

**THE WHARTON SCHOOL
UNIVERSITY OF PENNSYLVANIA**

**THE HEALTH SERVICES SYSTEM - HCMG 841
FALL 2012**

Class Meetings:	Tuesday/Thursday, 3:00-4:20 p.m. Room: SH-DH 1206	
Course Instructors:	Christopher B. Forrest, MD, PhD Professor of Pediatrics Children's Hospital of Philadelphia University of Pennsylvania School of Medicine forrestc@email.chop.edu Stephen M. Sammut Senior Fellow, Health Care Management The Wharton School University of Pennsylvania smsammut@wharton.upenn.edu	
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Course Objectives

This course tackles a number of questions regarding the structure, functions, and outcomes of healthcare systems. Although the course has a significant focus on the US health services system, the material is grounded in conceptual frameworks that are applicable to across the world. The course describes the major actors and institutions within any country's healthcare system, and the key strategic, managerial, and financial issues facing industry executives and public policy-makers. To simplify the exposition of all this material, we focus sequentially on three major segments in the healthcare value chain:

Unit 1: Producers (pharmaceuticals, biotechnology, medical devices, IT firms)

Unit 2: Payers (insurers, employers, government, consumers)

Unit 3: Providers (hospitals, physicians, nurses, services providers)

This course has 10 **specific aims**:

1. Describe the major players along the healthcare *value chain*, their interactions, the historical forces that have shaped their current contexts, and their divergent incentives.
2. Conduct *global comparisons* of developed and developing nations in terms of the epidemiology of health needs, financing, delivery systems, insurance systems, and technology development.
3. Compare the different *technology sectors* in healthcare: pharmaceuticals, biotechnology, information technology, and medical devices.
4. Analyze the factors and conditions associated with *entrepreneurship* in life sciences and medical devices.
5. Examine alternative ways of *financing and paying for healthcare* and their effects on costs, quality, and access.
6. Identify key *challenges that healthcare managers face* ensuring healthcare value.
7. Evaluate strategies for improving *quality* for individuals and populations.
8. Contrast alternative *delivery system innovations* on care, health, and costs.
9. Assess strategies for promoting the *equitable distribution* of healthcare resources.
10. Know how to *interpret data* within the context of relevant health services conceptual frameworks.

Course Format

The course is divided into major sections covering each of the three industry segments. Classes involve a mix of the following:

- a) Lectures by professors
- b) Case discussions
- c) Presentations by industry leaders
- d) Student engagement

NOTE #1: As common courtesy to our speakers and fellow students, you will please refrain from using all computers and electronic devices in class. Beverages are permitted; eating is not.

NOTE #2: As common courtesy to our speakers and fellow students, you will please turn off all cell phones prior to the start of class.

Readings

Assigned readings for the course are found online or on Canvas (organized into folders for each class). Location of assigned readings is identified in the Session Schedule and Learning Agenda; in most cases they will be available from Study.Net.

In addition, there is a required textbook:

The Business of Healthcare Innovation, Lawton Burns, ed. Cambridge University Press, 2nd edition, 2012.

Copies are available in the bookstore or can be ordered through Amazon.com.

Those of you who have relatively little background in healthcare are advised to consult an introductory text on the health care system. The books are primers that do not go into detail on any particular issue but may serve as a good road map. Unfortunately, they are all US-centric.

1. Kovner and Knickman, *Jonas and Kovner's Health Care Delivery in the United States* (10th Ed., Springer, 2011).
2. Williams and Torrens, *Introduction to Health Services* (7th Ed., Delmar Press, 2007).
3. Shi and Singh, *Delivering Health Care in America* (5th Ed., Jones & Bartlett, 2011).
4. Sultz and Young, *Health Care USA: Understanding its Organization and Delivery* (7th Ed., Jones & Bartlett Learning, 2011).

Also of interest are three first-rate histories of the US health care system (hospitals and physicians), which are useful for understanding why our system looks and functions the way it does. Much of this material is integrated into lectures. The books are:

1. Paul Starr, *The Social Transformation of American Medicine* (Basic Books, 1982).
2. Rosemary Stevens, *American Medicine and the Public Interest* (University of California

- Press, 1998).
3. Rosemary Stevens, *In Sickness and In Wealth: American Hospitals in the Twentieth Century* (Johns Hopkins University Press, 1999).

For those with a deep interest in health insurance, we recommend:

- Morrissey MA. *Health Insurance* (Health Administration Press, 2008)--Chapter 1 from this text is required reading for the health insurance session (reading # 11 in the Study.net course pack).

Evaluation

1. Mid-Term Examination [25 points] Thurs October 18th

The exam will be a take-home exercise. It will test your ability to interpret key industry trends (e.g., draw implications of changes in one sector for firms in another sector, draw conclusions from a set of charts/tables). Submissions must be posted to Canvas by **3pm on October 18th and students should drop off a hard copy to the classroom during normal class hours (3:00-4:20pm) to Professor Forrest on that day.** Students should not discuss the exam or work in groups.

