

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

---

The Wharton School, University of Pennsylvania

## **Fall 2017**

**Monday / Wednesday, 12:00pm – 1:20pm**

**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)

Ashley Swanson, Ph.D.

Colonial Penn Center, 306

Office Hours: By appointment

Email: [aswans@wharton.upenn.edu](mailto:aswans@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. Care delivery and coordination
2. Cost and utilization management
3. Use of data and information technology

## 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 – 55%

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 #8 (9/27/17) 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 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 10/4/17

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 – 15%, due 5pm 11/1/17

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, and where are the opportunities?

#### Final Paper – 35%, due 5pm 12/15/17

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.

### Case Study #1 – 10%, due before class 10/4/17

(To be submitted individually)

### Live Case: PicWell – 15%, due before class 10/23/17

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 2-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. Three or four of you will be randomly chosen to summarize your analyses for them at the beginning of the class session.

### Case Study #2 – 10%, due before class 10/30/17

(To be submitted individually)

### Group Process Reflection – 10%, due 5pm 12/15/17

(To be submitted 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.

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 8/30/17. Introduction to Strategy
  - a. Profs. Kimberly and Swanson
  - b. Assignment:
    - i. Pre-assigned discussion – providers' perspectives on health care policy
    - ii. Hacker, J.S. (2017, April 4). Why an open market won't repair American health care. *The New York Times*.
    - iii. Frank, R. H. (2017, July 7). Why single-payer health care saves money. *The New York Times*.
    - iv. Garthwaite, C. (2017, July 10). Why replacing Obamacare is so hard: it's fundamentally conservative. *The Washington Post*.
2. Wednesday 9/6/17. Health Reform
  - a. Speaker: Tom Baker, JD, William Maul Measey Professor of Law and Health Sciences, University of Pennsylvania Law School
  - b. Assignment:
    - i. Baker, T. (2011). Health insurance, risk, and responsibility after the Patient Protection and Affordable Care Act. *University of Pennsylvania Law Review* 159(6): 1577-1622.

3. Monday 9/11/17. Overview of the Healthcare Landscape I: The Macro Perspective – How health care is different from other sectors of the economy
  - a. Prof. Kimberly
  - b. Assignment:
    - i. Asch, D.A. and Volpp, K.G. (2012). What business are we in? The emergence of health as the business of health care. *NEJM*, 367, 888-889.
    - ii. **Identify four factors that are shaping the health care landscape currently. Be prepared to present them to the class**
  
4. Wednesday 9/13/17. Cost and Utilization Management
  - a. Speaker: Amol S. Navathe, MD, PhD, Assistant Professor of Medicine and Health Policy, Perelman School of Medicine, University of Pennsylvania, Staff Physician, CHERP, Philadelphia VA Medical Center
  - b. Assignment:
    - i. Slotkin, J. R., et al. (2017, June 8). Why GE, Boeing, Lowe's, and Walmart are directly buying health care for employees. *Harvard Business Review*.
  
5. Monday 9/18/17. Care Delivery and Coordination
  - a. Speaker: Mary D. Naylor, PhD, RN, FAAN, Marian S. Ware Professor in Gerontology, University of Pennsylvania School of Nursing Science
  - b. Assignment:
    - i. Hirschman, K., et al. (2015). Continuity of care: the transitional care model. *The Online Journal of Issues in Nursing* 20(3).
    - ii. Naylor, M., et al. (2017). Components of comprehensive and effective transitional care. *Journal of the American Geriatrics Society*.
    - iii. Naylor, M. and Berlinger, N. (2016). Transitional care: A priority for health care organizational ethics. *Nurses at the Table: Nursing, Ethics, and Health Policy, special report, Hastings Center Report* 46(5): S39-S42.
    - iv. Tisminetzky, M., et al. (2017). Research priorities to advance the health and health care of older adults with multiple chronic conditions. *Journal of the American Geriatrics Society* 65: 1549-1553.
  
6. Wednesday 9/20/17. Use of Data and Information Technology
  - a. Speaker: Bill Hanson, MD., Chief Medical Information Officer and Vice President, Professor of Anesthesiology and Critical Care at the Hospital of the University of Pennsylvania
  - b. Assignment:
    - i. TBD
  
7. Monday 9/25/17. Overview of the Healthcare Landscape II: The Micro Perspective
  - a. Prof. Kimberly
  - b. Assignment:
    - i. Hanson, W. (2011, Sept/Oct). The other health care revolutions. *The Pennsylvania Gazette*, 45-50.

