

**THE WHARTON SCHOOL  
University of Pennsylvania**

**HCMG 213:**

*Health Care Strategy and Management: The Business of Health Care*

**Fall 2012**

**Monday / Wednesday 12:00 – 1:20 PM**

**Location: CPC Auditorium**

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**Course Description**

This course presents an overview of the business of health and how a variety of health care organizations have gained, sustained, and lost competitive advantage amidst intense competition, widespread regulation, high interdependence, and massive technological, economic, social, and political changes – and the role of innovation in that process. Specifically, using competitive analysis as our framework, we evaluate the challenges organizations in the world of health care are facing, identify their past responses, and explore how they are using innovation as a strategy to manage these challenges (and emerging ones) more effectively. This fall we will also examine how health care reform is influencing the strategies of different players. The course is organized around a number of lectures, readings, outside speakers, and a required project.

**Objectives**

Students will develop generalized skills in competitive analysis, with particular focus on innovation as a competitive weapon, and will be challenged to apply those skills in the analysis of specific examples of organizational innovation. The principal deliverable is a required group project focused on innovation in one of three health care domains:

- Information technology
- Organizational redesign

- Pharmaceuticals

## **Prerequisites**

HCMG 101, or permission of the instructors.

## **Readings**

Most course readings are available through the course site on Canvas. Additional articles on current health care business topics may be posted before some class sessions. Students outside Wharton can access Canvas by signing up for a Wharton account. If you preregistered for the course, you will receive directions via email on or about September 1.

Students may occasionally need to use the citation information to retrieve articles online from the Penn library. Those readings are designated below.

## **Grading / Deliverables**

Grades for the course will be based on both individual and group components as follows:

### *Group project*

The majority of your grade will be based upon successful completion of a series of deliverables related to the course's required group project. You will be asked to submit your project domain preferences by the start of class session #3 and will subsequently be assigned to teams of 4 – 5. Your team's first deliverable will be a Research Plan. The second deliverable will be an analysis of the Competitive Landscape in the domain you have chosen and this will be followed by a Project Outline. At the end of the semester you will submit your critical evaluation of the innovation strategy used by the health care organization you have chosen within that domain. Choices can include any organization along the health care value chain, provided it falls within your assigned project domain. Each team will be required to submit the following:

- *Resource base – 5%*  
The resource base will be a 1-2 page summary of the resources you plan to use in carrying out the semester-long project. These resources might include both primary and secondary sources. Be sure to think broadly about the kinds of resources to which you might gain access.
- *Landscape analysis – 20%*  
The landscape analysis will be an 8-10 page overview of the nature and structure of competition in the project domain your team will be working in. Who are the major players, what are the regulatory constraints, where are the opportunities?

- *Project outline – 5%*  
The project outline will be a 1-2 page summary of your team's choice of focal organization and the reasons for choosing it along with a description of the data sources you plan to use and a timeline for completion.
- *Final paper – 40%*  
Final papers should not exceed 20 pages (double-spaced, 12-point font), exclusive of appendices. In preparing the final paper, you should demonstrate an understanding of the basics of competitive analysis and the role of innovation as a competitive weapon, and a deep understanding of their application in the health care setting you have chosen. The final paper may include a summary of the landscape analysis submitted earlier in the semester, but the expectation is that the analysis of the competitive environment of the organization you have chosen to profile will be much more fine-grained. You will be asked to present your analysis to the class and – where possible – to the organization you have analyzed at the end of the semester.
- *Group process reflection (to be completed individually) – 15%*  
You will also be asked to submit a minimum 3 page reflection of your project experience that discusses how your assigned group operated as a team, including any challenges you faced during the process, how you addressed them, and what learning you draw from your experience about team effectiveness.

We will schedule meetings with project teams for the week of October 24<sup>th</sup> to assess your choice of organization and to guide you in developing the strategic profile. As a result, we will not have class on Wednesday, October 26<sup>th</sup>. We will also make other class time available for discussions with individual project teams on an as needed basis.

