**Objectives**  The purpose of this course is to apply economics to an analysis of the health care industry, with special emphasis on the unique characteristics of the US healthcare markets, from pre-hospital to post-hospital care. This course focuses on salient economic features of health care delivery, including: the role of nonprofit providers, the effects of regulation and antitrust activity on hospitals, the degree of input substitutability within hospitals, competition in home health, public versus private provision of emergency medical services, specialty hospitals, the economics of direct-to-consumer advertising and its effect on drug safety, defining and improving medical performance in hospitals, specialization and investment in physical and human capital, and shifting of services between inpatient and outpatient settings and its effect on health care costs and quality.

**Grading**

- Class Participation  10%
- Midterm Exam  50%
- Problem Sets  15%
- Student Presentations  25%

**Problem Sets**

There will be a number of short problem sets. Problem sets will be assigned after the completion of a specific topic and will be due in class on the following week. No late problem sets will be accepted. I encourage you to cooperate with your classmates on the problem sets, yet you should submit your own work.

**WebCafe**

We have established a WebCafe room for HCMG852. This will serve as our primary communication channel. All class materials will be posted there.

The URL for the WebCafe is: [http://webcafe.wharton.upenn.edu/eRoom/hcmg/852-sp10-1](http://webcafe.wharton.upenn.edu/eRoom/hcmg/852-sp10-1). You can log on using your usual Wharton username and password. Registered students will automatically have access. If you are not a Wharton student, you can get a Wharton account online at: [http://accounts.wharton.upenn.edu](http://accounts.wharton.upenn.edu). In case of any problems, you can apply in person at F35 JMHH, which is the Wharton computer consulting office. If you have questions about using WebCafe, contact the Wharton WebCafe Team at: [webcafe@wharton.upenn.edu](mailto:webcafe@wharton.upenn.edu).

**Readings:** All readings will appear in an electronic format on WebCafe. Note that the readings listed below are required, except those marked (**) which indicates optional.
Topics and Reading Assignments ("" denotes optional readings)

HOSPITAL OWNERSHIP AND PRODUCTIVITY

January 14: Introduction to the U.S. healthcare industry and its unique characteristics

** Arrow, Kenneth “Uncertainty and the Welfare Economics of Medical Care” American Economic Review 1963; 53(5):941-973


January 19: On the Objectives and Behavior of Nonprofit Hospitals in the U.S.


** Guy David “Trends in Hospital Ownership Type and Capacity: A Decomposition Analysis.” Forthcoming In Nonprofit and Voluntary Sector Quarterly.

January 21 Why do for-profit and nonprofit providers coexist in the same market?


Community Catalyst, Inc. report “Not There When You Need It: The Search for Free Hospital Care”, Boston, MA October 2003. [available via www.communitycatalyst.org]


January 26: Do nonprofit hospitals justify their tax exempt status? - Ralph W. Muller, Chief Executive Officer, University of Pennsylvania Health System.

ANTITRUST AND COMPETITION IN HEALTH CARE MARKETS

January 28: Introduction to Antitrust and Regulation in Health Care


Van Etten, Peter, “Camelot Or Common Sense? The Logic behind the UCSF/Stanford Merger
February 2: Cost-shifting behavior of hospitals and physicians


February 4: Antitrust and Regulation in Health Care (cont.)

Havighurst, Clark C., “Monopoly Is Not the Answer” Health Affairs, August 2005.


** Capps, Cory, Dennis Carlton and Guy David, “Antitrust Treatment of Nonprofits: Should Hospitals Receive Special Care?” working paper 2010.

February 9: Antitrust laws, regulation and competition - Rob Field, PhD, MPH, JD, Professor of Law and of Health Management and Policy at Drexel University.

Arizona v. Maricopa County Medical Society, Supreme Court of the United States, 1982 (457 U.S. 332, 102 St.Ct. 2466, 73 L.Ed.2d 48).

MEDICAL SPECIALIZATION AND COORDINATION OF CARE

February 11: Specialty Hospitals, Ambulatory Surgery Centers, and Minute Clinics

February 16: **The impact of the economic slowdown on hospitals and health systems** – Steven Levin, MBA, Managing Director of The Chartis Group

February 18: **Convenient Care Clinics: Evolution vs. Revolution** – Joshua Riff, MD MBA, Medical Director, Clinics, Target Inc.

February 23: **Defining and improving health care organization performance** - Craig Samitt, MD, MBA, President and Chief Executive Officer at Dean Health System.


**THE ECONOMICS OF HEALTHCARE PROMOTION**

February 25: **Is advertising informative or persuasive? an economic framework**


March 2: **Understanding direct-to-consumer advertising in healthcare**


  ** David, Guy, Sara Markowitz and Seth Richards, “The Effects of Pharmaceutical Marketing and Promotion on Adverse Drug Events and Regulation.” *NBER Working Paper* (w14634)

March 4: **Service lines** – Michael J. Dandolph, MBA , Senior Vice President for Business Development, University of Pennsylvania Health System.


--- SPRING BREAK ---

MEDICAL SPECIALIZATION AND COORDINATION OF CARE (CONT.)

March 16: Public versus private Emergency Medical Services


March 18: Division of labor and specialization: the case of hospitalists in the US


March 23: Hospitalists – coordinators or specialists - Laurence Wellikson, MD, CEO of the Society of Hospital Medicine


March 25: Regulation, Competition and Vertical Integration in Home Health


March 30: An Overview of the “In-Home Medical Equipment and Services” Industry - Richard Chesney, Founder and CEO of Healthcare Market Resources.


April 1: Midterm Exam

DEFINING AND IMPROVING HEALTH CARE ORGANIZATION PERFORMANCE

April 6: Demand Management - David A. Horowitz, M.D., Assistant Professor of Medicine, University of Pennsylvania Health System.


April 8: Challenges in providing patient safety: the Leapfrog quality initiative – Patrick J Brennan, M.D., Chief Medical Officer & Senior Vice President, Univ. of Pennsylvania Health System.

April 13: What may account for the gap in salaries across different medical specialties?


Greineder and Barondess. “Generalist vs. Specialist Medical Care”, JAMA, 2000; 284: 2873-2874.


April 15: Students presentations

April 20: Students presentations

April 22: Students presentations

April 27: Students presentations