

THE WHARTON SCHOOL
University of Pennsylvania
HEALTH CARE MANAGEMENT DEPARTMENT

HCMG 101 – HEALTH CARE SYSTEMS – Section 001
FALL 2011
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

TAs (office hours held in Colonial Penn Center, ground floor):

Laura Peterson laurapet@wharton.upenn.edu
Sebastian Aguilar saguilar@wharton.upenn.edu

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 health care expenditure and the role of medical care in producing health. 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, and controlling the growth rate of medical spending.

READINGS

Required Texts available at the PENN bookstore:

1. Paul J. Feldstein, Health Policy Issues: An Economic Perspective, 5th ed. (*4th edition should work too. All the chapter numbers are the same, but it has not been updated to reflect the most recent changes in the health care system.*)
2. David M. Cutler, “Your Money or Your Life: Strong Medicine for America’s Healthcare System.”

Other required assigned readings are available on study.net at:

http://www.study.net/r_mat.asp?crs_id=30016937

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. WebCafe site:

<https://webcafe.wharton.upenn.edu/eRoom/hcmg/101-fa10-1>

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/>.**

LECTURERS

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

- **Katrina Armstrong MD, MSCE**, Professor of Medicine, School of Medicine
- **Guy David, PhD, MA**. Assistant Professor of Health Care Management, The Wharton School
- **Jalpa Doshi, Ph.D.**, Assistant Professor of Medicine, School of Medicine
- **Mark Duggan, Ph.D.**, Professor of Business and Public Policy, The Wharton School
- **Samuel S. Fager, M.D., M.B.A., J.D.** Children's Hospital of Philadelphia
- **Sean McElligott, MS** Health Care Management, The Wharton School
- **Eileen Sullivan-Marx, PhD, CRNP, FAAN, RN** Associate Professor, School of Nursing
- **Robert Town, Ph.D.** Professor of Health Care Management, The Wharton School

EXAMS AND QUIZES

Midterm	(Oct 25)	100 pts
Non-comprehensive final	(Dec 8)	100 pts
Writing assignment	(Nov 17)	30 pts
5 unannounced quizzes		20 pts (drop lowest score)

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 question based on the reading for that day's class or the lecture from the previous class. A correct answer earns 5 points; an incorrect answer earns 2 point. Quizzes cannot be made up for any reason. Do not even ask. The lowest quiz score will be dropped.

Writing Assignment – Letter to the Editor: The writing assignment is to write a letter to the editor. The letter should be 100-250 words. 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.

LECTURE TOPICS AND READINGS

I. Health and Medical Spending

September 8 Course Description and Introduction

- Cutler: Introduction.

September 13 Health and the Role of Medical Care

- Cutler: Chapter 1.
- Feldstein: Chapter 3.
- Cawley J. "The economics of childhood obesity." *Health Aff* (Millwood). 2010 Mar-Apr;29(3):364-71.
- Goldman, Dana, Pierre-Carl Michaud, Darius Lakdawalla, Yuhui Zheng, Adam Gailey, and Igor Vaynman. "The Fiscal Consequences of Trends in Population Health." *National Tax Journal* 63.2 (2010): 307-30.
- J. Michael McGinnis, Pamela Williams-Russo and James R. Knickman. "The Case For More Active Policy Attention To Health Promotion" *Health Affairs*, 21, (2002):78-93.

September 15 National Health Expenditure

- Feldstein: Chapter 1.
- *Health Care Costs: A Primer*. Rep. Kaiser Family Foundation, 2007.
- Manchester, Joyce, and Jonathan A. Schwabish. "The Long-term Budget Outlook in the United States and the Role of Health Care Entitlements." *National Tax Journal* 63.2 (2010): 285-306.
- Chernew ME, Hirth RA, Cutler DM. "Increased spending on health care: how much can the United States afford?" *Health Aff* (Millwood). 2003 Jul-Aug;22(4):15-25.
- Chernew ME, Hirth RA, Cutler DM. "Increased spending on health care: long-term implications for the nation." *Health Aff* (Millwood). 2009 Sep-Oct;28(5):1253-5.
- 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 20 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.
- Davis, Karen, Cathy Schoen, and Kristof Stremikis. *Mirror, Mirror on the Wall: How the Performance of the U.S. Health Care System Compares Internationally*. Rep. Commonwealth Fund, 2010.
- 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 22 The Value of Medical Spending

