Healthcare Services Delivery: A Managerial Economic Approach

HCMG 852

Spring 2012

Mon/Wed 10:30 a.m. – 12:00 p.m.
Auditorium, Lauder-Fischer Hall

Professor Guy David
Office hours: Wednesdays 3:00 - 4:00 or by appointment
Colonial Penn Center - room 202
gdavid2@wharton.upenn.edu

Teaching Assistants: Sunita Desai and Preethi Rao
Office hours: by appointment
e-mail: sunitamd@wharton.upenn.edu
e-mail: preethir@wharton.upenn.edu

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 care, public versus private provision of emergency medical services, the effect of specialty hospitals and ambulatory surgery centers, 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 15%
- Midterm Exam 60%
- Student Presentation 25%

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-sp12-1. 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. 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.

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)

OWNERSHIP, CONDUCT, AND PERFORMANCE IN HEALTH CARE DELIVERY

January 11: 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 18: Cost-shifting and cross-subsidization behavior of hospitals and physicians


January 23: Division of labor and specialization: the case of hospitalists in the US


January 25: Hospital of the Future: Hospitalists Leading the Change - Laurence Wellikson, MD, CEO of the Society of Hospital Medicine


January 30: Specialty Hospitals, Ambulatory Surgery Centers, and Retail Clinics


February 1: A Disruptive Healthcare Innovation: The Retail-based Convenient Care Clinics – Caroline Ridgway, Policy Director, Convenient Care Association.

Please visit [www.ccaclinics.org](http://www.ccaclinics.org).

February 6: On the Objectives and Behavior of Nonprofit Hospitals in the U.S.


February 8: 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](http://www.communitycatalyst.org)]


February 13: Do nonprofit hospitals justify their tax exempt status? - Ralph W. Muller, Chief Executive Officer, University of Pennsylvania Health System.
REGULATION AND INTEGRATION IN HEALTH CARE DELIVERY

February 15: Regulation, Competition and Vertical Integration in Home Health


February 20: The Challenges of Managing a Home Health Agency – David Baiada, MBA, Division Director of Bayada Nurses.


February 27: Defining and improving health care organization performance - Craig Samitt, MD, MBA, President and Chief Executive Officer at Dean Health System.


Samitt, Craig “At Your Service: Transforming Health Care Delivery” The Physician Executive, Nov-Dec 2004.

February 29: A Hospital System Model of Disease Management - David A. Horowitz, M.D., Senior Medical Director for Quality and Chief Medical Officer of Penn Care at Home, University of Pennsylvania Health System.


--- SPRING BREAK ---
ANTITRUST AND COMPETITION IN HEALTH CARE MARKETS

March 12: Introduction to Antitrust and regulation in health care


March 14: Antitrust and regulation in health care (cont.)


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

March 19: 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).


THE ECONOMICS OF HEALTHCARE PROMOTION

March 21: Is advertising informative or persuasive? an economic framework


** Bradford, David W. et al., “The Impact of Direct to Consumer Advertising for Prescription Drugs on Physician Prescribing Behavior for the Treatment for Osteoarthritis” working paper, October 2004

March 26: **Understanding direct-to-consumer advertising in healthcare**


March 28: **Service lines** – Michael J. Dandorph, MBA, Senior Vice President for Business Development, University of Pennsylvania Health System.


April 2: **Midterm Exam**

April 4: **Clinical Integration** – Steven Levin, MBA, Managing Director of The Chartis Group

April 9: **Public versus private Emergency Medical Services**


April 11: **Translation of Evidence into Practice in the 21st Century** – Patrick J Brennan, M.D., Chief Medical Officer & Senior Vice President, University of Pennsylvania Health System.

April 16 – April 23: Students presentations