The balance of your course grade will be based on the case assignment described below.

*Case study – 15%*

### **Accolade**

You will be given background information on this organization a week before the class in which the case will be discussed and will be asked to prepare a 3 page memo with a critical appraisal of the organization's strategy for their top management team. They will come to class on the day your memo is due for a discussion of their current situation and your analysis of their options going forward. Two or three of you will be randomly chosen to summarize your analyses for them at the beginning of the class session. **NOTE: Unless otherwise indicated, all assignments must be submitted prior to the start of the class session on the day they are due.**

## Class Schedule and Assigned Readings

Wednesday 9/5/12

### **Introduction to HCMG 213**

Profs. Kimberly and Swanson

Readings:

- Sack, Kevin. "Nuns, a 'Dying Breed,' Fade From Leadership Roles at Catholic Hospitals". *The New York Times*. 20 August 2011: late edition – final.

Monday 9/10/12

### **Overview of the Health Care Landscape**

Profs. Kimberly and Swanson

Wednesday 9/12/12

### **Overview of the Health Care Landscape, cont.**

Profs. Kimberly and Swanson

Readings:

- Hanson, William (Sept/Oct 2011). The Other Health Care Revolutions. *The Pennsylvania Gazette*, 45-50.

Assignment:

- Project domain preferences due by **11:59pm Tuesday 9/11**

Monday 9/17/12

### **Health Care Reform and Its Impact**

Stuart Guterman

Vice President, Payment and System Reform; Executive Director, Commission on High Performance Health System  
The Commonwealth Fund  
Washington, D.C.

Readings:

- Cutler, Davis, & Stremikis (May 2010). The Impact of Health Reform on Health System Spending. Center for American Progress. The Commonwealth Fund: 1405, vol

88.

- Davis (June 2010). How Will the Health Care System Change Under Health Reform? The Commonwealth Fund Blog. [www.commonwealthfund.org](http://www.commonwealthfund.org).
- Davis, Schoen, & Guterman (January 2011). Bending the Health Care Cost Curve: Focusing Only on Federal Budget Outlays Won't Solve the Problem. The Commonwealth Fund Blog. [www.commonwealthfund.org](http://www.commonwealthfund.org).
- Bass, Carole (July/August 2011). The heart of the matter. *Yale Alumni Magazine*, 32-37.

\*Additional supplemental readings can be found on Canvas for more background information.

Wednesday 9/19/12

## **The Fundamentals of Competitive Analysis**

Prof. Swanson

Readings:

- Porter, M. (1996). What is Strategy? *Harvard Business Review*, 61-78.
- Porter, M. (2008). The Five Competitive Forces that Shape Strategy. *Harvard Business Review*, 78-93.

\*These readings must be accessed online via the [Penn library system](#). Directions on how to search for the articles will be distributed one week in advance.

## **Working Effectively in Teams**

Prof. Kimberly

Readings:

- Mulvey, P., Veiga, J., & Elsass, P. (Feb 96). When teammates raise a white flag. *Academy of Management Executive*, 40-49.

Monday 9/24/12

## **Market Structure and Business Strategy**

Prof. Swanson

Readings:

- Fudenberg, D. and Tirole, J. (May 1984) The Fat-Cat Effect, the Puppy-Dog Ploy, and the Lean and Hungry Look. *The American Economic Review* 74(2), 361-366.
- Gaynor, M. & Haas-Wilson, D. (Winter 1999) Change, Consolidation and Competition in Health Care Markets. *The Journal of Economic Perspectives* 13(1), 141-164.

