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

The Wharton School, University of Pennsylvania

Fall 2018
Monday / Wednesday, 12:00pm – 1:20pm
Location: Colonial Penn Center Auditorium

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Course Description
This course presents an overview of the business of health care and how different types of health care organizations have gained, sustained, or lost competitive advantage amidst intense competition, widespread regulation, high interdependence, and massive technological, economic, social, and political changes. Using competitive analysis as our framework, we will evaluate the challenges health care organizations face, and explore how they may use strategy to manage current and emerging challenges more effectively. Optimal decisions regarding strategy will depend on context, including the organization’s management, assets, product portfolios, consumers, relationships with other organizations, and regulatory constraints. 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, and will be challenged to apply those skills in the analysis of specific organizations. The principal deliverable is a group project focused on 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 instructor.
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. Some in-class case studies 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 #5 (9/17/18) and will subsequently be assigned to teams of 4-5. During the semester, your team’s deliverables will include a Resource Base, Landscape Analysis, and Final Paper. The Final Paper submitted at the end of the semester will critically evaluate the 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 meetings outside of class with project teams during the second weeks of October and November to assess your choice of organization and to guide you in developing the strategic profile. Each team will be required to submit the following:

Resource Base – 5%, due before class 10/8/18
The Resource Base will be a 1-2 page firm choice proposal and 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 before class 10/31/18
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 12/14/18
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. 5% of the 35% total will be based on the in-class presentation.
Case Study #1 – 10%, due before class 9/19/18

Live Case: PicWell – 15%, due before class 10/22/18
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 4-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.

Case Study #2 – 10%, due before class 11/12/18

Class Participation – 10%
Class attendance and active participation will be recorded and graded. The participation grade is worth 3X for sessions with case discussions and/or guest lectures. Participation is graded on quality – the key ingredients are preparation, attention, logic, and clarity. Many sessions will have associated discussion questions either on the syllabus or posted in an announcement on Canvas. You are expected to check both as part of your preparation for each session. As an incentive to prepare for class, I will cold-call in class, including during guest lectures.

Students may choose to make up missed sessions using brief discussion assignments if arrangements are made with TA within one week of the missed class.

A note on electronics: electronic devices (tablets, laptops, etc.) are allowed in class, but good judgment is expected. Distracted behaviors are noticed and impact participation grades. See also the above note regarding cold-calling.

Class Schedule and Assigned Readings

1. Wednesday 8/29/18. Introduction to Course
   a. Prof. Swanson
   b. Assignment:
      iv. **Come prepared to discuss PROVIDERS’ perspectives on health care policy.**
2. Wednesday 9/5/18. Overview of the Healthcare Landscape I: The Macro Perspective
   a. Prof. Swanson
   b. Assignment:
      vi. Be prepared to present your perspective on efficiency in health care, and on how technological change impacts the business of health care.

   a. Prof. Swanson
   b. Assignment:
      iv. Come prepared to discuss SPECIFIC examples of market failures, mistakes, frictions, etc. that limit value creation in health care.

4. Wednesday 9/12/18. Health Reform
   a. Speaker: Tom Baker, JD, William Maul Measey Professor of Law and Health Sciences, University of Pennsylvania Law School
   b. Assignment:
   a. Prof. Swanson  
   b. Assignment:  
      i. Gawande, A. (2012). Big Med: Restaurant chains have managed to combine quality  
      ii. Bloom, N., Sadun, R. and J. Van Reenen (2014). Does management matter in  
      iii. Due before class: Domain preferences  

6. Wednesday 9/19/18. Management in Action – Infection Control at MGH  
   a. Prof. Swanson  
   b. Assignment:  
      i. Huckman, R.S. and N. Trichakis (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 Memo  

   a. Speaker: Stuart Craig, PhD student, Health Care Management and Economics, The Wharton  
      School  
   b. Assignment:  
          different from other countries. *Health Affairs* 22(3): 89-105.  
          health care. *Journal of Economic Literature* 50(3). Skip Sections 2 and 3.  

8. Wednesday 9/26/18. 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:  
         new approaches to care are succeeding. *Health Affairs* 36(3): 400-407.  
         IT Analytics*, July 31.
9. Monday 10/1/18. 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:

    a. Prof. Swanson
    b. Assignment:

***Week of 10/8/18 – Meetings with Prof. Swanson and Gupta outside of class to discuss firm choices and Resource Base results

    a. Prof. Swanson
    b. Assignment:
       iv. Due before class: Firm Choice and Resource Base
12. Wednesday 10/10/18. Assets and Competitive Advantage  
   a. Prof. Swanson  
   b. Assignment:  
         *Wall Street Journal*, June 27.  
          Available at https://hbr.org/product/horizon-blue-cross-blue-shield-of-new-jersey-  
          managing-in-the-shadow-of-health-care-reform/711403-PDF-ENG.  

13. Monday 10/15/18. Buyer and Supplier Power  
   a. Professor Swanson  
   b. Assignment:  
         cooperation, competition, or separation? *Health Affairs*, January/February.  
         *Bloomberg*, April 8.  
          Affairs*, July.  
          Appendix.*

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

15. Monday 10/22/18. Strategy in Action – In-Class Case  
   a. Speaker: PicWell Leadership (lunch to follow)  
   b. Assignment:  
      i. Due before class: PicWell Memo

    Crisis  
   a. Speaker: Dr. John Kimberly  
   b. Assignment: TBD

17. Monday 10/29/18. Innovation on the Ground – Care, Cost, and Technology at Innovation Health  
   a. Speaker: Dr. Sunil Budhrani, MD, MPH, MBA, Chief Medical Officer and Chief Medical  
      Informatics Officer, Innovation Health; Co-Founder, CareClix Telemedicine  
   b. Assignment: TBD
18. Wednesday 10/31/18. Size vs. Strategy
   a. Prof. Swanson
   b. Assignment:
      iv. Due before class: Landscape Analysis

   a. Charu Gupta
   b. Assignment:

20. Wednesday 11/7/18. 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. Assignment:

***Week of 11/12/18 – Meetings with Prof. Swanson and Gupta to discuss progress on Final Projects***

   a. Charu Gupta
   b. Assignment:
      iii. Due before class: Case Study #2 Memo
22. Wednesday 11/14/18. Agency Problems and Health Care Strategy
   a. Prof. Swanson
   b. Assignment:

23. Monday 11/19/18. The Cutting Edge – Precision Medicine and Big Data
   a. Prof. Swanson
   b. Assignment:

24. Wednesday 11/21/18. NO CLASS – THANKSGIVING


27. Monday 12/3/18. Final Presentations

28. Wednesday 12/5/18. Final Presentations

29. Monday 12/10/18. Wrap-Up
   a. Prof. Swanson

30. ***Friday 12/14/18. Due by 5pm: Final Paper