

US PAYER AND PROVIDER STRATEGY

HCMG 845
SPRING 2023

Instructors:

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Class Time / Location

Time: Tuesdays 3.30-6.30 pm

Location: JMHH 250

Overview of Course

This course provides a thorough understanding of two key pillars of the US health care sector: payers and providers. We spend several classes on each segment, discussing the institutions, current trends, success factors and analyzing prevailing strategies. We shall consider:

- US healthcare costs overview
- Insurer landscape, interaction with drug cos, and competition
- Role of government health programs and employers
- Provider payment reform, competition, and consolidation
- Payer and provider growth strategies
- Investing strategies

The course will draw on a range of information sources: presentations by industry experts and executives, recent academic research in these areas, recent cases, and selected industry publications. The course will also ask students (in teams) to conduct focused investigations into payer and provider strategies that extend our knowledge of these topics. Student investigations will be shared with the class at the end of the semester.

Conduct of the Course

This course is co-taught by Atul Gupta and Brad Fluegel, as well as several guest lecturers from the industry. We will meet on Tuesday afternoons. Students can meet with Profs. Gupta/Fluegel by appointment.

Course Requirements

- Students are expected to attend all lectures and participate actively in class discussions.
- There will be one individual assignment with short-essay questions based on the assigned readings and class discussions.
- There will be one presentation on start-ups in healthcare.
- Students will be assigned to groups to work on a semester-long group project. Teams will present their work in the last 2 classes of the semester and submit a short project report (up to 5 pages) of findings. Groups will also be asked to submit a 1-page project proposal in late February so faculty can review and provide feedback. Project groups will be assigned by the 3rd class since enrollment takes time to stabilize. The goal will be to create teams of students from a mix of backgrounds and programs.
- Each group will also be assigned as a “peer reviewer” for another group’s project. The peer group will formally respond to the project presentation with a brief critique/comments of their own.

More guidance on group projects:

Projects should be oriented around asking a question related to payer or provider strategy and work toward answering it. Please avoid preparing an industry landscape style report. For example, an interesting project topic would be, “Does managed care reduce costs or improve quality for Medicare?” In contrast, “Growth of managed care in Medicare” would not be a suitable topic. You should stake out a position with regard to your topic and present evidence/research supporting your position. Wherever relevant, cite references or discussions from the class. You should also discuss prevailing counter perspectives on the topic and explain why you believe these arguments fail or succeed. Interviews with individuals knowledgeable about the topic are strongly encouraged.

Grading

Grades will be based on

- Class attendance and participation (30%)
- Individual assignment (20%)
- Exercise on startups (10%)
- Group project and report (40%)

Required Readings

Instructors will usually assign relevant articles or book chapters for each class. Students are expected to read these *in preparation* for the class. We will make articles available on Canvas or the weblink will be available in the syllabus. We will use the textbook “*The US Healthcare Ecosystem: Payers, Providers, Producers*” by Prof. Lawton Burns (McGraw Hill) as a reference throughout the course and recommend students get themselves a copy or arrange

access to it. The chapter numbers mentioned below refer to specific chapters from this book.

Sequence of Topics and Readings

JAN 17 INTRODUCTION AND COURSE OVERVIEW

- Course overview
- Introduction to US healthcare
- Managed care

Readings:

- Chapter 2: A guide through the wilderness
- Chapter 6: Rising healthcare costs

JAN 24 INSURER LANDSCAPE

- Employer based insurance system
- Government plans: Medicare and Medicaid

Readings:

- Chapter 15: Employer based health insurance
- Chapter 18: Medicare
- Chapter 19: Medicaid and the ACA

JAN 31 PAYMENT MODELS

- Fee-for-service
- Value-based payments
- Evidence from recent reforms

Readings:

- Chapter 6: Rising healthcare costs
- Chapter 7: Managing quality

FEB 7 CONSOLIDATION IN HEALTHCARE

- Horizontal and vertical consolidation – Insurers, hospitals, and physicians
- Antitrust

Readings:

- Gaynor, Martin. “*What to Do about Health-Care Markets? Policies to Make Health-Care Markets Work*” The Hamilton Project. March 2020
- [OPTIONAL] Dranove, David and Burns, Lawton. “*Big Med: Megaproviders and the High Cost of Health Care in America*” University of Chicago press. Chapters 3—8.

FEB 14 PHARMA BENEFITS

Readings:

- Burns Chapter 16: Contracting for prescription drug benefits: role of employers, insurers, and pharmacy benefit managers
- Burns Chapter 21: The pharmaceutical sector
- [OPTIONAL] Burns, Lawton. “*The Healthcare Value Chain: Demystifying the Role of GPOs and PBMs*” Palgrave Macmillan. October 2022. Part III: Pharmacy Benefit Managers (PBMs) Chapters 9—13.

FEB 21 INVESTING IN HEALTHCARE

Guest Speakers:

- Bob Kocher, Partner, Venrock
- Craig Sammitt, Managing Director, ITO Advisors

***** **BREAK – NO CLASS FOR TWO WEEKS** *****

MAR 14 STARTUP EXERCISE - PRESENTATIONS

Guest Speaker:

- Bill Georges, Partner, AlleyCorp

MAR 21 INSURER STRATEGY

Guest Speakers:

- John Espinola, EVP, Chief Strategy and Product Officer, Premera Blue Cross
- David Brailer, Chief Health Officer, Cigna

MAR 28 MANAGING GOVERNMENT PLANS

Guest Speakers:

- Kurt Wrobel, President Geisinger Health Plan and EVP, Insurance operations
- Felicia Norwood, EVP, Elevance Health and President, Government Business Division

APR 4 PHARMACEUTICAL BENEFITS

Guest Speakers:

- Amy Bricker, President, Express Scripts
- Jake Frenz, Founder and CEO, SmithRx

APR 11 HEALTH SYSTEMS (I), PROJECT PRESENTATIONS

Guest Speaker:

- Scott Powder, President, Advocate Aurora Enterprises

APR 18

HEALTH SYSTEMS (II), PROJECT PRESENTATIONS

Guest Speaker:

- Kevin Mahoney, CEO, University of Pennsylvania Health System