2. 3 Case Write-ups – by Segment [10 pts each/ 30 pts total] Oct 8th, Nov 5th, Nov 28th

Learning teams will analyze three cases—one for each of the main segments of the course. *Students are expected to discuss the cases with their learning teams but will be responsible for submitting a SEPARATE write-up.* These assignments are designed to give students a closer look at managerial and strategic issues across segments. For each case, teams should address the questions posed in the syllabus. Case write-ups should adhere to the following guidelines: 5 page limit, 1.5 spacing, single-sided, 12 point font, maximum of two additional pages for charts and references. We will discuss the cases in class, as well. Please post to Canvas by 11:59pm on the due dates listed above.

3. Final Examination [30 points] TBD

Like the mid-term, the exam will be a take-home exercise. Details will be distributed after the mid-term. The exam will have a heavier focus on the second half of the course, but will require students to integrate across the full range of material presented during the semester.

4. Engagement [15 points]

Students learn best when they are actively engaged in their learning. At a minimum, this means attending lectures. Class attendance will be taken. In addition, students will be

required to make a posting on the course blog in response to a question related to the course content. There will be one to two postings per major unit—5 in total. The content of the postings will not be graded, but the discussions will be monitored by course faculty and staff.

In addition, small groups of students (3-4 students) will be responsible for one class session. The small group will summarize (in prose) the assigned readings and speaker presentation for that class. The class summary should be two pages in length: one page on the readings, and one page on the speaker presentation. The group's summary must be submitted electronically to Drs. Forrest and Sammut, who will review, approve, and then post on Canvas to enable access for the entire class. Teaching assistants will facilitate the formation and matching of student groups with class sessions.

Wharton MBA Grading System

Per the MBA Program requirements, grades will be based on a A,B,C,D,F system, with +/- distinctions. The Class MBA grade point average cannot exceed 3.33. The Wharton MBA Program recommends a distribution of 25-35% A's, 60% B's, and 5-15% C or below.

Quality Circle

To enhance the learning process, it is important to evaluate the course on a real time basis and to make both short-run improvements and longer-term changes as needed. To this end, each learning team will select a representative to serve with the Instructors and the TAs as a Quality Circle to discuss course progress and provide feedback on any and all aspects of the course. A meeting is scheduled for Thursday October 11th immediately following class.

HCMG 841: The Health Services System

Session Schedule and Learning Agenda

Sess	Date	Topic/Lecturer	Reading Assignments and Deliverables	Session Objectives and Questions
PRE-SESSIONS				
A	Weds Aug 8	The Health Services System Christopher Forrest	<i>From:</i> <i>Business of Healthcare Innovation</i> , Lawton Burns, ed. Cambridge University Press, 2 nd edition, 2012. Read: Burns. Chapter 1: “The Business of Healthcare Innovation in the Wharton School Curriculum” by Burns	This pre-session will provide an overview of the health services system. At the conclusion of the reading and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Describe what a health services system is 2. Characterize the major players along the health care value chain 3. Describe the structure-process-outcome framework 4. Identify early historical forces that have shaped the development of medicine
B	Thurs Aug 9	Challenges to Health Services Systems Christopher Forrest	Read: Study.net # 1 Berwick DM, Nolan TW, Whittington J. The Triple Aim: Care, Health, and Cost. <i>Health Affairs</i> 2008; 27:759-769.	This pre-session will provide an overview of the challenges to the production of healthcare value. At the conclusion of the reading and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Define access, quality, and costs – the three-legged stool of a health care system 2. Identify key access, quality, and cost challenges that any health system must address 3. Evaluate how changes in one of the “legs” can affect the others 4. Define the “triple aim” and articulate why a systems perspective is needed to achieve it.

OVERVIEW and COMPARATIVE HEALTH SYSTEMS				
1	Thursday Sept 6	Obesity and Its Impact on Health Systems Christopher Forrest Stephen Sammut	Read: Study.net # 2 Richard D. Smith and Kara Hanson, "What is a 'Health System.'" Chapter 1 in Richard D. Smith and Kara Hanson, eds. <i>Health Systems in Low- and Middle Income Countries: An Economic and Policy Perspective</i> . Oxford University Press, 2012 Study.net #3 Knai C, Suhrcke, M, and Lobstein T. Obesity in Eastern Europe: an overview of its health and economic implications. <i>Economics and Human Biology</i> 2007; 5:392-408. Study.net #4 Yang YT and Nichols LM. Obesity and health system reform: private vs public responsibility. <i>Journal of Law, Medicine & Ethics</i> . 2011;39:380-386.	<p>Health systems are organized and financed to address the needs of individuals and populations. Obesity is arguably the most important health problem facing the nation, and among the most impactful globally. This session will examine how obesity is affecting the demand on and development of health systems.</p> <p>At the conclusion of the reading and the lecture, students should be able to:</p> <ol style="list-style-type: none"> 1. Describe the components and interrelations of a health system. 2. Contrast a health system with health services. 3. Articulate the causes and epidemiology of obesity and its health-related effects. 4. Using obesity as a case study, discuss how health needs affect the organization and financing of health systems. 5. Forecast how the health system may change if obesity trends worsen or improve.
2	Tuesday Sept 11	Comparative Health Systems I: OECD Countries Christopher Forrest	Read: Study.net #5 Anderson GF, Frogner BK. Health spending in OECD countries: obtaining value per dollar. <i>Health Affairs</i> 2008;27:1718-1727.	<p>This session will provide frameworks for examining the health systems of any country with a special emphasis on developed countries. The lecture will focus on the systems of OECD, and will delve deeply into the Dutch system as a case study of a national health insurance scheme with private insurance, a regulated market competition, and an</p>

