

Vanderbilt University Medical Center, Williamson Medical Center explore closer ties

Williamson Medical Center in Franklin is discussing a closer affiliation with Vanderbilt University Medical Center.

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FRANKLIN — It was almost a year ago that they announced an interest in one another, but the nature of the relationship between Williamson County's public hospital and Vanderbilt University Medical Center is still being discussed — and could be for several years to come.

The chairman of Williamson Medical Center's board of trustees, Russell Little, isn't yet ready to disclose specifics of the arrangement, portions of which are still in negotiations. During the next three years, he said, the public will see how the pieces fit together.

Craig Becker, president of the Tennessee Hospital Association, said the incentives for both organizations are clear. An affiliation with Vanderbilt would add some heft to Williamson Medical Center's brand while allowing the hospital to remain independent. On the other side of the deal, Becker said, Vanderbilt gains greater access to a well-insured and more lucrative patient population.

"They don't look like too many hospitals in the state," Becker said of Williamson Medical and other county-owned hospitals.

7 percent TennCare

Williamson Medical Center indeed stands out as an independent hospital in one of the most desirable markets in the state. Its revenue mix is the envy of for-profit companies. Only 7 percent of its cash comes from TennCare and at least 37 percent from commercial insurance companies, according to annual reports filed with the state. An additional 41 percent of the hospital's revenue is collected from Medicare.

Patients at Williamson Medical, which has 185 beds, provided \$7.6 million in free health care last year.

Compare that with the level of charity care provided at two nearby government-owned hospitals, Maury Regional Hospital and Metro Nashville General.

Maury Regional, which has 255 beds, provided \$15.2 million in charitable care. Nashville General, with 150 beds, reported \$47.6 million of free health care in its state filings.

"It's more about geographic location than anything else," Becker said.

Across the state, public and private hospitals that are not in the business of specialty or long-term care collected almost 41 percent of their revenue from private insurers in 2010, according to the Tennessee Department of Health. TennCare payments accounted for more than 10 percent.

Vanderbilt is hailed for the breadth of its specialized services, and patients with complicated health issues are often referred there. Any hospital providing such care would want Williamson Medical to refer its comparatively well-insured patients to their facility.

The simple answer within these negotiations for Vanderbilt, according to Josh Nemzoff, a consultant responsible for more than 200 mergers and acquisitions involving non-profit hospitals, is for the academic hospital to buy the county facility. The problem is that neither the board of trustees for Williamson Medical nor the county commissioners who control it want to let it go.

Referral center?

“What Vanderbilt is trying to do is use Williamson Medical as a referral center,” Nemzoff, a former Williamson County resident who now has a consulting firm in Pennsylvania, said. “It does make a lot of strategic sense for Vanderbilt.”

Changing a hospital’s admitting patterns is tough to do if you don’t own the hospital, and Nemzoff is not convinced that a “loose affiliation” will suffice.

“You either give up control or you don’t,” he said. “There is no gray area.”

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