- ii. Gawande, A. (2012, August 13). Big Med: Restaurant chains have managed to combine quality control, cost control, and innovation. Can health care? *The New Yorker*.
- 8. Wednesday 9/27/17. Overview of Management in the Health Care Context
  - a. Prof. Swanson
  - b. Assignment:
    - i. Bloom, N., Sadun, R. and Van Reenen, J. (2013). Does management matter in healthcare? *Available at* [http://cep.lse.ac.uk/textonly/\\_new/staff/vanreenen/pdf/HospitalPaper\\_ver11.pdf](http://cep.lse.ac.uk/textonly/_new/staff/vanreenen/pdf/HospitalPaper_ver11.pdf).
    - ii. **Due before class: Domain preferences**
- 9. Monday 10/2/17. Fundamentals of Strategic Analysis
  - a. Prof. Swanson
  - b. Assignment:
    - i. Porter, M. (1996). What is strategy? *Harvard Business Review*, 61-78.
    - ii. Porter, M.E. (2008). The five competitive forces that shape strategy. *Harvard Business Review*.
    - iii. **Due before class: Firm choice and Resource Base**
- 10. Wednesday 10/4/17. Management in Action – Infection Control at MGH
  - a. Profs. Kimberly and Swanson
  - b. Assignment:
    - i. Huckman, R.S. and Trichakis, N. (2013, revised November 2014). Infection control at Massachusetts General Hospital. *Harvard Business School Case 614-044*. *Available at* <http://www.hbs.edu/faculty/Pages/item.aspx?num=45879>.
    - ii. **Due before class: Case Study #1 Discussion**
- \*\*\*Week of 10/9/17 – Meetings with Prof. Kimberly and Swanson outside of class to discuss firm choices and Resource Base results.
- 11. Monday 10/9/17. Competitive Strategy in the Health Care Context
  - a. Prof. Swanson
  - b. Assignment:
    - i. Porter, M. E. & T. H. Lee (2013, October). The strategy that will fix health care. *Harvard Business Review*.
    - ii. Gawande, A. (2013). Slow ideas. *The New Yorker*, July 29.
- 12. Wednesday 10/11/17. Innovation as a Strategic Weapon Pt.1
  - a. Prof. Kimberly and Swanson
  - b. Assignment: 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.
- 13. Monday 10/16/17. Thinking on the Margin – Evaluating strategic alternatives analytically

- a. Prof. Swanson
- b. Assignment
  - i. 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).
  - ii. Casadesus-Masanell, R. & Ricart, J. E. (2011, January-February). How to design a winning business model. *Harvard Business Review*, 100-107.

14. Wednesday 10/18/17. Reserved for Team Meetings

15. Monday 10/23/17. Strategy in Action – In-Class Case

- a. Speaker: PicWell Leadership
- b. Assignment:
  - i. **Due before class: PicWell memo**

16. Wednesday 10/25/17. PicWell Debrief / Innovation as a Strategic Weapon Pt.2

- a. Prof. Kimberly and Swanson

17. Monday 10/30/17. Risk-sharing and Innovation in Partnerships

- a. Prof. Kimberly and Swanson
- b. Assignment:
  - i. DiStefano, J. N. (2017). GE Healthcare's Jefferson deal: Is one vendor better than choice? *Philly.com*. Available at <http://www.philly.com/philly/business/ge-healthcare-puts-disruption-teams-in-jefferson-hospitals-20170717.html>.
  - ii. **Due before class: Case study #2 discussion**

18. Wednesday 11/1/17. Precision Medicine

- a. Prof. Swanson
- b. Assignment:
  - i. Glass, I., et al. (Producer). (2009). "Someone Else's Money." *This American Life*. Network City: Chicago, IL. Available at <http://www.thisamericanlife.org>.
  - ii. Stern, A. D., B. M. Alexander, and A. Chandra. (2017). How economics can shape precision medicines. *Science*, 355(6330): 1131-1133.
- c. **Due before class: Landscape Analysis.**

\*\*\*Week of 11/6/17 – Meetings with Prof. Kimberly and Swanson to discuss progress on Final Projects.

19. Monday 11/6/17. Promotion of Healthy Behaviors and Choices

- a. Speaker: Kevin Volpp, MD, PhD; Professor of Medicine, Professor of Health Care Management; Director, Center for Health Incentives and Behavioral Economics
- b. Readings:

- i. Loewenstein, G., Asch, D.A. and Volpp, K.G. (2013). Behavioral economics holds potential to deliver better results for patients, insurers, and employers. *Health Affairs*, 32(7), 1244-1250.

20. Wednesday 11/8/17. Reserved for Team Meetings

21. Monday 11/13/17. Life at a New Healthcare Start-up

- a. Speaker: Imran Cronk, Founder and CEO, Ride Health

22. Wednesday 11/15/17. Current Research – Globalization and health

- a. Prof. Kimberly

23. Monday 11/20/17. Current Research – The promises and pitfalls of big data in health care management

- a. Prof. Swanson

24. Wednesday 11/22/17. NO CLASS – THANKSGIVING

25. Monday 11/27/17. Final Presentations

26. Wednesday 11/29/17. Final Presentations

27. Monday 12/4/17. Final Presentations

28. Wednesday 12/6/17. Final Presentations

29. Monday 12/11/17. Wrap-Up

- a. Prof. Kimberly and Swanson

30. \*\*\*Friday 12/15/17, 5pm. Final Paper and Group Process Reflection due.