

THE WHARTON SCHOOL
University of Pennsylvania
HEALTH CARE MANAGEMENT DEPARTMENT

HCMG 101 – HEALTH CARE SYSTEMS – Section 001
FALL 2010
T/TH 12:00 – 1:20, SHDH 351

Daniel Polsky
Professor of Medicine and Health Care Management
E-mail: polsky@mail.med.upenn.edu
Office: Blockley Hall, Rm. 1204

OVERVIEW

This course examines the various components of the U.S. health care system and how the components interact with one another. We begin by examining the role of medical care in producing health and the costs and benefits of new medical technologies (e.g., medical devices and prescription drugs). We then examine the objectives and behavior of key stakeholders in the system: consumers, employers, and taxpayers who pay for health care; private and public (i.e., Medicare and Medicaid) health insurers who manage the funds; physicians and hospitals who actually provide medical care; and pharmaceutical and medical device firms that supply products. Students will also learn how to apply basic economic reasoning to examine health policy issues, including covering the uninsured, controlling the growth rate of medical spending, improving the quality of medical care, and reforming the malpractice system.

READINGS

Required Texts available at the PENN bookstore:

1. Paul J. Feldstein, Health Policy Issues: An Economic Perspective, 4th ed.,
2. David M. Cutler, “Your Money or Your Life: Strong Medicine for America’s Healthcare System.”

Background articles for the lectures will be posted on the course’s Wharton WebCafe site: <http://webcafe.wharton.upenn.edu/hcmg/>. The readings may be supplemented or revised during the course of the semester. Non-Wharton students will need a Wharton ID to access the web page. **Wharton IDs can be obtained by going to Wharton Computer Consulting in Room F35, Jon M. Huntsman Hall, or apply online at <http://accounts.wharton.upenn.edu/>.**

LECTURES

Outlines/slides for lectures will be posted on the WebCafe site prior to class. Speakers may expand or cover additional material beyond the slides.

EXAMS AND QUIZES

Midterm	(Oct 22)	100 pts
Non-comprehensive final	(Dec 10)	100 pts
Writing assignment 1	(Nov 3)	20 pts
Writing assignment 2	(Dec 3)	20 pts
5 unannounced quizzes		10 pts (and up to 5 points towards extra credit)

Exams: The exams will be a combination of multiple choice and short essay. Exams must be taken when scheduled with exceptions pursuant to University rules.

Quizzes: There will be 5 unannounced quizzes throughout the semester. Each quiz will have one true-false, multiple choice, or short answer question based on the reading for that day's class or the lecture from the previous class. A correct answer earns 3 points; an incorrect answer earns 1 point. Quizzes cannot be made up for any reason. Do not even ask because all quiz points earned beyond 10 points are extra credit. You could receive up to 5 extra credit points.

Writing Assignment – Letter to the Editor: The writing assignment is to write two letters to the editor of 100-250 words each. The essay should be a reaction/opinion/analysis of a selected newspaper article dealing with the U.S. healthcare system and should be written in the form of a letter to the editor. Candidate articles will be identified from current newspaper articles during the semester.

GRADE DISTRIBUTION

Points		%	GRADE
from	to		
245	250	98%	A+
235	244	94%	A
225	234	90%	A-
215	224	86%	B+
205	214	82%	B
195	204	78%	B-
185	194	74%	C+
175	184	70%	C
165	174	66%	C-

LECTURERS

I will give about half the lectures. The roster of guest speakers includes:

- **Patricia M. Danzon, PhD.** Celia Z. Moh Professor; Professor of Health Care Management and Insurance and Risk Management, The Wharton School.
- **Guy David, PhD, MA.** Assistant Professor of Health Care Management, The Wharton School.
- **Samuel S. Fager, M.D., M.B.A., J.D.** Children's Hospital of Philadelphia
- **David T Grande, MD, MPA,** Assistant Professor of Medicine, School of Medicine
- **Sean Mcelligott,** Health Care Management, The Wharton School
- **Erin Taylor,** Health Care Management, The Wharton School
- **Julie Sochalski, PhD, FAAN, RN.** Associate Professor, School of Nursing.
- **Kevin Volpp, MD, PhD, MA.** Associate Professor, School of Medicine and Associate Professor of Health Care Management, The Wharton School.

LECTURE TOPICS AND READINGS

I. Health and Medical Spending

September 10 Course Description and Introduction

- Cutler: Introduction.

September 15 Health and the Role of Medical Care

- Cutler: Chapter 1.
- Feldstein: Chapter 3.

September 17 National Health Expenditure

- Hartman, et al., “National Health Spending In 2007: Slower Drug Spending Contributes To Lowest Rate Of Overall Growth Since 1998” *Health Affairs*, 28, no. 1 (2009): 246-261.
- Polsky D. Grande D. “The Burden of Health Care Costs for Working Families - Implications for Reform.” *New England Journal of Medicine*. 2009; 361(5): 437-439.

September 22 National Health Expenditures & Quality – International Context

- Anderson, GF. Frogner BK. “Health Spending In OECD Countries: Obtaining Value Per Dollar” *Health Affairs*, 27, no. 6 (2008): 1718-1727.
- Nolte E. McKee CM. “Measuring The Health Of Nations: Updating An Earlier Analysis” *Health Affairs*, 27, no. 1 (2008): 58-71.
- Reinhardt U, Hussey P, Anderson G. U.S. health care spending in an international context. *Health Affairs* 23(3):10-25. May/June 2004.