- Feldstein: Chapters 2 and 5. (For those with the 5th Edition also read chapter 21 "Comparative Effectiveness Research")
- Cutler: Chapters 2, 3, 4, 5 and 6
- Neumann PJ, Greenberg D. "Is the United States ready for QALYs?" *Health Aff* (Millwood). 2009 Sep-Oct;28(5):1366-71.

II. Health Insurance

**September 27 The Big Picture: Payers, Health Insurers, Providers, and Suppliers
And an Introduction to Health Insurance**

- Feldstein: Chapter 6
- Cutler: Chapter 7

September 29 Private Health Insurance: the Basics

- Feldstein: Chapter 7
- Cutler: Chapter 7

October 4 Medicare (Jalpa Doshi)

- Feldstein: Chapter 8.
- *Medicare: A Primer*. Rep. Kaiser Family Foundation, 2010.

**October 6 Private Health Insurance Plans: Can they reduce moral hazard and
control costs?**

- Feldstein: Chapters 19 and 20.
- Cutler: Chapter 8.
- Blumenthal, "Employer-Sponsored Insurance: Riding the Health Care Tiger," *New England Journal of Medicine*, July 13, 2006: 195-202.

October 13 Medicaid (Jalpa Doshi)

- Feldstein: Chapter 9
- *Medicaid: A Primer*. Rep. Kaiser Commission on Medicaid and the Uninsured, 2010.
- Ku L. "Ready, set, plan, implement: executing the expansion of Medicaid." *Health Aff* (Millwood). 2010 Jun;29(6):1173-7.
- Holahan, John, and Irene Headen. *Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL*. Rep. Kaiser Commission on Medicaid and the Uninsured, 2010.

October 18 Health care reform bill: coverage of the uninsured

- Feldstein Chapters 32, 33, and 34
- *Summary of New Health Reform Law*. Rep. Kaiser Family Foundation, 2010.
<http://healthreform.kff.org/Subsidycalculator.aspx>
- McGlynn EA, Cordova A, Wasserman J, Girosi F. "Could we have covered more people at less cost? Technically, yes; politically, probably not." *Health Aff* (Millwood). 2010 Jun;29(6):1142-6.
- Brennan TA, Studdert DM. "How will health insurers respond to new rules under health reform?" *Health Aff* (Millwood). 2010 Jun;29(6):1147-51.
- Kingsdale J, Bertko J. "Insurance exchanges under health reform: six design issues for the States." *Health Aff* (Millwood). 2010 Jun;29(6):1158-63.
- Nichols LM. "Implementing insurance market reforms under the federal health reform law." *Health Aff* (Millwood). 2010 Jun;29(6):1152-7.

October 20 What we might expect from national health care reform

- Schwartz, Karyn, and Tanya Schwartz. *How Will Health Reform Impact Young Adults?* Rep. Kaiser Commission on Medicaid and the Uninsured, 2010.
- Patel K, McDonough J. "From Massachusetts to 1600 Pennsylvania Avenue: aboard the health reform express." *Health Aff* (Millwood). 2010 Jun;29(6):1106-11.

- Newhouse JP. "Assessing Health Reform's Impact On Four Key Groups Of Americans." *Health Aff* (Millwood). 2010 Jul 22. [Epub ahead of print]
- Gruber J, and Perry, I. "Realizing Health Reform's Potential: Will the Affordable Care Act Make Health Insurance Affordable?" *Commonwealth Fund* April 2011.

