

HCMG 213: Health Care Management and Strategy- The Business of Health Care

The Wharton School, University of Pennsylvania

Fall 2015

Monday / Wednesday, 12:00pm – 1:30pm

Location: CPC Auditorium

John R. Kimberly, Ph.D.

Room 2109, Steinberg Hall – Dietrich Hall

Office Hours: By appointment

Email: kimberly@wharton.upenn.edu

Kyle R. Myers, M.S., Ph.D. Student

Colonial Penn Center, 4th Floor

Office Hours: By appointment

Email: myersky@wharton.upenn.edu

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 will evaluate the challenges health care organizations 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 a 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 group project focused on innovation in one of three strategic domains in health care:

1. Big data and information management
2. Personalized medicine
3. Promotion of healthy behaviors and choices

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 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 and Deliverables

Group project – 65%

The majority of your grade will be based upon successful completion of a series of deliverables related to the course's group project. You will be asked to submit your project domain preferences by the start of class session #3 (9/2/15) and will subsequently be assigned to teams of 4 – 5. During the semester, your team's deliverables will include a Resource Base, Landscape Analysis, Project Plan and a Final Paper. The Final Paper submitted at the end of the semester will critically evaluate the innovation strategy used by the health care organization you have chosen. Choices can include any organization along the health care value chain, provided it falls within your assigned project domain.

We will schedule individual meetings outside of class with project teams for the first week of October to assess your choice of organization and to guide you in developing the strategic profile. We will also make other class times available for discussions with project teams on an as needed basis. Each team will be required to submit the following:

Resource Base – 5%, due before class 9/28/15

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%, due 5pm 10/26/15

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 Plan – 5%, due 5pm 10/28/15

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 – 35%, due 5pm 12/11/15

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 – 10%, due 5pm 12/11/15

(To be completed individually) 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.

Case Study #1: Netflix – 10% due before class 9/30/15

(To be completed individually) You will learn about the emergence of Netflix, how it altered the home video market, and what challenges they faced from incumbents like Blockbuster, and new technologies like video-on-demand. You will prepare a 2-page summary of Netflix's position in their markets, and your thoughts as to their best strategy given their competition and demand. You can purchase the case online at: <https://cb.hbsp.harvard.edu/cbmp/product/607138-PDF-ENG>.

Case Study #2: Accolade – 15%, due 5pm 10/20/15

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.

Class Schedule and Assigned Readings

1. Wednesday 8/26/15. Introduction to Strategy
 - a. Prof. Kimberly and Myers
 - b. Readings:
 - i. Five Questions
 - ii. NYTimes 2011 – Fading of CEO Nuns
2. Monday 8/31/15. Overview of the Healthcare Landscape I: The Macro Perspective
 - a. Prof. Kimberly
 - b. Readings:
 - i. Identify four factors that are shaping the health care landscape currently. Be prepared to present them to the class
3. Wednesday 9/2/15. Overview of the Healthcare Landscape I: The Micro Perspective
 - a. Prof. Kimberly
 - b. Readings:

- i. Hanson, William (Sept/Oct 2011). The Other Health Care Revolutions. The Pennsylvania Gazette, 45-50.
 - ii. 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.
- 4. Wednesday 9/9/15. Strategy in Action, CVS and Kyruus
 - a. Prof. Kimberly and Myers
 - b. Readings:
 - i. Research the background, history, and current position of each company
 - c. Due before class: Domain preferences
- 5. Monday 9/14/15. Innovation as a Strategic Weapon I
 - a. Prof. Kimberly
 - b. Readings:
 - i. 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.
 - c. Teams assigned
- 6. Wednesday 9/16/15. Health Reform
 - a. Prof. Dan Polsky
- 7. Monday 9/21/15. Strategic analyses, trade-offs and arguing with numbers
 - a. Myers
 - b. Readings:
 - i. Porter 2008 – Five Forces
 - ii. The Atlantic 2015 – Happy or Healthy
 - iii. The Guardian 2015 – Taylor Swift vs. Apple
- 8. Wednesday 9/23/15. Entrepreneurs and startups: The new (bad) kids on the block
 - a. Myers
 - b. Readings:
 - i. Inc 2011 – How Ents Think
 - ii. Rauch 2015 – Disruptive Ent
 - iii. Sonfield Loussier 1997 – Ent Strat Matrix
- 9. Monday 9/28/15. Innovation as a Strategic Weapon II
 - a. Prof. Kimberly
 - b. Readings: TBD
 - c. Due before class: Resource Base, submit Final Project firm choice
- 10. Wednesday 9/30/15. Case Study #1 Discussion
 - a. Prof. Kimberly and Myers
 - b. Readings: Available at <https://cb.hbsp.harvard.edu/cbmp/product/607138-PDF-ENG>
 - c. Due before class: Case Study #1, Netflix

11. Monday 10/5/15. Domain speaker: Big Data and Information Management
 - a. This week outside of class: Individual meetings to discuss firms and final projects
12. Wednesday 10/7/15. Domain speaker: Personalized Medicine
13. Monday 10/12/15. Domain speakers: Promotion of healthy behaviors and choices
14. Wednesday 10/14/15. Team meetings
15. Monday 10/19/15. Team meetings
16. Tuesday 10/20/15. Due 5pm: Case Study #2, Accolade
17. Wednesday 10/21/15. Case Study #2 Discussion
 - a. Prof. Kimberly and Myers, Accolade leadership
18. Monday 10/26/15. Accolade Debrief
 - a. Prof. Kimberly
 - b. Due 5pm: Landscape Analysis
19. Wednesday 10/28/15. Team meetings
 - a. Due 5pm: Project Plan
20. Monday 11/2/15. Team meetings
21. Wednesday 11/4/15. Life at a new healthcare start-up
 - a. Speaker: Ani Vemprala, Chief Technology Officer, Picwell
 - b. Readings: Visit www.picwell.com, and read about the firm
22. Monday 11/9/15. (Speaker TBD)
23. Wednesday 11/11/15. Final Presentations
24. Monday 11/16/15. Final Presentations
25. Wednesday 11/18/15. Final Presentations
26. Monday 11/23/15. Final Presentations
27. Wednesday 11/25. NO CLASS. Thanksgiving Break.
28. Monday 11/30/15. Current research: Globalization and Health
 - a. Prof. Kimberly

- b. Readings: TBD
29. Wednesday 12/2/15. Current research: Incentives for Innovation
- a. Myers
 - b. Readings:
 - i. Baumann Stiglietz 2014 – No Big Awards
 - ii. Ederer Manso 2013 – P4P
30. Monday 12/7/15. Wrap-Up
- a. Prof. Kimberly and Myers
31. Friday 12/11. Due 5pm: Final Paper and Group Reflection