Managed Care and the Industrial Organization of Health Care

HCMG 845-001
Spring 2015

Instructors

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Class Information

Location: John M. Huntsman Hall
Time: Tuesdays, 6:00-9:00 p.m.

Overview

This course examines two large topics in the healthcare industry: managed care and the industrial organization of health care. Each topic is really an umbrella concept that covers a broad array of approaches and techniques. The course seeks to analyze the strategy, structure, and performance of developments in each area. Thus, we shall consider

(a) Horizontal consolidation among payers and providers
(b) The blurring of vertical distinctions
(c) The role of managed care and
(d) The impact of recent reform on each of these trends.

The goal of the course is to combine a grounding in the economics literature with practitioner perspectives. The course will draw on a range of information sources: presentations by industry experts and executives, recent, ongoing research investigations in these areas, recent cases, and selected industry publications. The course will also ask students (in teams) to conduct focused industry investigations into managed care and industrial organization that extend our knowledge of these topics. Student investigations will be shared with the class.
Conduct

This course is co-taught by Amanda Starc and Brad Fluegel, as well as several guest lecturers from the industry. It will meet every Tuesday evening from 6-9 p.m. Dr. Starc will hold office hours before class on Tuesdays from 5-6 p.m.

Course Requirements

Students will conduct two team projects. The team projects must be handed in and prepared for in-class presentation on March 3 and April 28, respectively. Consult these dates in the syllabus for possible topics. The project reports should be no more than 15-20 pages in length each. Student project teams for the first project should form by the third class of the semester; teams for the second should form by the second class following spring break (March 25th). Topics should broadly focus on the strategy/structure/performance of managed care and industrial organization or integrated healthcare. Where possible, teams will be matched with industry experts as advisors. Papers are due in class the day of the presentation.

The two project papers (approximately 15-20 pages) and class presentation (approximately 15 minutes) should focus on a specific aspect of managed care and industrial organization or integrated healthcare. You should stake out a position with regard to your topic and present evidence/research supporting your position. You should also discuss prevailing counter perspectives on the topic, and show why you believe these arguments fail. Interviews with individuals knowledgeable about the topic are strongly encouraged.

Potential topic areas include:
- Potential impact of health care reform on managed care organization
- Does managed care work for Medicare and Medicaid populations?
- Impact of contracting and payment methods on physician behavior or clinical outcomes
- Changing role of health care purchasers. Should employers continue to provide health coverage or should individuals purchase coverage for themselves?
- Should health plans compete on the public exchanges? If so, how?
- Physicians and hospitals: What models of integration work?
- Effectiveness of disease management
- Methods to achieve economies of scale in horizontal combinations
- What is the future of hospital systems?
- What is the future of physician organizations?
- Does diversification in the provision of healthcare services work?
- Mergers and acquisitions: How do you make them work?
- Value chain alliances in health care
- What is the effectiveness of various trends (ACOs, P4P, CDHP, HIT, etc.) in controlling costs and/or improving the quality of health care?

Grading

Grades will be based on a mixture of the two team projects (80% total, 40% each), and classroom attendance/participation (20%).
Schedule

Jan 20  Introduction

Readings:
1. Kongstvedt, Essentials of Managed Health Care
   a. Chapter 1 (Origins of Managed Care)
   b. Chapter 2 (Types of Managed Care Plans & Integrated Healthcare Delivery Systems)
   c. Chapter 8 (Performance-Based Incentives in Managed Care: Pay-for-Performance)

Jan 27  Managed Care Overview & How Provider Organizations are Responding to Reform

Guest Speaker: Allen Smith, MD, MS, Partners Healthcare
               Jessica Dudley, MD, Partners Healthcare

Readings:
1. Kongstvedt, Essentials of Managed Health Care
   a. Chapter 14 (Role of Health Plans in Preventing Disease)
   b. Chapter 15 (Quality Management in Managed Care)
   c. Chapter 18 (Claims Administration)
   d. Chapter 19 (Member Services)
   e. Chapter 20 (Healthcare Consumerism)
   f. Chapter 21 (Sales and Marketing)
   g. Chapter 22 (Employer’s View of Managed Health Care)
   h. Chapter 23 (Accreditation and Performance Measurement Programs for Managed Care Organizations)
   http://healthreform.kff.org/
Feb 3  Antitrust

Guest Speaker: Jeff Perry, JD, Weil, Gotshal & Manges, LLP

Readings:

Feb 10  Costs

Guest Speaker: Jeffrey Levin-Scherz, MD, National Leader, Health Management Practice at Towers Watson

Readings:

Feb 17  Structure & Economics of the Managed Care Industry

Guest Speaker: Kurt Wrobel, MBA(Wharton Grad!), Humana

Readings:
1. Kongstvedt
   a. Chapter 3 (Elements of Management Control & Gov Structure)
   b. Chapter 4 (Common Myths and Assertions about Health Plans)
   c. Chapter 5 (Physician Networks in Managed Health Care)
   d. Chapter 6 (Basic Compensation of Physicians in Managed Health Care)
   e. Chapter 7 (Hospitals, facilities and Ancillary Services)
2. Wrobel, “Economics of Health Insurance Plan Design,” (Study.net)
5. HBS Case – Oxford Health Plans: Specialty Management (Study.net)

Feb 24

(Provider) Market Structure

Readings:

Mar 3

Project Presentations

Mar 17

Consumer Expectations

Readings:

4. Kongstvedt
   a. Chapter 18 (Claims Administration)
   b. Chapter 19 (Member Services)
   c. Chapter 20 (Healthcare Consumerism)
   d. Chapter 21 (Sales and Marketing)
   e. Chapter 22 (Employer’s View of Managed Health Care)

Mar 24  Vertical Integration, The Kaiser Experience

Guest Speaker: Bernadette Loftus, MD, Permanete Medical Group

Readings:

Mar 31  Accountable Care Organizations

Guest Speaker: Rich Montville, SVP, Optum Corporate Strategy, United Health Group

Readings:
Apr 7  Information Technology

Guest Speaker: Raymond Falci, Managing Director, Cain Brothers & Company LLC (Wharton Grad!)

Readings:
1. Kongstvedt
   a. Chapter 16 (Data Analysis and Profiling in Health Plans)
   b. Chapter 17 (Information Technology in the Healthcare Org)

Apr 14  Medicare and Medicaid

Guest Speaker: Stephen Wood, Senior Vice-President, Ingenix Consulting

Readings:
1. Kongstvedt
   a. Chapter 26 (Medicare and Managed Care)
   b. Chapter 27 (Medicaid and Managed Care)

Apr 21  Premium Subsidized & Private Exchange Coverage

Guest Speaker: John Barkett, Director of Policy Affairs, Towers Watson Exchange Solutions

Readings:

Apr 28  Project Team Presentations