

## US PAYER AND PROVIDER STRATEGY

HCMG 845  
SPRING 2024

### Instructors:

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CPC 306

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### Teaching Assistant:

**Brian Cortese**

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### Class Time / Location

Time: Tuesdays 3.30-6.30 pm

Location: Steinberg Hall Dietrich Hall, Room 1206

### 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. **Use of electronic devices is allowed only to take notes and not permitted at all during guest speaker visits.**

Students can meet with Profs. Gupta/Fluegel by appointment.

## Course Requirements

- Students are expected to attend all lectures and participate actively in class discussions. We may cold call on students.
- There will be one individual assignment with short-essay questions based on the assigned readings and class discussions.
- Group exercises: Students will be assigned to groups to work on multiple tasks. Groups will be assigned by the 3<sup>rd</sup> class since course enrollment takes time to stabilize. The goal will be to create teams of students from a mix of backgrounds and programs.
  - Class discussion questions
    - Each group will be assigned to prepare 3-4 substantive discussion questions for a guest speaker
  - Semester-long project
    - Teams will work on a semester-long project (guidance below). They will present their work in the last 2 classes of the semester and submit a short project report (up to 5 pages) of findings. In preparation, groups will be asked to submit a 1-page project proposal in February so faculty can review and provide feedback.
    - Each group will also be assigned as a “peer reviewer” for another group’s project. The peer group will critique the project presentation with brief remarks. No written submission or presentation required for peer review.
  - Healthcare startup analysis
    - Students will make a brief informal presentation (no slides required) on a healthcare startup firm of their choice. Depending on the number and size of the groups, we may split each group into two teams for this exercise.
  - To incentivize students to participate actively and contribute to their group’s work product, we will ask all students to rate their fellow group members at the end of the semester on their contributions. Students getting a low rating from their team members will be penalized points on their class participation component.

### 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 (35%)
  - Missing classes may result in a grade penalty
  - Use of electronics during guest speaker sessions will result in a grade penalty
  - Low rating from team members will result in a grade penalty
- Individual assignment (20%)
- Exercise on startups (10%)
- Group project and report (35%)

## **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 16 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 23 INSURER LANDSCAPE**

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

#### **Guest Speaker:**

- Kurt Wrobel, President, Geisinger health plan

#### **Readings:**

- Chapter 15: Employer based health insurance
- Chapter 18: Medicare

- Chapter 19: Medicaid and the ACA

**JAN 30**

## **PAYMENT MODELS**

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

### **Readings:**

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

**FEB 6**

## **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 13**

## **HEALTHCARE DISRUPTION**

- Amazon case study, Adam Holyk, ex Head of Strategy, Walgreens

### **Guest Speakers:**

- Bob Kocher, Partner, Venrock

**FEB 20**

## **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.

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

**MAR 12**

## **STARTUP EXERCISE - PRESENTATIONS**

**MAR 19      INSURER STRATEGY**

**Guest Speakers:**

- David Brailer, Chief Health Officer, Cigna
- Felicia Norwood, EVP, Elevance Health and President, Government Business Division

**MAR 26      HEALTH SYSTEM STRATEGY**

**Guest Speakers:**

- Paul Martino, Co-Founder and Chief Strategy Officer, VillageMD

Private Equity investments in healthcare

- Cai C, Song Z. A Policy Framework for the Growing Influence of Private Equity in Health Care Delivery. JAMA. 2023;329(18):1545–1546. doi:10.1001/jama.2023.2801
- Singh Y, Song Z, Polsky D, Bruch JD, Zhu JM. Association of Private Equity Acquisition of Physician Practices With Changes in Health Care Spending and Utilization. JAMA Health Forum. 2022;3(9):e222886.

**APR 2      PHARMACEUTICAL BENEFITS**

**Guest Speakers:**

- Amy Bricker, EVP and Chief Product Officer - Consumer, CVS Aetna
- Patrick Conway, CEO, OptumRx

**APR 9      PROJECT PRESENTATIONS**

**Guest Speakers:**

- Kevin Mahoney, CEO, University of Pennsylvania Health System

**APR 16      PROJECT PRESENTATIONS**