			<p>Study.net #6 <i>From:</i> Health Systems, Health, Wealth and Societal Well-being: Assessing the case for investing in health systems, Josep Figueras and Martin McKee, eds. McGraw Hill Open University Press, 2012. Read: Chapter 2. <i>Durán, Kutzin, Martin-Moreno, Travis.</i> “Understanding health systems: scope, functions and objectives.” Pp 19-36.</p>	<p>individual mandate.</p> <p>At the conclusion of the reading and the lecture, students should be able to:</p> <ol style="list-style-type: none"> 1. Conceptualize health systems in developed nations. 2. Describe the relationships between health spending, quality, and outcomes at the national level. 3. Contrast the US to OECD countries in terms of healthcare value per dollar spent. 4. Evaluate why the US has exceptionally high costs of care. 5. Identify and critique lessons from the Dutch health services system for the US.
3	Thursday Sept 13	<p>Comparative Health Systems II: Emerging Markets and Developing Countries</p> <p>Stephen Sammut</p>	<p>Read: Study.net #7 Global Health: Systems, Policy, and Economics by Walter Jones, Chapter 3 of <i>Comparative Health Systems: Global Perspectives</i> by James A Johnson and Carleen H. Stoskopf, Jones & Bartlett, 2010.</p> <p>Study.net #8 Lucy Gilson, “Health Systems and Institutions” Chapter 2 in Richard D. Smith and Kara Hanson, eds. <i>Health Systems in Low- and Middle Income Countries: An Economic and Policy Perspective</i>. Oxford University Press, 2012</p>	<p>This session will provide a framework for examining the healthcare systems of any given country, with a special emphasis on emerging and frontier market countries. The lecture will focus on the systems of China, India, Peru and Nigeria.</p> <p>At the conclusion of the reading and the lecture, students should be able to:</p> <ol style="list-style-type: none"> 1. Conceptualize health systems in developing nations. 2. Identify the factors affecting worldwide health policy making. 3. Describe the Policy Marketplace Model. 4. Describe the Policy Systems Model. 5. Describe basic frameworks for measuring health outcomes. 6. Describe the similarities and differences between healthcare systems in OECD countries, emerging markets and frontier markets.

UNIT 1: PRODUCERS/SUPPLIERS

4	Tuesday Sept 18	The World of “Producers” in the Health Care Industry Stephen Sammut	<p><i>From:</i> <i>Business of Healthcare Innovation</i>, Lawton Burns, ed. Cambridge University Press, 2nd edition, 2012.</p> <p>Read: Chapter 1: “The Business of healthcare innovation in the Wharton School Curriculum” by Burns (<i>previously assigned</i>)</p> <p>Chapter 8: “Healthcare Innovation Across Sectors: Convergences and Divergences” by Burns, Lawrence and Sammut</p>	<p>At the conclusion of the readings and the lecture, students should recognize the 4”Ps” of the healthcare system, describe the healthcare value chain, and identify the role, structure and dynamics of the producers of pharmaceuticals, devices and supplies in healthcare. Specifically, students should be able to comment on:</p> <ol style="list-style-type: none"> 1. Innovation and the value chain in healthcare; 2. Technology as a driver; 3. Convergence of technologies across sectors; 4. Impact of tech sectors on national and local economies; 5. Similarities and differences across producer sectors; and, 6. Factors driving convergence.
5	Thursday Sept 20	Overview of the Pharmaceutical and Biotech Industries I Stephen Sammut	<p>Read: <i>Business of Healthcare Innovation</i>, Burns. Chapter 2: “The Pharmaceutical Industry: Re-booted and Re-invigorated” by Northrup</p>	<p>At the conclusion of the readings and the lecture, students should be able to:</p> <ol style="list-style-type: none"> 1. Succinctly describe the characteristics and dynamics of the pharmaceutical sector. 2. Describe segments and product markets in the sector. 3. Identify the determinants of pharmaceutical pricing and insurance in the largest markets. 4. Describe the key steps in the R&D value chain. 5. Characterize prevailing business models in the sector and the challenges confronting these models. 6. Describe pharmaceutical promotional strategies and contrast these with other

