

THE WHARTON SCHOOL  
University of Pennsylvania  
HEALTH CARE MANAGEMENT DEPARTMENT

HCMG 101 – HEALTH CARE SYSTEMS – Section 001  
FALL 2012  
T/TH 12:00 – 1:20, JMHH G60

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

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

**Oren Isacoff** [oki@wharton.upenn.edu](mailto:oki@wharton.upenn.edu)  
**Solomon Cole** [solcol@wharton.upenn.edu](mailto:solcol@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. (*4<sup>th</sup> edition should work too. All the chapter numbers are the same, but it does not 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.

## LECTURES

Outlines/slides for lectures will be posted on Canvas. Speakers may expand or cover additional material beyond the slides. Canvas site: <https://wharton.instructure.com/courses/749295>

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:

- **Guy David, PhD, MA.** Associate Professor of Health Care Management, The Wharton School

- **Pitou Devgon, MD MBA** Senior Associate, Safeguard
- **Samuel S. Fager, M.D., M.B.A., J.D.** Children's Hospital of Philadelphia
- **Julie A Fairman, PhD, RN, FAAN** Nightingale Professor of Nursing, and Director of the Barbara Bates Center for the Study of the History of Nursing
- **Gregory Kruse** Health Care Management, The Wharton School and UPHS
- **Catherine MacLean, Ph.D.**, Assistant Professor of Medicine, Department of Medical Ethics and Health Policy, Perelman School of Medicine
- **Sean McElligott** Health Care Management, The Wharton School
- **Erin Taylor** Health Care Management, The Wharton School
- **Robert Town, Ph.D.** Professor of Health Care Management, The Wharton School

## EXAMS AND QUIZES

Midterm	(Oct 18)	100 pts
Non-comprehensive final	(Dec 6)	100 pts
Writing assignment	(Nov 20)	40 pts
Discussion participation		40 pts

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.

Discussion Participation: Every Tuesday I will post a discussion question online. All students are encouraged to participate in all discussions. This is an excellent way to keep up with the most important issues covered in class. The TAs will monitor the discussions and grade responses as either “complete” or “incomplete.” A full discussion participation grade will be achieved with 4 “complete” entries. You will receive 10 points for each complete entry until you hit a maximum of 40 points.

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 6 Course Description and Introduction

- Cutler: Introduction.

#### September 11 Rising Health Spending

- Feldstein: Chapter 1.
- *Health Care Costs: A Primer*. Rep. Kaiser Family Foundation, 2007.
- 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.
- 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 13 Does the US get better health from more spending?

- 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 18 What can the U.S. health system learn from other countries?

- 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.

#### September 20 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.
- 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.

#### September 25 Health and the Role of Medical Care (Catherine MacLean)

- Cutler: Chapter 1.
- Feldstein: Chapter 3.
- Cawley J. "The economics of childhood obesity." *Health Aff* (Millwood). 2010 Mar-Apr;29(3):364-71.

#### September 27 The Value of Medical Spending (Catherine MacLean)

- Feldstein: Chapters 2 and 5. (For those with the 5<sup>th</sup> 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*

## II. Health Insurance

### October 2                      **The Big Picture: Payers, Health Insurers, Providers, and Suppliers And an Introduction to Health Insurance**

- Feldstein: Chapter 6
- Cutler: Chapter 7

### October 4                      **Private Health Insurance: the Basics**

- Feldstein: Chapter 7
- Cutler: Chapter 7

### October 9                      **Medicare (Erin Taylor)**

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

### October 11                      **Medicaid (Erin Taylor)**

- 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 16                      **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 18                      **MIDTERM EXAM**

### October 23                      **fall break**

## III. Health Care reform

### October 25                      **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 30                      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.

### **IV.      Providers and Suppliers of Medical Care**

#### **November 1                      Paying for Hospitals (Gregory Kruse)**

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

#### **November 6                      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 8                      Physicians**

- Feldstein Chapters 10, 11, and 23
- Gawande, "Piecemeal." *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 13                      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 15                      Nursing (Julie Fairman)**

- Feldstein Chapter 24
- Fairman JA, Rowe JW, Hassmiller S, Shalala DE. "Broadening the Scope of Nursing Practice." *NEJM* 2011; 364:193-196/

**November 20                      Pharmaceuticals and Biotech (Sean McElligott)**

**WRITTEN ASSIGNMENT DUE**

- 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 22                      Thanksgiving**

**November 27                      Pharmaceuticals II & Vaccines (Sean McElligott)**

- 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, Pereira NS. Vaccine Supply: Effects of Regulation and Competition. NBER Working Paper 17205.

**V.                      Special topics**

**November 29                      Healthcare Venture Capital (Pitou Devgon)**

**December 4                      Health Information Technology (TBA)**

**December 6                      SECOND MIDTERM ON LAST DAY OF CLASS**