

THE WHARTON SCHOOL  
University of Pennsylvania  
HEALTH CARE MANAGEMENT DEPARTMENT

HCMG 101 – HEALTH CARE SYSTEMS – Section 001  
FALL 2013  
T/TH 12:00 – 1:20, SHDH 350

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

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## 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

Throughout the semester there will be guest speakers. The list of guests include:

- **Guy David, PhD, MA.** Associate Professor of Health Care Management, The Wharton School
- **Pitou Devgon, MD MBA** Senior Associate, Safeguard <http://www.safeguard.com/our-team/deal-team/pitamber-devgon-md>
- **Ezekiel Emanuel, MD, PhD.** Vice Provost for Global Initiatives, Levy University Professor
- Perelman School of Medicine and The Wharton School
- **Samuel S. Fager, M.D., M.B.A., J.D.** Children's Hospital of Philadelphia
- **Gregory Kruse** Health Care Management, The Wharton School and UPHS
- **Curtis Lane, MBA,** Senior Managing Director, MTS Health Partners.  
<http://www.mtspartners.com/health-partners/team/curtis-lane>
- **Catherine Maclean, Ph.D.,** Assistant Professor of Medicine, Department of Medical Ethics and Health Policy, Perelman School of Medicine
- **Ralph Muller,** CEO of University of Pennsylvania Health Care System
- **Amanda Starc, PhD.** Assistant Professor of Health Care Management

## EXAMS AND QUIZES

Exam #1	(Sept 19)	20%
Exam #2	(Oct 17)	25%
Exam #3	(Dec 10)	35%
Discussion participation		20%

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 6 “complete” entries. You will receive 10 points for each complete entry until you hit a maximum of 60 points.

## LECTURE TOPICS AND READINGS

### I. Health and Medical Spending

#### August 29 Course Description and Introduction

- Cutler: Introduction.

#### September 3 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 5 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*

#### September 10 Rising Health Spending

- Feldstein: Chapter 1.
- *Health Care Costs: A Primer*. Rep. Kaiser Family Foundation, 2012.
- 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 12 Does the US get better health from more spending?

- Anderson, GF, Frognier BK. "Health Spending In OECD Countries: Obtaining Value Per Dollar" *Health Affairs*, 27, no. 6 (2008): 1718-1727.
- Institute of Medicine. 2013. U.S. Health in International Perspective: Shorter Lives, Poorer Health. Report Brief.
- 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 17 What to do about rising healthcare costs?

- Baicker, Chandra, and Skinner, "Saving Money or Just Saving Lives? Improving the Productivity of US Health Care Spending." *Annual Review of Economics* 2012. 4:33-56.
- 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.

### II. Health Insurance

#### September 19 The Big Picture: Payers, Health Insurers, Providers, and Suppliers

### **And an Introduction to Health Insurance**

- Feldstein: Chapter 6
- Cutler: Chapter 7

### **EXAM #1**

#### **September 24      Health Insurance Concepts: Adverse Selection and Moral Hazard**

- Feldstein: Chapter 7

#### **September 26      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 1            Insurance System in need of reform**

#### **October 3      Medicare / Medicaid**

- Feldstein: Chapter 8 & 9
- *Medicare: A Primer*. Rep. Kaiser Family Foundation, 2010.
- *Medicaid: A Primer*. Rep. Kaiser Commission on Medicaid and the Uninsured, 2010.

#### **October 8            Insurance Innovations (Curtis Lane)**

#### **October 10          Fall Break**

### **III.      Health Care reform**

#### **October 15            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>
- Gruber J, and Perry, I. "Realizing Health Reform's Potential: Will the Affordable Care Act Make Health Insurance Affordable?" *Commonwealth Fund* April 2011.

#### **October 17            EXAM #2**

#### **October 22            What we might expect from national health care reform (Amanda Starc)**

- 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.
- Schwartz K. Schwartz T. "How Will Health Reform Impact Young Adults?" May 2010.

#### **October 24            Does Health Insurance Improve Health?**

- Baicker K, Taubman SL, Allen HL, et al. “The Oregon Experiment – Effects of Medicaid on Clinical Outcomes” NEJM 2013; 368:1713-1722.

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

##### **October 29 Nursing**

- Feldstein Chapter 24
- Fairman JA, Rowe JW, Hassmiller S, Shalala DE. “Broadening the Scope of Nursing Practice.” NEJM 2011; 364:193-196.
- Iglehart JK. “Expanding the Role of Advanced Nurse Practitioners - Risks and Rewards” NEJM 368;20 May 16, 2013.

##### **October 31 Pharmaceuticals and Biotech**

- 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 5 Paying for Hospitals (Gregory Kruse)**

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

##### **November 7 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 12 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.
- 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 14 Physicians II**

- Feldstein Chapters 10, 11, and 23
- 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.
- Iglehart JK. “The Residency Mismatch” NEJM 369;4 July 25, 2013.

- O'Malley AS, Bond AM, and Berenson RA. "Rising Hospital Employment of Physicians: Better Quality, Higher Costs?" *Issue Brief HSC* 136 August 2011.

## **November 19                    Health Information Technology**

- 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.

## **V. Special topics**

### **November 21                    Running a Health Care System in the Age of Health Care Reform (Ralph Muller)**

### **November 26                    Using Behavioral Economics to Improve Health Behaviors (Kevin Volpp)**

- Volpp KV. et al. A Randomized, Controlled Trial of Financial Incentives for Smoking Cessation. *NEJM*. February, 2009.

### **Incentives for Smoking Cessation November 28                    Thanksgiving**

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

### **December 5                    Affordable Care Act and the Future of Health Care (Ezekiel Emanuel)**

### **December 10                    EXAM #3**