				industries. 7. Understand the general regulatory framework. 8. Describe the globalization of the industry.
6	Tuesday Sept 25	Overview of the Pharmaceutical and Biotech Industries II Stephen Sammut	Read: <i>Business of Healthcare Innovation</i> , Burns. Chapter 4: “The Biotechnology Sector-Therapeutics” by Pfeffer Note: This chapter is 150 pages; students are not expected to read it in its entirety. Emphasize these sections: <ol style="list-style-type: none"> 1. Impact on healthcare (205-212) 2. Business models (225-236) 3. Biotech-pharma relationship (247-270) 4. Global structure (274-302) 5. Regulation and policy (303-325) 	At the conclusion of the readings and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Describe the impact of biotechnology on healthcare and enumerate the impact on disease states. 2. Describe the business models adopted by biotechnology companies and explain why these have been subject to variability and change. 3. Describe the scientific and commercial forces that have prompted the pharmaceutical industry to collaborate closely with biotech. 4. Identify some examples of collaboration. 5. Identify status and trends in the industry in the US, Europe, Asia and Australia. 6. Describe the major regulatory policies that have affected the biotechnology sector. 7. Contrast regulation in the US with regulation in Europe and Japan.
7	Thursday September 27	Overview of the Medical Device Industry Stephen Sammut	Read: <i>Business of Healthcare Innovation</i> , Burns. Chapter 6: “The Medical Device Sector” by Kruger and Kruger	At the conclusion of the readings and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Describe the historical evolution of the medical device sector. 2. Identify the major players in the industry and characterize their product offerings. 3. Describe the drivers and constraints to growth. 4. Describe the major technologies at work.

				<ol style="list-style-type: none"> Describe developmental challenges. Identify key ethical issues, e.g., conflicts of interest for physician developers. Describe trends in financing and the impact of sector consolidation. Identify trends in regulatory change. Describe the impact of healthcare reform on the sector.
8	Tuesday Oct 2	<p>The Role of Alliances in Health Care</p> <p>Guest Speaker:</p> <p>Adrian Rawcliffe Senior Vice President Business Development GlaxoSmithKline</p> <p>Mr. Rawcliffe served as the Senior Vice President of Worldwide Business Development for Research and Development at GlaxoSmithKline Plc. since December 19, 2006. He was a Managing Partner at SR One Ltd. Mr. Rawcliffe joined GlaxoSmithKline PLC in June 1, 2005 and served as its Vice President of Transactions and Ventures Group since 2003 and also the Vice President of Genetics and Discovery Deal Structuring. Mr. Rawcliffe also worked with PricewaterhouseCoopers LLP. He serves as a Member of the Board of Directors at Morphotek, Inc. and Altiris Therapeutics, Inc. and a Board Observer at AlgoRx Pharmaceuticals, Inc. He serves as Director of Human Genome Sciences Inc., and Evergreen Fund (S.R. One Ltd.). He serves as a Director at The Pennsylvania Biotechnology Association. Mr. Rawcliffe received a B.Sc. in Natural Sciences (Biochemistry) from University of Durham in England.</p>	<p>Read:</p> <p><i>Business of Healthcare Innovation</i>, Burns. Chapter 3: “Pharmaceutical Strategy and the Evolving Role of Mergers and Acquisitions” by Burns, Nicholson and Wolkowski</p> <p>Optional Reading:</p> <p><i>Business of Healthcare Innovation</i>, Burns. Chapter 5: “Biotechnology Business and Revenue Models: Implications for Strategic Alliances and Capitalization” by Sammut</p>	<p>Mr. Rawcliffe is an experienced and highly respected business development professional who has originated and executed scores of M&A, alliance and technology licensing transactions. Using the assigned reading as a framework and the insights of the lecture, students should be able to form opinions on the following issues:</p> <ol style="list-style-type: none"> The drivers of M&A and alliance activity in the industry. M&A trends among firms. The rationales and investment theses of two or three significant transactions. The impact of M&A on performance. The value of M&A and determine if it is part of the industry’s growth problem. The problems associated with integration. Whether there is value and from where it arises. The future of M&A and its effect on the value chain of innovation.

