Public Policy and the Healthcare Industry Bidding Only
MBA Course Syllabus
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The healthcare industry accounts for nearly 20% of GDP in the United States. This course explores the links between major public policy events - for instance, healthcare reform or recent Medicare and Medicaid changes - and the financial prospects and implications for various healthcare industry sectors. Lectures examine how current and potential public policy decisions impact the bottom line and the behavior of key industry sectors including pharmaceutical companies, hospitals, doctors, insurance companies, and others. Students conduct research on an industry sector and a live public policy or regulatory issue of their choosing and present a report to the class from the perspective of a research analyst or industry strategy consultant. Students are expected to use their quantitative and analytic toolkit to evaluate how a key government policy (or potential policy within the health reform context) is likely to affect the industry'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. During the semester every student will prepare an original paper/ case study and make brief in-class presentation.

Presentations

Each student will join a two-person team that will create an 8-10 page report of the students' own design. The presentation will examine a "live" policy issue from the perspective of either an investor or a manager in whichever industry segment the student chooses. The paper will lay out the potential change in policy, the issues that investors or managers will face, and the student's prediction for how the change will impact investors or firm profitability.

Class Schedule

January 30: INTRODUCTION and THE US HEALTHCARE SYSTEM – MOVING PARTS and the ACA

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 – "CBO Budget Projections Show Bleak Outlook" – January 2019. See http://www.crfb.org/blogs/cbo-budget-projections-show-bleak-outlook

Huberfeld, Nicole. "The Supreme Court Ruling That Blocked Providers From Seeking Higher Medicaid Payments Also Undercut The Entire Program." *Health Affairs, 2015, 34(7), 1156-1161. See http://content.healthaffairs.org/content/34/7/1156.full.html*

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 6: HEALTH INSURANCE and HOSPITALS: BUSINESS, POLICY, and the CONSOLIDATION WAVE

Sector Overview – to be posted on website

Span, P. "Hospitals Stopped Readmitting So Many Medicare Patients. Did That Cost Lives?" *The New York Times*. See https://www.nytimes.com/2019/01/18/health/medicare-hospitals-readmissions.html

Pear, Robert. "Hospitals Must Now Post Prices. But It May Take a Brain Surgeon to Decipher Them." *The New York Times*, January 13 2019. See https://www.nytimes.com/2019/01/13/us/politics/hospital-prices-online.html?emc=edit_na_20190113&nl=breaking-news&nlid=56694310ing-news&ref=cta

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

February 13: THE BIOPHARMACEUTICAL INDUSTRY: BUSINESS, POLICY and INCENTIVES FOR INNOVATION

Guest Lecturer – Richard Evans, CEO of Sector and Sovereign, LLC; Former #1 rated pharmaceuticals analyst on Wall Street

Industry background materials to be posted on course website.

"The $9 Billion Upcharge: How Insurers Kept Extra Cash from Medicare." Joseph Walker and Christopher Weaver, *The Wall Street Journal,* January 4, 2019. https://www.wsj.com/articles/the-9-billion-upcharge-how-insurers-kept-extra-cash-from-medicare-11546617082

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 20: PHYSICIANS: BUSINESS, POLICY, STUCK IN THE MIDDLE

Gawande, Atul. "The Cost Conundrum," *The New Yorker*, June 1, 2009. See http://www.newyorker.com/reporting/2009/06/01/090601fa_fact_gawande?currentPage=all

Baicker, Katherine and Amitabh Chandra. "Medicare Spending, the Physician Workforce, and Beneficiaries' Quality of Care," *Health Affairs,* 2004, 23, w184-w197. See http://content.healthaffairs.org/content/early/2004/04/07/hlthaff.w4.184/suppl/DC1.

February 27: MEASURING AND PAYING FOR VALUE IN HEALTHCARE – What Does It Mean for Healthcare Managers and Investors?

Russell, L.B. January/February 2009. Preventing Chronic Disease: An Important Investment, But Don't Count on Cost Savings. *Health Affairs* 28(1): 42-45.

Readings to be posted.

March 6: STUDENT PRESENTATIONS, AND THE US HEALTHCARE SYSTEM: WHAT'S NEXT?

Katherine Baicker, Amitabh Chandra, and Jonathan S. Skinner. Saving Money or Just Saving Lives? Improving the Productivity of US Health Care Spending Annual Review of Economics, Vol. 4: 33 -56 See http://www.annualreviews.org/doi/abs/10.1146/annurev-economics-080511-110942

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

Steinhauer, J., & Phillips, D. "V.A. Seeks to Redirect Billions of Dollars Into Private Care". *The New York Times*, January 12 2019. See https://www.nytimes.com/2019/01/12/us/politics/veterans-administration-health-care-privatization.html