

**THE WHARTON SCHOOL  
University of Pennsylvania**

**HCMG 213:**

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

**Fall 2014**

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

**Location: CPC Auditorium**

John R. Kimberly, Ph.D.  
Room 2109, Steinberg Hall – Dietrich Hall  
Office Hours: By appointment  
Email: [kimberly@wharton.upenn.edu](mailto:kimberly@wharton.upenn.edu)

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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 strategic domains in health care:

- Information management
- Care management
- Cost management

## **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 August 20.

Students may occasionally need to use the citation information to retrieve articles online from the Penn library.

The in-class case study will need to be purchased from Harvard Business School press.

## **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) – 10%*  
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 13<sup>th</sup> to assess your choice of organization and to guide you in developing the strategic profile. 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.**

*Participation – 5%*

We expect that each of you will participate in each class discussion. As part of your participation grade, we also require that you send one question for each guest lecturer to both of us via e-mail before the relevant session begins. A sentence or two is sufficient, and we hope that you use this assignment as an opportunity to prepare to engage with the guest lecturer in class.

## Class Schedule and Assigned Readings

Wednesday 8/27/14      **Introduction to HCMG 213**

Profs. Kimberly and Swanson

Readings:

- Sack, Kevin. 2011. "Nuns, a 'Dying Breed,' Fade From Leadership Roles at Catholic Hospitals." *The New York Times*. August 21, p. A12.
- Creswell, Julie and Reed Abelson. 2014. "Hospital Chain Said to Scheme to Inflate Bills." *The New York Times*. January 24, p. A1.
- Corwin, Howard A., et al. 2014. "Medicine as a Business." *The New York Times*. February 9, p. SR10.

Wednesday 9/3/14      **Overview of the Health Care Landscape I:  
The Macro Landscape**

Prof. Kimberly

**Assignment:** Identify four factors that are shaping the health care landscape currently. Be prepared to present them to the class.

Monday 9/8/14      **Health Care Reform and Its Impact**

Stuart Guterman  
Vice President, Medicare and Cost Control  
The Commonwealth Fund  
Washington, D.C.

Readings:

- Blumenthal, D. and S. Collins. 2014. "Health Care Coverage under the Affordable Care Act — A Progress Report." *New England Journal of Medicine* 371(3), 275-281.
- Blumenthal, D., K. Stremekis, and D. Cutler. 2013. "Health Care Spending — A Giant Slain or Sleeping?" *New England Journal of Medicine* 369(26), 2551-2557.

- Colla, C., et al. 2014. "First National Survey Of ACOs Finds That Physicians Are Playing Strong Leadership And Ownership Roles." *Health Affairs* 33(6), 964-971.
- Guterman, S. and R. Nuzum. 2013. "Finding Consensus on Policies to Slow Health Spending Growth." *The Commonwealth Fund Blog*. Available at <http://www.commonwealthfund.org/publications/blog/2013/sep/finding-consensus-health-spending>.
- Squires, D. 2014. "The Global Slowdown in Health Care Spending Growth." *Journal of the American Medical Association* 312(5), 485-486.

Assignment:

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

## Wednesday 9/10/14      **The Fundamentals of Competitive Analysis**

Prof. Swanson

Readings:

- Porter, M. (2008). "The Five Competitive Forces that Shape Strategy." *Harvard Business Review*, 78-93.

## Monday 9/15/14      **Overview of the Health Care Landscape II: The Micro Landscape**

Prof. Kimberly

Readings:

- Hanson, William. 2011. The Other Health Care Revolutions. *The Pennsylvania Gazette*. Sept/Oct, pp. 45-50.
- Gawande, A. 2012. "Big Med: Restaurant Chains Have Managed to Combine Quality Control, Cost Control, and Innovation. Can Health Care?" *The New Yorker*. August 13.
- Quint, A. 2014. "Getting Sick of Corporate Medicine (Opinion)." *The Philadelphia Inquirer*. July 13. Available at [http://www.philly.com/philly/opinion/20140713\\_Getting\\_sick\\_of\\_corporate\\_medicine.html](http://www.philly.com/philly/opinion/20140713_Getting_sick_of_corporate_medicine.html).

## **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.

Wednesday 9/17/14      **Market Structure and Business Strategy**

Prof. Swanson

Readings:

- Gaynor, M. and R. Town. 2012. "The Impact of Hospital Consolidation – Update." *The Robert Wood Johnson Foundation Synthesis Project Policy Brief* 9. Available at [http://www.rwjf.org/content/dam/farm/reports/issue\\_briefs/2012/rwjf73261](http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2012/rwjf73261).
- Creswell, J. and R. Abelson. 2013. "New Laws and Rising Costs Create a Surge of Supersizing Hospitals." *The New York Times*. August 13, p. B1.
- Glass, I., et al. (Producer). (2009). "Someone Else's Money." *This American Life*. Network City: Chicago, IL. Available at <http://www.thisamericanlife.org>.