<p>9</p>	<p>Thursday Oct 4</p>	<p>Innovation Management in R&D</p> <p>Guest Speaker:</p> <p>David C. U'Prichard, Ph.D. Former President International R&D GlaxoSmithKline and Partner, Red Abbey Ventures</p> <p>Dr. David C. U'Prichard currently serves as a President of Druid Consulting LLC, and as a Venture Partner at Red Abbey Venture Partners (Baltimore). During 2003 - 2006, he was a Venture Partner for Apax Partners Ltd. and Care Capital LLC . Prior to that he was CEO of 3-Dimensional Pharmaceuticals, Inc. During that time he took 3DP public and ultimately sold it to Johnson & Johnson. From 1997 to 1999, Dr. U'Prichard served as Chairman of Research and Development at SmithKline Beecham. Prior to SmithKline Beecham, he worked for ICI/Zeneca from 1986 to 1997, as Executive Vice President and International Research Director from 1994 to 1997.</p> <p>Dr. U'Prichard received his Ph.D. in Pharmacology from the University of Kansas. He has held academic appointments at Northwestern University, Johns Hopkins University and the University of Pennsylvania and is an Honorary Professor at the University of Glasgow. He is also an author of more than 100 primary and review publications, was a founding co-editor of Molecular Neurobiology, co-editor of Epinephrine in the Central Nervous System and has served as a member of various editorial boards.</p> <p>Dr. U'Prichard is Chairman of the Board of Cyclacel Pharmaceuticals Inc. (NASDAQ: CYCC, Berkeley Heights, NJ) and Oxagen Ltd (Oxford, UK) and serves on the Board of Directors of Life Technologies Corp (NASDAQ: LIFE, Carlsbad, CA), Silence Therapeutics PLC (AIM:SLN, London, UK), Naurex, Inc. (Chicago, IL), Angstrom Pharmaceuticals (San Diego, CA), and Ocimum Biosolutions (Gaithersburg, MD and Hyderabad, India). Dr. U'Prichard was Chairman of the Pennsylvania Biotechnology Association and has served on the boards of BioAdvance, Ben Franklin Technology Partners and the Bioethics Institute of the University of Pennsylvania.</p>	<p>Read: Study.net #9 Danner, Stephan et al. “What’s Next: Innovating the Concept of Innovation in the Pharmaceutical Industry.” Roland Berger Consulting Group, 2010</p>	<p>The problem of innovation in pharmaceuticals and biotechnology is a topic ripe for discussion in class and on the course blog. Dr. David U’Prichard is an accomplished academic, entrepreneur, venture capitalist and former Chairman of International R&D at GSK. He has managed the problem of innovation from all sides.</p> <p>Using the assigned reading as a framework and the insights of the lecture, students should be able to form opinions on the following issues:</p> <ol style="list-style-type: none"> 1. What makes innovation the fundamental challenge? 2. Choosing therapeutic areas 3. Beyond pills – redefining the role of the industry 4. Financing innovation 5. Approaches to innovation management 6. Fostering and managing creativity
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10	Tuesday Oct 9	<u>Case Study #1</u> Wyeth: Spurring Scientific Creativity with Metrics Stephen Sammut	Read and Analyze Case: Study.net #10 “Wyeth: Spurring Scientific Creativity with Metrics” Post Case Memo on Canvas by 11:59 PM, Monday, October 8.	Questions for case memo: <ol style="list-style-type: none"> 1. What are the distinctive features of Ruffolo’s “New Way of Working” model? How likely do you think the model is to improve R&D productivity at Wyeth? Why? 2. Ruffolo noted “Once you have realized that you can’t have the best scientists, the goal becomes to build the best processes.” How do you view the relative importance of people and processes in Pharmaceutical R&D? 3. What is your assessment of Wyeth’s decision to raise the performance metric for development track (DT) compounds from 12 to 15? 4. What changes, if any, to the model would you suggest?
Unit 2: PAYERS				
11	Thursday Oct 11	Health Insurance Christopher Forrest	Read: Study.net #11 <i>Health Insurance</i> , Morrissey. Chapter 1: “History of Health Insurance in the United States.” Health Administration Press, 2008. Study.net #12 Gary Claxton and Jane Lundy. <i>How Private Insurance Works: A Primer</i> . Kaiser Family Foundation, April 2008.	At the conclusion of the readings and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Describe and define the principles of insurance. 2. Assess the history, structure, and role in the health services system of insurance. 3. Analyze the structure, functions, and roles of managed care in the health system. 4. Evaluate how insurance design affects the triple aim of care, health, and costs.

