due to lack of regulations.

V. Best Practice Models

Green Oaks Hospital – Partnership with NTBHA⁽¹⁾

- North Texas Behavioral Health Authority (NTBHA) covers Collin, Dallas, Ellis, Hunt, Kaufman, Navarro, and Rockwall counties
 - Created by the Commissioners Courts of each of the counties to oversee managed behavioral healthcare service delivery
 - Mission Statement answers the following:
 - “How do we expand our level of care for drug and alcohol addiction, detoxification, and treatment?”
 - What can we do to improve our education and awareness programs as well as improving our detoxification and treatment programs so that we have a better success rate?”
 - Community involvement through regular town hall meetings which focus on stakeholder input for regional planning.
 - Drivers of the NorthSTAR Project to expand quality and delivery of care to insured and uninsured people who suffer from mental illness
- Recent Developments
 - Transitioning authority from the Department of State Health Services in Austin to a self-managed NTBHA Board of Directors in Richardson

NorthSTAR Enrollees Served by Demographic Group



te: Graphs reflect the sums of duplicate counts of enrollees served.

(1) Source: Green Oaks Hospital's Website

V. Best Practice Models

Guidelines for Setting Up Best Practice Models⁽¹⁾

- The following outlines reasonable initial steps required to move San Antonio towards a “best practice” model
- The Best Practice Model supported by the Mental Health Association in Texas requires the following 6 components:
 - Reliable methods for identifying the population to be treated
 - Practice guidelines built upon the use of evidence-based treatments
 - Coordinated care that encourages collaboration between patients and service providers
 - Education for patients about their illness and ways they can manage it
 - Consistent measurement of the patients’ response to treatment and its outcomes
 - Routine communication between the patient and all providers involved in the treatment plan

V. Best Practice Models

Guidelines for Setting Up Crisis Stabilization Units⁽¹⁾

- The guidelines for a Crisis Stabilization Unit are:
 - Must have beds for short term inpatient treatment
 - Services should include:
 - Psychiatric evaluations, Physical Examinations, Blood tests and imaging
 - Needs assessments to identify the stressors leading to crisis
 - Crisis intervention and resolution
 - Psychopharmacologic evaluation and management
 - Crisis-oriented family therapy and psychoeducation
 - Group and individual therapies focused on problem management and coping skills, acute life stressors, psychiatric disorders, medication and recovery
 - Case management and collaboration with the patients outpatient clinician, physicians, family and community agencies
- Difficulties for running a successful Crisis Stabilization Unit are:
 - Resources are often stretched thin and such centers are often:
 - Underfunded
 - Understaffed
 - Undermanaged
 - Relationship with State, local communities, and local hospitals are important as successful units need collaborative integration of care and data sharing

V. Mental Health

Recommendations

- For San Antonio MSA:
 - Mental Health must be integrated into general Healthcare, including the regulations, public health models, and best practice tracking models.
 - There has to be focus on preventive services such as early screening in at-risk communities.
 - Mental Health benefits must be extended and covered for insured and currently uninsured populations so that the most significant barrier to access can be alleviated
 - States should fund local initiatives that help drive community focus to psych hospitals and Mental Health Facilities

- For Creating a Best Practice Site:
 - Focus on quality of care and not just being able to meet need
 - Understand and address support for chronic care mental health patients
 - To attract Mental Health Professionals, Hospitals should focus on developing strong research and academic programs
 - Need to have strong connections with local communities including Hospital Systems, Universities, Health Initiatives, etc.
 - Need to have a strong focus on fundraising and securing donations from Private (School Endowments, Philanthropists), and Public (NIH, Health Initiatives)

VI. Next Steps

Worksession #2:

- Conduct and Review Additional Analysis as Needed
 - Updated information on state budget, San Antonio State Hospital, Nix Health Care, UHS
 - Refined quantitative analysis
- Define Vision for Improving the Delivery of Mental Health Services in San Antonio
 - Key Areas for Improvement
 - Best Practices Models
- Identify Potential Actions for Implementation
 - Program Funding
 - Cooperation Among San Antonio Providers
 - Political Initiatives