**MANAGED CARE AND**  
**THE INDUSTRIAL ORGANIZATION OF HEALTH CARE**

**Instructors**  
HCMG 845-001  
Spring 2019

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**Class Time / Location**

Time: Tuesdays, 3-6pm  
Location: Colonial Penn Center Auditorium

**Overview of Course**

This course examines two large topics in the healthcare industry: managed care and the industrial organization of health care. Each topic is really an umbrella concept that covers a broad array of approaches and techniques. The course seeks to analyze the strategy, structure, and new developments in both topics. Thus, we shall consider:

- Overview of US health care sector and delivery through managed care  
- Economic perspective on providers, payers, employers, and consumers  
- Government intervention in health care  
- New developments – value based payments, data analytics  
- Market power and concentration  
- The horizontal and vertical integration strategies of payers, providers, and suppliers  
- The rationales behind horizontal and vertical integration strategies

The course will draw on a range of information sources: presentations by industry experts and executives, recent, ongoing research investigations in these areas, recent cases, and selected industry publications. The course will also ask students (in teams) to conduct a focused industry investigation into a related topic that extends our knowledge of these topics. Student investigations will be shared with the class.
**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 every Tuesday. Students can meet with Prof. Gupta and Fluegel by appointment. Allison Briggs — Ph. D. student in Wharton Health Care Management — will be the Teaching Assistant.

**Course Requirements**

The grade will depend on four aspects. First, students are expected to attend every class and participate actively in discussions. Second, we will administer 2-3 surprise in-class quizzes that will draw mainly on assigned readings. These quizzes will typically have short essay or multiple choice questions and test understanding of readings and class discussion. Third, students will complete one individual assignment in the first half of the class. The individual assignment will be either a case study or short questions on topics covered in class. Fourth, students will work on a team project on a topic of their choosing. Teams will present their analysis in class and submit an executive summary (5 pages or less) of their findings. Groups will also be asked to submit a 1 page project proposal prior to spring break so faculty can review and provide feedback.

Student project teams will be assigned by the instructors by the 3rd class since enrollment takes some time to stabilize. The goal will be to create teams of 3-4 students from a mix of backgrounds and programs. In our experience this makes the team formation process smoother and is more likely to result in teams with students of diverse backgrounds. Project topics should broadly focus on the strategy/structure/performance of managed care and industrial organization or integrated healthcare. 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. Interviews with individuals knowledgeable about the topic are strongly encouraged. Where possible, teams will be matched with industry experts as advisors.

**Potential group topic areas include:**

- Physicians and hospitals: what models of integration work?
- Data analytics in health care: successful plays vs. hype
- Horizontal mergers: strategic vs. efficiency benefits for firms
- Hospital business models
- Physician practice business models
- Payment mechanisms for providers: traditional vs. value based, performance pay, examples of success and failure, lessons
- Employer based coverage: new developments in benefit design, push for price transparency, wellness initiatives
- Consuming health care: business innovations targeting consumers, plan design, price shopping, high deductible plans
- Health care reform
  - Publicly funded insurance: Extend further? Change benefit
Grading
Grades will be based on
- Class participation (25%)
- Quizzes (25%)
- Individual assignment (25%)
- Group project (25%)

Required Readings
Instructors will assign 2-3 relevant articles for each class. These will be available on Canvas. Students are expected to read in preparation for the class. We plan to hold 2-3 surprise in-class quizzes on the readings. The individual assignment may also assume knowledge of the readings. In case students would like a text book for additional reference, we recommend the text by Peter Kongstvedt, “Essentials of Managed Health Care” (6th edition).

Sequence of Topics and Readings

JAN 22 INTRODUCTION
Class introduction and overview
Readings:

JAN 29 PATIENTS AND EMPLOYERS (CUSTOMERS)
Guest Speakers:
- Mike Taylor, Aon Hewitt
Readings:
- Altman, D, “Corporate health costs don’t look like a crisis.” Axios. October 1,
2018.

FEB 5  INSURERS: LANDSCAPE AND ECONOMICS

Guest Speaker:
- Kurt Wrobel, CFO and Chief Actuary, Geisinger Health Plan

Readings:

FEB 12  INSURERS: NEW MODELS

Guest Speakers:
- Richard Montwill, Optum
- Dr. Julian Harris, Cigna

Readings:

FEB 19  BIG PICTURE: HEALTH CARE COSTS

Guest Speakers:
- Jeff Levin-Scherz, MD
- Dan Halevy, Horizon Blue New Jersey

Readings:
- Anderson, GF, Reinhardt UE, Hussey PS and Petrosyan, V “It’s the Prices Stupid: Why the United States is So Different than Other Countries.” Health Affairs 2003; 22;89-105

FEB 26  PROVIDERS: LANDSCAPE AND VALUE BASED MODELS

Guest Speakers:
- Jessica Dudley, CMO, Brigham and Woman’s Physician’s Organization
Readings:


**MAR 5**  SPRING BREAK – NO CLASS

**MAR 12**  DRUG PRICING: LANDSCAPE AND MODELS

Guest Speaker:
- Amy Bricker, President Supply Chain - Express Scripts

Readings:


**MAR 19**  GOVERNMENT PROGRAMS, MARKETS AND REFORMS

Guest Speakers:
- Steve Wood
- Dr. Amol Navathe

Readings:


**MAR 26**  INSURER CONSOLIDATION AND ANTI-TRUST

Guest Speaker:
- Prof. Rob Burns, Wharton

Readings:

APR 2 PROVIDER CONSOLIDATION AND ANTI-TRUST

Guest Speaker:
• Subbu Ramanarayanan, NERA Consulting

Readings:

APR 9 NEW BUSINESS MODELS IN HEALTH CARE

Guest Speaker:
• Bob Kocher, Partner, Venrock

Readings:

APR 16 VERTICAL INTEGRATION

Guest Speakers:
• Josh Flum, CVS Health
• Aaron Martin, EVP, Providence St. Josephs Health

Readings:

APR 23 GROUP PROJECT PRESENTATIONS (I)
APR 30 GROUP PROJECT PRESENTATIONS (II)