12	Tuesday Oct 16	Vulnerable Populations and the Health Services Safety-Net Christopher Forrest Aditi Sen	Read: Study.net#13 Kaiser Family Foundation. <i>Medicare: A Primer</i> . 2010. Also available at: http://www.kff.org/medicaid/7334.cfm Study.net # 14 Kaiser Family Foundation. <i>Medicaid: A Primer</i> . 2010. Also available at: http://www.kff.org/medicare/7615.cfm	At the conclusion of the readings and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Characterize the concept of vulnerability. 2. Assess the demands that vulnerable populations exert on a health services system. 3. Describe the financing and organization of the health services safety-net in the US. 4. Contrast differences between Medicaid and Medicare in terms of eligibility, coverage, benefits, and financing. 5. Evaluate why federally qualified health centers have been such a popular safety-net policy option in the US.
Thursday October 18 – NO CLASS; MID-TERM DUE @ 3 PM on Canvas and in hard copy to the classroom during normal class hours.				
Tuesday October 23 – NO CLASS (Fall Break)				
13	Thursday Oct 25	Medicaid, SCHIP & State Health Insurance Reforms Guest Speaker: Nancy Turnbull Senior Lecturer on Health Policy, Harvard School of Public Health; Former First Deputy Commissioner, Massachusetts Division of Insurance	Read: Study.net #15 Raymon AG. <i>Massachusetts health reform: a five-year progress report</i> . Blue Cross Blue Shield of Massachusetts Foundation. November, 2011. Available at: https://www.mahealthconnect.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/Health%2520Care%2520Reform/Overview/BlueCrossFoun	At the conclusion of the readings and the lecture, students should be able to: Nancy Turnbull has been an active participant in the passage and implementation of health reform in Massachusetts, including serving as the consumer representative on the board of the Massachusetts Health Insurance Connector, the state's health insurance exchange. She brings an unusual mix of real-world experience and academic perspective to our discussion of state health services reform of the insurance industry. At the conclusion of the readings and the lecture,

			<p>ation5YearRpt.pdf</p> <p>Study.net # 16 Song Z, Landon BE. <i>Controlling health care spending—the Massachusetts experiment</i>. N Engl J Med 2012;366:1560-1.</p>	<p>students should be able to:</p> <ol style="list-style-type: none"> 1. Describe the rationale, structure, and outcomes of the Massachusetts state health insurance reform. 2. Explain the role of states in assuring the medical safety-net for vulnerable populations. 3. Contrast the Massachusetts and US health care reform laws. 4. Evaluate the impact of the Massachusetts health insurance reform on health spending in the state.
14	Tuesday Oct 30	<p>Rising Costs: Causes and Consequences</p> <p>Christopher Forrest</p>	<p>Read: Study.net #17 Kaiser Family Foundation. <i>Health Care Costs: A Primer</i>. May 2012. Available at: http://www.kff.org/insurance/upload/7670-03.pdf</p> <p>Study.net # 18 Thorpe KE, Philyaw M. <i>The Medicalization of Chronic Disease and Costs</i>. Annu Rev Public Health 2012;33:409-33.</p>	<p>At the conclusion of the readings and the lecture, students should be able to:</p> <ol style="list-style-type: none"> 1. Describe trends in US health spending overall and by sector. 2. Explain the primary and secondary drivers of these trends. 3. Suggest and evaluate alternative strategies for controlling costs. 4. Identify reasons for why costs have inexorably risen in the past and are likely to rise in the future.
15	Thursday Nov 1	<p>Leadership Challenges and Opportunities for Health Insurance in an Era of Health Reform</p> <p>Guest Speaker:</p> <p>Steven Udvarhelyi (EVP for Health Services, Independence Blue Cross, Inc.)</p>	<p>Skim: Study.net 18A IBC 2011 Annual Report -- Walking the Talk. Also available at: http://www.ibx.com/pdfs/company_info/our_company/2011_annual_report.pdf</p> <p>Read:</p>	<p>Independence Blue Cross (IBC)--headquartered on Market Street in Philadelphia--is one of the region's largest insurers, covering over 3.1 million members. Dr. Steven Udvarhelyi, an internist, has extensive experience as a health insurance leader, leading innovations in models that simultaneously address the triple aim of assuring an optimal care experience, managing costs, and promoting population health.</p> <p>At the conclusion of the readings and the lecture,</p>

			<p>Study.net # 18B <i>Health Insurance</i>, Morrisey. Chapter 11: “Managed Care Backlash, Provider Consolidation, Monopsony Power, and Most Favored Nation Clauses.” Health Administration Press, 2008.</p> <p>Study.net #18C Berenson RA, Ginsburg PB, Christianson JB, Yee T. The growing power of some providers to win steep payment increases from insurers suggests policy remedies may be needed. <i>Health Aff (Millwood)</i>. 2012;31(5):973–981.</p>	<p>students should be able to:</p> <ol style="list-style-type: none"> 1. Describe the objectives of insurers and evaluate how they interact with one another. 2. Discuss the types of programs that IBC has developed to advance its mission of promoting the health and wellness of its members and community. 3. Evaluate alternative methods that insurers can use to control costs and maintain their financial stability. 4. Examine the causes and consequences of the managed care backlash.
16	Tuesday Nov 6	<p><u>Case Study #2</u> Key State Blue Cross & Blue Shield Plan’s Market Strategy</p> <p>Christopher Forrest</p>	<p>Read and Analyze Case: Study.net #19 HBS Case: “<i>Key State Blue Cross and Blue Shield Plan: A Strategy for Winning in the Market Through Customer-Focused Service</i>” (2010)</p> <p>Post Case Memo on Canvas by 11:59 PM, Monday, November 5.</p>	<ol style="list-style-type: none"> 1. Case write-up assignment: Key State Blue Cross and Blue Shield (KSBCBS) has pursued a customer-focused strategy. What are some of the alternative strategies that KSBCBS could pursue? Can health plans win in the marketplace following the customer-focused approach? What challenges does KSBCBS face by competing on customer service? (~ 2 pages) 2. Based on your understanding of insurers, what are the key objectives of health insurance plans and how do they interact with one another? Does improved customer service help them to meet these objectives? (~1 page) 3. Do investments in information technology