September 24 The Value of Medical Spending

- Cutler: Chapters 2, 3, 4, 5 and 6

II. Health Insurance

September 29 The Big Picture: Payers, Health Insurers, Providers, and Suppliers And an Introduction to Health Insurance

- Feldstein: Chapters 1 and 2.
- Feldstein: Chapters 5, 6, and 7.
- Cutler: Chapter 7

October 1 Private Health Insurance: the Basics

- Feldstein: Chapters 5, 6, and 7.
- Cutler: Chapter 7

October 6 Medicare (Erin Taylor)

- Feldstein: Chapter 8.
- Medicare Payment Assessment Commission, “Context for Medicare Payment Policy,” March 2007: 3-31
- U.S. Department of Health & Human Services. Medicare: A brief summary.

October 8 Medicaid (Erin Taylor)

- Feldstein: Chapters 9 and 18.
- U.S. Department of Health & Human Services. Medicaid: A brief summary.

October 13 Managed Care and the Health Insurance of the Future

- Feldstein: Chapter 19.
- Cutler: Chapter 8.
- Blumenthal, "Employer-Sponsored Insurance: Riding the Health Care Tiger," *New England Journal of Medicine*, July 13, 2006: 195-202.

October 15 Health care reform: Massachusetts and the individual/small group insurance market

- Feldstein Chapters 18, 33, 34, and 36
- Nichols et al., Are market forces strong enough to deliver efficient health care systems? Confidence is waning. Health Affairs. 2004. 23 (2): 25-27.
- Blumberg LJ. Who pays for employer-sponsored health insurance? Health Affairs 18(6): 58-61. November/December 1999

October 20 The Political Economy of Federal Health Care Reform (David Grande)

October 22 MIDTERM EXAM

III. Providers and Suppliers of Medical Care

October 27 The Evolving Role of Physicians (Samuel Fager)

- Feldstein Chapters 12, and 23
- Weeks WB, Wallace AE, Wallace MM, Welch HG. A comparison of the educational costs and incomes of physicians and other professionals. NEJM 330(18): 1280-1286.

October 29 Physicians II

- Feldstein Chapters 4 and 11
- Gawande, "Education of a Knife," in Complications: a Surgeon's Notes on an Imperfect Science. New York, NY: Picador.
- Gawande, "Piecework." *The New Yorker*, April 4, 2005.
- Gawande, "The Bell Curve," *The New Yorker*, December 6, 2004: 82-91.

November 3 Paying for Hospitals (Kevin Volpp)

WRITTEN ASSIGNMENT #1 DUE

- Feldstein: Chapters 15 and 16
- Cutler: Chapter 9

November 5 For-Profit vs. Not-for-Profit Hospitals (Guy David)

- Feldstein: Chapter 14
- Reinhardt UE. The economics of for-profit and not-for-profit hospitals. Health Affairs 19(6):178-186. November/December 2000.
- David G and LA Helmchen. An Uncertain Prescription. Regulation. Summer 2006.

November 10 Pharmaceuticals and Biotech (Patricia Danzon)

- Feldstein: Chapter 25, 26, 27, and 28
- Reinhardt UE. Perspectives on the pharmaceutical industry. Health Affairs 20(5):136-149. September/October 2000.
- Danzon PM and MF Furukawa. Prices and Availability of Pharmaceuticals: Evidence from Nine Countries. Health Affairs – Web Exclusive W3-521 – W3-536. October 29, 2003.

November 12 Nursing (Julie Sochalski)

- Feldstein Chapter 24
- Steinbrook R. Nursing in the crossfire. NEJM 346(22): 1757-1766. May 30, 2002.
- Annette J. Lankshear, Trevor A. Sheldon, Alan Maynard. Nurse Staffing and Healthcare Outcomes: A Systematic Review of the International Research Evidence. *Advances in Nursing Science*, 2005, Vol. 28, No. 2, pp. 163–174.

November 17 Vaccines (Sean Mcelligott)

IV. Bending the Cost Curve

November 19 Preventive Care (Sean Mcelligott)

November 24 Small Area Variations: Why Do People Receive Twice as Much Medical Care in Miami as Minneapolis?

- Fischer, “Medical Care – Is More Always Better?” *The New England Journal of Medicine*, October 23, 2003: 1665-1667.
- Fischer et al., “The Implications of Regional Variations in Medicare Spending. Part 2: Health Outcomes and Satisfaction with Care,” *Annals of Internal Medicine*, February 18, 2003: 288-299.
- Gawande, The Cost Conundrum, *The New Yorker*, June 1, 2009

November 26 No Class (Thanksgiving)

**December 1 Reforms to control costs:
Health Information Technology, Reform Medical Malpractice,
Comparative Effectiveness**

December 3 International Comparison of Health Care Systems (Eric Keuffel)

WRITTEN ASSIGNMENT #2 DUE

- Feldstein Chapter 32
- Savedorf, W. What should a country spend on health care? Health Affairs 26: 962-970. July/August 2007.
- Hsiao WC. Why is a Systemic View of Health Financing Necessary? *Health Affairs* 26: 950-961. July/August 2007.

December 8 Health Care Reform Discussion

December 10 FINAL EXAM ON LAST DAY OF CLASS