Wednesday 9/26/12

## **Developing a Successful Business Model for the Health Care Industry**

Prof. Swanson

Readings:

- Porter, M. E. & E. O. Teisberg (June 2004) Redefining Competition in Health Care. *Harvard Business Review*.
- Gaynor, M. & Town, R. (2011). Competition in Health Care Markets. *NBER Working Papers* 17208.
- Casadesus-Masanell, R. & Ricart, J. E. (January - February 2011). How to Design a Winning Business Model. *Harvard Business Review*, 100-107.

\*This reading must be accessed online via the [Penn library system](#).

- Hwang, J., & Christensen, C. M. (2008). Disruptive Innovation in Health Care Delivery: A Framework for Business-Model Innovation. *Health Affairs*, 1329-1335.

Assignment:

- Resource base (5%) due

Monday 10/1/12

## **Application Session**

Assignment: Accolade

- Case study (15%) due

Wednesday 10/3/12	<b>Innovation as a Strategic Weapon</b>  Prof. Kimberly  Readings: <ul style="list-style-type: none"> <li>• Carreyrou, J. (October 3, 2011). Home Health Firms Blasted. <i>Wall Street Journal</i>, B1.</li> </ul>
Monday 10/8/12	<b>Innovation as a Strategic Weapon</b> Prof. Kimberly
Wednesday 10/10/12	<b>Health Information Technology</b>  Dr. William Hanson Chief Medical Information Officer University of Pennsylvania Health System  Readings:
Monday 10/15/12	<b>Organizational Redesign</b>  Roy Rosin Chief Innovation Officer University of Pennsylvania Health System
Wednesday 10/17/12	<b>Pharmaceuticals</b>  Prof. Patricia Danzon Department of Health Management and Economics Wharton  Assignment: <ul style="list-style-type: none"> <li>• <b>Landscape analysis (20%) due</b></li> </ul>
Monday 10/22/12	<b>FALL BREAK</b>
Wednesday 10/24/12	<b>Meetings with Project Teams</b>

Monday 10/29/12	<b>Meetings with Project Teams</b>  Assignment: <ul style="list-style-type: none"> <li>• Project outline (5%) due</li> </ul>
Wednesday 10/31/12	<b>The Business of Convenient Care</b>  Caroline Ridgway Policy Director, Convenient Care Association (CCA)
Monday 11/5/12	<b>Careers in Health Care</b>  Graduate student panel discussion
Wednesday 11/7/12	<b>Accountable Care Organizations</b>  TBA  Readings: <ul style="list-style-type: none"> <li>• Aparna Higgins, Kristin Stewart, Kirstin Dawson and Carmella Bocchino. Early Lessons From Accountable Care Models In The Private Sector: Partnerships Between Health Plans And Providers. <i>Health Affairs</i>, 30, no.9 (2011): 1718-1727.</li> <li>• Donald M. Berwick, Thomas W. Nolan and John Whittington. The Triple Aim: Care, Health, And Cost. <i>Health Affairs</i>, 27, no. 3 (2008): 759-769</li> </ul>
Monday 11/12/12	<b>Meetings with Project Teams</b>
Wednesday 11/14/12	<b>Patient and Provider Incentives in Health Care</b>  Dr. Kevin Volpp Professor of Medicine and Health Care Management Director, Center for Health Incentives and Behavioral Economics, Leonard Davis Institute



Director, Penn CMU Roybal P30 Center in Behavioral  
Economics and Health

Monday 11/19/12	<b>Health Insurance Exchanges</b>  Prof. Scott Harrington Department of Health Management and Economics Wharton
Wednesday 11/21/12	<b>Meetings with Project Teams</b>
Monday 11/26/12	<b>Final Project Presentations</b> (2 presentations per class)
Wednesday 11/28/12	<b>Final Project Presentations</b>
Monday 12/3/12	<b>Final Project Presentations</b>
Wednesday 12/5/12	<b>Final Project Presentations</b>
Friday 12/7/12	<ul style="list-style-type: none"><li>• <b>Final paper (40%) due</b></li><li>• <b>Group process reflection (15%) due</b></li></ul>