				(IT) help health insurance plans to become more efficient and to compete in the marketplace? What else might be needed beyond IT to gain efficiencies and compete? (~2 pages)
Unit 3: PROVIDERS				
17	Thursday Nov 8	Medical Profession and the Health Care Workforce Christopher Forrest	From: Study.net #20 Porter ME, Teisberg EO. Strategic implications for health care providers: moving to value-based competition in the U.S. health care system. Excerpted from <i>Redefining Health Care</i> . Read: pp 1-46 (note second half of this reading is assigned for the Hospitals session.) Study.net #21 Mick SS. The physician “surplus” and the decline of professional dominance. <i>J Health Polit Policy Law</i> . 2004;29(4-5):907–24.	At the conclusion of the readings and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Describe the growth and composition of the health care workforce during the 20th and early 21st centuries. 2. Identify determinants of physician supply and formulate opinions on whether there is currently a shortage or surplus of physicians. 3. Evaluate alternative physician payment systems’ and physician organizational models’ effects on care, quality, and costs. 4. Examine physicians’ strategic options for successfully competing on value.
18	Tuesday Nov 13	Hospitals Christopher Forrest	From: Study.net #20 Porter ME, Teisberg EO. Strategic implications for health care providers: moving to value-based competition in the U.S. health care system. Excerpted from <i>Redefining</i>	At the conclusion of the readings and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Describe the roles that hospitals play in the health care value chain. 2. Evaluate alternative hospital payment systems’ and organizational models’ effects on care, quality, and costs.

			<p><i>Health Care.</i></p> <p>Read: pp 46-100 (note first half of this reading is assigned for the Physicians session.)</p> <p>Read: Study.net #22 Grube ME, Fuller BP, Patel C. <i>Ready or Not for the New Healthcare Era</i>. Report from the Governance Institute and Kaufman, Hall & Associates. (2011)</p>	<ol style="list-style-type: none"> 3. Describe the historical transformation of hospitals in the U.S. and articulate how this history affects modern hospitals' mission, structure, governance, and ownership. 4. Examine hospitals' strategic options for successfully competing on value.
19	Thursday Nov 15	<p>Leading Academic Health Centers and Hospital Strategy</p> <p>Guest Speakers:</p> <p>Madeline Bell, President and COO, Children's Hospital of Philadelphia</p> <p>Tom Todorow, EVP and CFO, Children's Hospital of Philadelphia</p>	<p>Read: Study.net #23 Porter ME, Daly CA, Dervan A. <i>HBS Case: The Children's Hospital of Philadelphia's Network Strategy</i>. (2011)</p>	<p>Madeline Bell and Tom Todorow lead one of the world's best pediatric academic health centers: the Children's Hospital of Philadelphia (CHOP). CHOP leadership is continuously challenged to balance its innovation, quality, customer service, and growth strategies amid a tumultuous market place.</p> <p>At the conclusion of the readings and the lecture, students should be able to:</p> <ol style="list-style-type: none"> 1. Evaluate how the unique characteristics of children affect the organization and delivery of pediatric care. 2. Contrast the risks and potential benefits of CHOP's regional growth strategy. 3. Identify the operational and financial challenges and opportunities posed by CHOP's disease-specific centers of excellence. 4. Forecast how CHOP's network growth strategy positions the organization to compete on pediatric health care value over the next decade.

