**Managed Care and Integrated Health Networks**

BusAdm 757-001

Wednesday 5:30 – 8:10

Lubar N440

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**Course description**

The purpose of this course is to overview best management practices that improve the financial health of healthcare organizations.  The course is split into three modules focused on best practices for managing physicians, patients/customers and processes.

**Required Readings**

1. Shi, L. and Singh, D.A., (2005). *Essentials of the US Healthcare System*. Jones and Bartlett Publishers. Sudbury, MA.
2. Coursepack from Clark Graphics, 2915 N Oakland Ave (the corner of Locust and Oakland).

**Grading**

Five individual case write-ups………………………25 percent

Individual case presentation………………………....15 percent

Two individual exams……………………………….40 percent

Team project paper and presentation………………...20 percent

1. **Written Case Analyses (25 percent of final grade).** Each student will be required to submit five brief written case analyses, each not exceeding two (2) single-spaced pages. A printed copy of your individual written case analysis is due at the beginning of the class session in which it will be discussed.The submitted analysis should address the assigned focus questions. Additionally, answers should demonstrate correct use of the theoretical concepts and any relevant analytic frameworks as well as provide convincing arguments supported by case data. You may discuss the case with your colleagues prior to class, but the write-up you submit should be based on your own analysis and reflect your original, individual, and independent thinking. Late assignments will be accepted but penalized.
2. **Case Presentation (15 percent of final grade).** Each student will present one of the cases. The presentation should not exceed 30 minutes and should have two main components. First, the presentation should cover the details of the case so that everyone is up to speed regarding its main points. Second, the presenter will seek to persuade the class that their answers to the assigned case questions are correct. To do so, presenters should clearly lay out the logic supporting their own opinion and also pre-emptively refute contrary opinions. Presenters should be prepared for potentially tough questions from the audience. This case presentation is intended to help presenters gain experience analyzing difficult healthcare problems and defending their proposed solutions.

**Table 1. Schedule of Individuals Writing-up and Presenting Each Case.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Case** | **Write-up** | **Present** |
| Feb 4 | Dana Farber | All | Fohl |
| Feb 11 | NO CLASS |  |  |
| Feb 18 | Tufts | Fohl, Khiani, Klos, Knutson, Abu Douleh | Khiani |
| March 11 | Duke CHF | Pouzar, Smith, Sura, Wright | Klos |
| March 25 | Quickmedx | Fohl, Khiani, Klos, Knutson, Abu Douleh | Knutson |
| April 1 | Zipcar | Pouzar, Smith, Sura, Wright | Pouzar |
| April 8 | Intermountain | Fohl, Khiani, Klos, Knutson, Abu Douleh | Smith |
| April 15 | Virginia Mason | Pouzar, Smith, Sura, Wright | Sura |
| April 22 | Children’s Hospital | Fohl, Khiani, Klos, Knutson, Abu Douleh | Wright |
| April 29 | Levy at Beth Israel | Pouzar, Smith, Sura, Wright | Abu Douleh |