Monday 9/22/14      **Care Management**

Dr. Mary Naylor

Professor in Gerontology; Director of NewCourtland Center for Transitions and Health  
University of Pennsylvania School of Nursing

Readings:

- Bernstein, Nina. 2014. "Medicaid Shift Fuels Rush for Profitable Clients." *The New York Times*. May 8, p. A1.

Wednesday 9/24/14

**Cost Management**

Ralph Muller  
Chief Executive Officer  
University of Pennsylvania Health System

Readings: TBA

Assignment:  
Resource base (5%) due

Monday 9/29/14

**Perspectives on Competition in the Health Care Industry**

Profs. Kimberly and Swanson

Readings:

- Porter, M. E. & T. H. Lee (October 2013). The Strategy That Will Fix Health Care. *Harvard Business Review*.
- Casadesus-Masanell, R. & Ricart, J. E. (January - February 2011). How to Design a Winning Business Model. *Harvard Business Review*, 100-107.
- Gawande, A. (2013). Slow Ideas. *The New Yorker*, July 29.
- Hwang, J., & Christensen, C. M. (2008). Disruptive Innovation in Health Care Delivery: A Framework for Business-Model Innovation. *Health Affairs*, 1329-1335.

Wednesday 10/1/14

**Information Management**

Dr. William Hanson  
Chief Medical Information Officer  
University of Pennsylvania Health System

Readings:

- Office of the National Coordinator for Health Information Technology. (2013). Federal Health IT Strategic Plan Progress Report. June.
- Mandl, K. D. and I. S. Kohane. (2012). Escaping the EHR Trap – The Future of Health IT. *New England Journal of Medicine* 366(24): 2240-2242.



Monday 10/6/14	<b>In Class Case Session</b>  Prof. Swanson  Readings: <ul style="list-style-type: none"> <li>Huckman, R. S. and N. Trichakis (2013). Infection Control at Massachusetts General Hospital. <i>Harvard Business School Case</i>.</li> </ul>
Wednesday 10/8/14	<b>Innovation as a Strategic Weapon I</b>  Prof. Kimberly  Assignment: <ul style="list-style-type: none"> <li>What is Blue Ocean Strategy? How relevant is BOS for the health care sector? Be prepared to present an example of BOS in health care.</li> </ul>
Monday 10/13/14	<b>Meetings with Project Teams</b>
Wednesday 10/15/14	<b>Meetings with Project Teams</b>
Monday 10/20/14	<b>Application Session</b>  Assignment: Accolade <ul style="list-style-type: none"> <li>Case study (15%) due</li> </ul>
Wednesday 10/22/14	<b>The Effects of Insurance Market Reforms on Strategy</b>  Prof. Swanson  Readings: <ul style="list-style-type: none"> <li>Taubman, Sarah L., et al. 2014. "Medicaid Increases Emergency-Department Use: Evidence from Oregon's Health Insurance Experiment." <i>Science</i> 343(6168): 263-268.</li> <li>Felland, Laurie E. 2013. "Denver: Competitive Insurance Market Awaits National Health Reform." <i>Center for Studying Health System Change</i>. June.</li> </ul>

- Oberholzer-Gee, F., et al. (2011). Horizon Blue Cross Blue Shield of New Jersey – Managing in the Shadow of Health Reform. *Harvard Business School Case*.

Monday 10/27/14

**What's New in Health Care Strategy?**

Prof. Kimberly

Readings:

- Creswell, J. 2014. "The Race Is On to Profit From Rise of Urgent Care." *The New York Times*. July 10, p. A1.

Assignment:

- Landscape analysis (20%) due

Wednesday 10/29/14

**Big Data in Health Care**

Prof. Jonathan Kolstad  
Department of Health Care Management  
Wharton

Readings: TBA

Monday 11/3/14

**Project Presentations**

Wednesday 11/5/14

**Project Presentations**

Monday 11/10/14

**Project Presentations**

Wednesday 11/12/14

**Project Presentations**

Monday 11/17/14

**Innovation in Insurance**

Tom Olenzak and Mike Varenna  
Independence Blue Cross

- Wednesday 11/19/14    **Meetings with Project Teams**
- Monday 11/24/14    **Entrepreneurial Opportunities in Health Care**
- Dr. Stephen McCormack  
Chairman and CEO  
Visus Technology
- Readings: TBA
- Wednesday 11/26/14    **Friday Class Schedule for Thanksgiving (no class)**
- Monday 12/1/14    **Innovation at UPHS**
- Roy Rosin  
Chief Innovation Officer  
University of Pennsylvania Health System
- Wednesday 12/3/14    **Patient and Provider Incentives in Health Care**
- Dr. Kevin Volpp  
Professor of Medicine and Health Care Management  
Director, Center for Health Incentives and Behavioral Economics
- Monday 12/8/14    **Debriefing**
- Prof. Kimberly and Prof. Swanson
- Friday 12/12/14
  - **Final paper (40%) due**
  - **Group process reflection (15%) due**