20	Tuesday Nov 20	The Quality Challenge for Healthcare Providers Christopher Forrest	Read Study.net # 23 A From: Quality by Design, Eugene C Nelson, Paul B Batalden, Marjorie M Godfrey, eds. Jossey-Bass, 2007. Read: Chapter One. <i>Nelson, Bataldan, Huber, Johnson, Godfrey, Headrick, Wasson.</i> “Success Characteristics of High-Performing Microsystems.” pp 3-33. Read: Study.net #23 B Lee TH. “Turning Doctors into Leaders.” <i>Harvard Business Review</i> . 2010.	At the conclusion of the readings and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Compare and contrast financial and organizational barriers and facilitators to achieving a high level of quality. 2. Describe the characteristics of high-performance health services systems. 3. Identify and evaluate the leadership challenges for health services systems that seek high performance levels. 4. Forecast the effects of value-based payment on health services systems.
Thursday, November 22 – Thanksgiving Day – NO CLASS				
21	Tuesday Nov 27	Chronic Disease and Multimorbidity: Prevention and Care Christopher Forrest	Read: Study.net # 24 Atul Gawande, “The Hot Spotters”, <i>New Yorker</i> January 24, 2011 Study.net #25 Glassman A, Gaziano TA, Bouillon Buendia CP, Guanais de Aguiar FC. Confronting the chronic disease burden in Latin America and the Caribbean. <i>Health Aff (Millwood)</i> . 2010;29(12):2142–2148.	At the conclusion of the readings and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Describe the population burden and causes of chronic disease and multimorbidity. 2. Evaluate how the burden of chronic disease and multimorbidity affect the structure and function of preventive, curative, and rehabilitative services (including post-acute and long-term care) as well as the costs of care. 3. Discuss employers’ responses to managing and alleviating the burden of chronic disease among their workforce. 4. Assess the value of alternative strategies for delivery preventive services by providers,

			Study.net # 26 Berry LL, Mirabito AM, Baun WB. What's the hard return on employee wellness programs? <i>Harv Bus Rev.</i> 2010;88(12):104–12– 142.	employers, and insurers.
22	Thursday Nov 29	<u>Case Study #3</u> Hospital Strategy: The Cleveland Clinic's Business Model Guest Speaker: Martin Harris, MD, MBA, CIO, Cleveland Clinic	Read and Analyze Case: Study.net #31 “HBS Case: <i>The Cleveland Clinic: Growth Strategy 2012</i> ” Post Case Memo on Canvas by 11:59 PM, Wednesday, November 28.	Case write-up assignment: <ol style="list-style-type: none"> 1. Discuss the impact of health care reform on the Cleveland Clinic's current business model. What aspects pose the greatest opportunity? What represents the biggest threats? (~ 1 page) 2. How vital is the role of paying physicians on a salary basis to the Cleveland Clinic's culture? Do you believe the changes it has made over the past decade would have been possible if its physicians were fee for service? (~ 0.5 pages) 3. Do you believe that the Cleveland Clinic's investment in preventive health and a patient-centric reorganization will be a financially successful strategy? (~ 1.5 pages) 4. You are the CEO of the Cleveland Clinic. Of the growth strategies discussed in the case, which ONE would be the most promising avenue for growth and why? What problems do you see with the other strategies? What internal factors may constrain the Clinic's growth? (~ 2 pages)
23	Tuesday Dec 4	Delivery System Innovations: Accountable Care Organizations and Medical Homes Christopher Forrest	Read Study.net #27 Goldsmith J. Accountable care organizations: the case for flexible partnerships between health plans and providers. <i>Health Aff</i>	At the conclusion of the readings and the lecture, students should be able to: <ol style="list-style-type: none"> 1. Articulate why ACOs and the medical home care delivery system are innovations. 2. Contrast the structure and functions of ACOs with managed health plans.

			<p>(<i>Millwood</i>). 2011;30(1):32–40.</p> <p>Study.net #28 Lewis VA, Larson BK, McClurg AB, Boswell RG, Fisher ES. The promise and peril of accountable care for vulnerable populations: a framework for overcoming obstacles. <i>Health Aff (Millwood)</i>. 2012;31(8):1777–1785.</p> <p>Study.net # 29 Reid RJ, Coleman K, Johnson EA, et al. The group health medical home at year two: cost savings, higher patient satisfaction, and less burnout for providers. <i>Health Aff (Millwood)</i>. 2010;29(5):835–843.</p> <p>SKIM Study.net #30: Brookings Institute. <i>The ACO Toolkit</i>.</p>	<ol style="list-style-type: none"> Evaluate the benefits of a high performance medical home on health services value creation. Evaluate the benefits of a high performance ACO on health services value creation.
24	Thursday Dec 6	<p>The Future of the US Health Services System</p> <p>Christopher Forrest</p>	<p>Read: Study.net # 32 McDonough JE. The road ahead for the Affordable Care Act. <i>N Engl J Med</i>. 2012;367(3):199–201.</p> <p>Study.net #33 Bohmer RMJ. The four habits</p>	<p>At the conclusion of the readings and the lecture, students should be able to:</p> <ol style="list-style-type: none"> Identify the attributes of high-value health care organizations. Think strategically about the likely intended and unintended consequences of the Accountable Care Act on the US health services system.

			<p>of high-value health care organizations. <i>N Engl J Med</i>. 2011;365(22):2045–2047.</p> <p>Study.net # 34 Naylor CD, Naylor KT. Seven provocative principles for health care reform. <i>JAMA</i>. 2012;307(9):919–920.</p>	<p>3. Formulate your own principles for how reforming health care systems to meet the concurrent goals of improving health, enhancing the care experience, and controlling costs.</p>
	TBD	Final Exam		