October 25 MIDTERM EXAM

III. Providers and Suppliers of Medical Care

October 27 The Evolving Role of Physicians (Samuel Fager)

- Feldstein Chapters 4 and 12
- 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.
- Kilo CM, Wasson JH. "Practice redesign and the patient-centered medical home: history, promises, and challenges." *Health Aff* (Millwood). 2010 May;29(5):773-8.
- Margolius D, Bodenheimer T. "Transforming primary care: from past practice to the practice of the future." *Health Aff* (Millwood). 2010 May;29(5):779-84.

November 1 Physicians II

- Feldstein Chapters 10, 11, and 23
- Gawande, "Piecework." *The New Yorker*, April 4, 2005.
- Gawande, "The Bell Curve," *The New Yorker*, December 6, 2004: 82-91.
- Vaughn BT, DeVrieze SR, Reed SD, Schulman KA. "Can we close the income and wealth gap between specialists and primary care physicians?" *Health Aff* (Millwood). 2010 May;29(5):933-40.
- Bodenheimer T, Pham HH. "Primary care: current problems and proposed solutions." *Health Aff* (Millwood). 2010 May;29(5):799-805.
- Goodman DC, Fischer ES. "Physician Workforce Crisis? Wrong Diagnosis, Wrong Prescription." *NEJM* 358;16 2009.
- O'Malley AS, Bond AM, and Berenson RA. "Rising Hospital Employment of Physicians: Better Quality, Higher Costs?" *Issue Brief HSC* 136 August 2011.

November 3 Nursing (Eileen Sullivan-Marx)

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

- Feldstein: Chapters 14 and 17.
- 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 Paying for Hospitals (Bob Town)

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

November 15 Pharmaceuticals and Biotech (Sean McElligott)

- 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.
- Spatz ID. “Health reform accelerates changes in the pharmaceutical industry.” *Health Aff* (Millwood). 2010 Jul;29(7):1331-6.
- Lundy, Janet, comp. *Prescription Drug Trends*. Rep. Kaiser Family Foundation, 2010.

November 17 Pharmaceuticals II & Vaccines (Sean McElligott)

WRITTEN ASSIGNMENT DUE

- Stern AM and Markel H. The history of vaccines and immunization: Familiar patterns, new challenges. Health Affairs 24(3): 611-621 May/June 2005.
- Offit PA. Why are pharmaceutical companies gradually abandoning vaccines. Health Affairs 24(3): 622-630 May/June 2005.
- Danzon PM et al. Vaccine supply: A cross national perspective. Health Affairs 24(3): 706-717 May/June 2005.
- Danzon PM, Pereira NS. Vaccine Supply: Effects of Regulation and Competition. NBER Working Paper 17205.

IV. Bending the Cost Curve

November 22 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
- Cutler D. Analysis & commentary. “How health care reform must bend the cost curve.” *Health Aff* (Millwood). 2010 Jun;29(6):1131-5.
- Guterman S, Davis K, Stremikis K, Drake H. “Innovation in Medicare and Medicaid will be central to health reform's success.” *Health Aff* (Millwood). 2010 Jun;29(6):1188-93.

November 29 Reforms to control costs: Health Information Technology, Reform Medical Malpractice, Comparative Effectiveness

- Feldstein: Chapters 13 and 18.
- McCullough JS, Casey M, Moscovice I, Prasad S. “The effect of health information technology on quality in U.S. hospitals.” *Health Aff* (Millwood). 2010 Apr;29(4):647-54.
- Zhou YY, Kanter MH, Wang JJ, Garrido T. “Improved quality at Kaiser Permanente through e-mail between physicians and patients.” *Health Aff* (Millwood). 2010 Jul;29(7):1370-5.
- Buntin MB, Jain SH, Blumenthal D. “Health information technology: laying the infrastructure for national health reform.” *Health Aff* (Millwood). 2010 Jun;29(6):1214-9.

December 1 **Insider's View of Health Care Reform (Mark Duggan)**
- Feldstein: Chapters 30 and 36

December 6 **Personalized Medicine and Value in Cancer Care (Katrina Armstrong)**

December 8 **FINAL EXAM ON LAST DAY OF CLASS**