**Public Policy and the Healthcare Industry**

**MBA Spring A Term BIDDING ONLY**

**Uris 333 Weds 2:15 – 5:45**

**Professor: Neal Masia [nm2724@columbia.edu](mailto:nm2724@columbia.edu)**

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The healthcare industry accounts for nearly 20% of GDP in the United States, and the Trump Administration has promised a full reconsideration of how it will be regulated, financed, and subsidized. This course will explore the links between major public policy events and the financial prospects and implications for various healthcare industry sectors.  Lectures will examine how current and potential public policy decisions will impact the bottom line and the behavior of pharmaceutical companies, hospitals, doctors, insurance companies, and others. Students will work with a team to conduct research on an industry sector and a live public policy or regulatory issue of their choosing and present a report from the perspective of a research analyst or industry strategy consultant.  Students will be expected to use their analytic toolkit to evaluate how a change in a specific government policy would affect a real company’s fortunes and behavior going forward, with implications for investors and firm management.

**Requirements**

Students are required to attend all meetings ready to discuss the assigned readings and having reviewed the provided data.

**Project**

Each student will join a 2-3 person team that will create a 7-10 page report of the team’s own design. The presentation will examine a “live” policy issue from the perspective of *either* an investment advisor or a consultant to senior management of a company in whichever industry segment the team chooses. The report will lay out the potential change in policy, the issues that investors or managers will face, the team’s prediction for how the change will impact investors or firm profitability, and the team’s recommendation for action in response to the potential change. The report and the recommendations must be concrete and quantitative.

I will select the top three teams and each will present in the final week of class.

**Class Schedule**

**JANUARY 25: INTRODUCTION TO THE US HEALTHCARE SYSTEM and the POLICYMAKING APPARATUS**

Committee for a Responsible Federal Budget. Reconciliation 101 (2015). See <http://crfb.org/sites/default/files/Reconciliation%20101_0.pdf>.

Urban Institute— The Widespread Slowdown in Health Spending Growth (2015) See

<http://www.urban.org/sites/default/files/alfresco/publication-pdfs/412668-Trends-in-U-S-Health-Care-Spending-Leading-Up-to-Health-Reform.PDF>

Committee For a Responsible Federal Budget – The Cost of Full Repeal of the Affordable Care Act. <http://crfb.org/sites/default/files/ACA%20Repeal%20Score.pdf>

**February 1: HEALTH INSURANCE, MEDICARE, MEDICAID AND THE ACA**

Sector Overview – to be posted on website along with additional readings

# Frean, Gruber and Sommers. “Premium Subsidies, the Mandate, and Medicaid Expansion: Coverage Effects of the Affordable Care Act”. National Bureau of Economic Research Working Paper 22213. Available at <http://www.nber.org/papers/w22213>.

Sparer, Michael S. “Medicaid at 50: Remarkable Growth Fueled By Unexpected Politics,” *Health Affairs*, 2015, 34(7), 1084-1091. See

<http://content.healthaffairs.org/content/34/7/1084.full.html>

**February 8: HOSPITALS AND PHYSICIANS: BUSINESS, POLICY, and the CONSOLIDATION WAVE**

Materials to be posted on MACRA.

Reinhardt, Uwe. “Pricing of U.S. Hospital Services: Chaos Behind a Veil of Secrecy,” Health Affairs January/February 2006; 25(1): 57-69. See <http://content.healthaffairs.org/content/25/1/57.full.pdf+html>

Accountable Care Organizations, Explained. Kaiser Family Foundation – available at <http://khn.org/news/aco-accountable-care-organization-faq/>

**February 15: THE BIOPHARMACEUTICAL INDUSTRY: BUSINESS, POLICY and INCENTIVES FOR INNOVATION**

**Guest Lecturer Richard Evans, CEO, Sector and Sovereign LLC.**

Industry background materials to be posted on course website.

Berndt, Ernst R., Deanna Nass, Michael Kleinrock and Murray Aitken. Decline in Economic Returns from New Drugs Raises Questions About Sustaining Innovations. *Health Affairs* 2015, 34, no.2: 245-252. Available at <http://content.healthaffairs.org/content/34/2/245.full.html>

U.S. Congressional Budget Office. *Offsetting Effects of Prescription Drug Use on Medicare’s Spending for Medical Services*. Available at <http://www.cbo.gov/sites/default/files/cbofiles/attachments/43741-MedicalOffsets-11-29-12.pdf>

**February 22: POLICY LEVERS: WHAT CAN WE LEARN FROM OTHER COUNTRIES, AND HOW WILL THE US SYSTEM EVOLVE?**

Chernew ME, Baicker K, Hsu J. The Specter of Financial Armageddon — Health Care and Federal Debt in the United States. New Engl J Med 2010;362(13):1166-8. Available at: <http://www.nejm.org/doi/full/10.1056/NEJMp1002873>

Baicker, Katherine, and Amitabh Chandra. "A Trillion-Dollar Geography Lesson." *Health Affairs* 28.5 (September/October 2009): 1448-1451. Available at <http://content.healthaffairs.org/content/28/5/1448.full>

**March 1: WINNING STUDENT PRESENTATIONS, AND WHAT’S NEXT FOR INVESTORS AND FIRMS?**

Materials to be posted.