

**THE WHARTON SCHOOL**  
**University of Pennsylvania**  
**HEALTH CARE MANAGEMENT DEPARTMENT**

**HCMG 101 – HEALTH CARE SYSTEMS – Section 001**  
**FALL 2014**  
**T/TH 12:00 – 1:20, SHDH 351**

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

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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, “The Quality Cure: How Focusing on Health Care Quality Can Save Your Life and Lower Spending Too.” 2014. (Required text).
3. David M. Cutler, “Your Money or Your Life: Strong Medicine for America’s Healthcare System.” (Optional)

Other required assigned readings are available on study.net or from links provided in syllabus.

**LECTURES**

Outlines/slides for lectures will be posted on Canvas. Speakers may expand or cover additional material beyond the slides.

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**, Associate Professor of Health Care Management, The Wharton School
- **Sunita Desai**, PhD Student, Wharton, Department of Health Care Management
- **Pitou Devgon, MD MBA** Co-Founder, Creative Vascular, LLC
- **Samuel S. Fager, MD, MBA, JD** Children's Hospital of Philadelphia
- **Gregory Kruse** Health Care Management, The Wharton School and UPHS
- **Michael Richards MD, PhD**, Post-Doc, Leonard Davis Institute
- **Amanda Starc, PhD** Assistant Professor of Health Care Management
- **Kevin Volpp, MD, PhD** Professor of Medicine and Health Care Management

## EXAMS AND QUIZES

Exam #1	(Sept 18)	20%
Exam #2	(Oct 23)	30%
Exam #3	(Dec 9)	30%
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: I will post a weekly discussion question online about 8 times during the semester. 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 28 Why should I learn about the health care system?

- “The Quality Cure” Chapter 1.

#### September 2 Why is the Health Care System About Medical Care and Not Health? (Michael Richards)

- Feldstein: Chapter 3.
- Cawley J. “The economics of childhood obesity.” *Health Aff* (Millwood). 2010 Mar-Apr;29(3):364-71.  
<http://content.healthaffairs.org/content/29/3/364.full>

#### September 4 Will I be able to afford health care when I get old?

- 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*, 2003 Jul-Aug;22(4):15-25.  
<http://content.healthaffairs.org/content/22/4/15.full>
- 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.
- Dranove, Garthwaite, and Ody. “Change In The Health Care Sector Health Spending Slowdown Is Mostly Due To Economic Factors, Not Structural.” *Health Aff*, 2014; 33(8): 1399-1406  
<http://content.healthaffairs.org/content/33/8/1399.full>

#### September 9 Does the US get better health from more spending?

- “The Quality Cure” Chapter 2.
- Anderson, GF. Frogner BK. “Health Spending In OECD Countries: Obtaining Value Per Dollar” *Health Aff*, 2008; 27(6):1718-1727.  
<http://content.healthaffairs.org/content/27/6/1718.full>
- Reinhardt U, Hussey P, Anderson G. “U.S. health care spending in an international context.” *Health Aff*, May/June 2004; 23(3):10-25.  
<http://content.healthaffairs.org/content/23/3/10.full>

#### September 11 What to do about rising healthcare costs?

- “The Quality Cure” Chapters 3 and 4
- 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.
- Cutler D. Analysis & commentary. “How health care reform must bend the cost curve.” *Health Aff* (Millwood). 2010 Jun;29(6):1131-5.  
<http://content.healthaffairs.org/content/29/6/1131.full.pdf>

#### September 16 The Value of Medical Spending (Michael Richards)

- Feldstein: Chapters 2 and 5. (For those with the 5<sup>th</sup> Edition also read chapter 21 “Comparative Effectiveness Research”)

- The Obscure Drug with a Growing Medicare Tab:  
<http://www.nytimes.com/2014/08/05/upshot/the-obscure-drug-with-a-growing-medicare-tab.html?rref=upshot>
- Dealing with Opioid Abuse Would Pay for Itself:  
<http://www.nytimes.com/2014/08/05/upshot/dealing-with-opioid-abuse-would-pay-for-itself.html?rref=upshot>
- The \$1,000 Hepatitis Pill Shows Why Fixing Health Costs Is So Hard:  
<http://www.nytimes.com/2014/08/03/upshot/is-a-1000-pill-really-too-much.html?rref=upshot>

## II. Health Insurance

### September 18      **The Big Picture: Payers, Health Insurers, Providers, and Suppliers And an Introduction to Health Insurance**

- Feldstein: Chapter 6

#### EXAM #1

### September 23      **Health Insurance Concepts: Adverse Selection and Moral Hazard**

- Feldstein: Chapter 7

### September 25      **Medicare: How does gov't sponsored health insurance work? (Sunita Desai)**

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

### September 30      **Private Health Insurance Plans: Can they reduce moral hazard and control costs?**

- Feldstein: Chapters 19 and 20.

### October 2      **An Insurance System in need of reform**

### October 7      **Medicaid: Providing health insurance to the poorest citizens**

- Feldstein: Chapter 9
- *Medicaid: A Primer*. Rep. Kaiser Commission on Medicaid and the Uninsured, 2010.

### October 14      **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 16      **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.
- Newhouse JP. "Assessing Health Reform's Impact On Four Key Groups Of Americans." *Health Aff* (Millwood). 2010 Jul;29(9).  
<http://content.healthaffairs.org/content/early/2010/07/22/hlthaff.2010.0595.full>

**October 21                      What can we learn from Massachusetts reforms? (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.  
<http://content.healthaffairs.org/content/29/6/1106.full>
- Schwartz K. Schwartz T. "How Will Health Reform Impact Young Adults?" May 2010.

**October 23                      EXAM #2**

**III.      Providers and Suppliers of Medical Care**

**October 28                      Pharmaceuticals and Biotech (Michael Richards)**

- Feldstein: Chapter 25, 26, 27, and 28
- Danzon PM and MF Furukawa. "Prices and Availability of Pharmaceuticals: Evidence from Nine Countries." *Health Aff – Web Exclusive* W3-521 – W3-536. October 29, 2003.  
<http://content.healthaffairs.org/content/early/2003/10/29/hlthaff.w3.521.full.pdf>

**October 30                      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.  
<http://content.healthaffairs.org/content/29/5/779.full>

**November 4                      Physicians: Adapting to a changing health care system**

- 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.  
<http://content.healthaffairs.org/content/29/5/933.full>
- 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 6                      Nursing: Advancing practice**

- 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.

**November 11                      Health Information Technology: Can it improve the health care system?**

- Feldstein: Chapters 13 and 18.

- “The Quality Cure” Chapter 5
- 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.  
<http://content.healthaffairs.org/content/29/4/647.full>
- 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.  
<http://content.healthaffairs.org/content/29/7/1370.full>
- 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.  
<http://content.healthaffairs.org/content/29/6/1214.full>

**November 13            Paying for Hospitals (Gregory Kruse)**

- Feldstein: Chapters 15 and 16

**November 18            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 Aff*. 2000 Nov;19(6):178-186.  
<http://content.healthaffairs.org/content/19/6/178.full.pdf+html>
- David G and LA Helmchen. An Uncertain Prescription. *Regulation*. Summer 2006.

**November 20            New Systems of Care (Guy David)**

**V. Special topics**

**November 25            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.

**December 2            TBA**

**December 4            Healthcare Venture Capital (Pitou Devgon)**

**December 9            EXAM #3**