1. **Mid-term and Final Exams (40 percent of final grade).** The mid-term exam will cover the material up to that point in the class and will be take in class. The take-home final exam will be cumulative and will be due at the end of the scheduled exam time. You can upload the final exam to the dropbox on D2L. Both exams will have multiple-choice and essay questions. More information about the exams will be given in class.
2. **Team Presentation and Paper (20 percent of final grade).** With one or two classmates, you will present to the class on a specific way to manage healthcare employees, customers or processes. The purpose of this assignment is to share insights you’ve uncovered about a particular topic with the rest of the class. This should be a persuasive presentation such that your goal is to convince the rest of us that your arguments and opinions regarding the topic are correct. Your presentation should not exceed 30 minutes, but should go into depth about your chosen topic. My goal is to give you some time at the end of each class to work with your partner(s) on the topic you selected. The paper should not exceed 20 pages of text and should provide the substance of the arguments you use in your presentation. Here are some sample topics that have worked well in the past:
   1. Managing Healthcare Employees Topics
      1. The chronic nursing and doctor shortage: Causes and solutions
      2. Reasons and ways to control specialist’s pay
      3. Why physician autonomy is important for high quality medical care
      4. The paradox of pay for performance: Why increasing doctor productivity will increase healthcare costs
      5. How to get doctors excited about standardizing the care they provide
      6. Factors that make a capitated system higher quality and lower cost than a fee-for-service system.
      7. How to define high quality doctor performance
      8. “Stayin’ alive” or “puttin’ on the ritz:” Why healthcare provider competition should be based on reducing costs rather than increasing revenues
   2. Managing Healthcare Customers Topics
      1. Ignorance is sublime: When are prostate cancer screening, full-body MRIs, mammography and colon cancer screening wasteful or unhelpful?
      2. The importance of replacing ER visits with office visits
      3. Subsidized costs lead to infinite demand: Why giving patients free and direct email access to their doctor will increase healthcare costs
      4. Ways to help simplify patients’ complex medical decisions.
      5. How shared decision-making between providers and patients can ease doctor workload and reduce patient anxiety
   3. Managing Healthcare Process Topics
      1. Why the U.S. needs a single-payer healthcare system (or why denying healthcare based on financial reasons is wrong)
      2. Why the U.S. needs a more market based reimbursement system (or why socialized medicine is wrong)
      3. It’s easier to spend your money than mine: How health savings accounts could solve healthcare’s financial problems
      4. Electronic medical records will increase quality and reduce costs and not undermine privacy
      5. Increasing transparency: Ways to increase trust and decrease the amount of information that doctors, health plans and patients withhold from each other
      6. How hospital design and regulations could decrease surgical, pharmaceutical, and ICU error rates

**Course Schedule**

**Session 1--Overview--Major Health Care Stakeholders**

1/28/2009

1. Frei, Francis, X., (2008) “Four Things a Service Business Must Get Right” *Harvard Business Review*. April Issue.
2. Text—Chapters 1 and 2

**MANAGING EMPLOYEES**

**Session 2—Managing Systems and Organization**

2/4/2009

1. Edmondson, A. (2003) "Why Hospitals Don't Learn from Failures: Organizational and Psychological Dynamics that Inhibit System Change" *California Management Review.* (45) 2, pp 55-72.
2. Text—Chapters 3 and 12
3. Bohmer, Richard M.J., and Ann Winslow. "The Dana-Farber Cancer Institute." Harvard Business School Case 699-025.

Case write-up questions:

1. Who or what caused the death of Betsy Lehman?
2. What was the Dana-Farber’s system for ensuring patient safety?
3. How should the Dana-Farber respond to the Globe story of March 23, 1995?
4. What are the key issues that must be addressed in the first few days after the error was discovered?
5. How should the Dana-Farber reduce the risk of future errors?

**Session 3—NO CLASS**

2/11/2009

**Session 4—Managing Employees in Capitated Systems**

2/18/2009

1. Bohmer, Richard M.J. "Note on Managed Care." Harvard Business School Note 698-060.
2. Text—Chapter 9
3. Bohmer, Richard M.J., and Nancy D. Beaulieu. "Tufts Health Plan." Harvard Business School Case 699-160.

Case write-up questions:

1. On what assumptions is capitation based?
2. What other incentives do physicians face?
3. What is the likely effect on quality of care?
4. Why is utilization rising?
5. What can Tufts Health Plan do about it?

**Session 5—Managing Physicians in a Medical Group Practice**

2/25/2009

Guest Speakers: Bob DeVita—SVP for the Wheaton Fransiscan Medical Group & Wayne Frangesch, Senior Vice-President for Human Resources at Wheaton Fransiscan

Reading:

1. Bohmer, Richard M.J. "Changing Physician Behavior." Harvard Business School Note 699-124.

**Session 6—Mid-term Exam**

3/4/2009

**MANAGING CUSTOMERS**

**Session 7—Proactive Customer Management**

3/11/2009

Reading

1. Bohmer, Richard M.J., and Laura Feldman. "Duke Heart Failure Program." Harvard Business School Case 604-033.

Case write-up questions:

1. How much money is Duke University Health System losing? What are the economics of the CHF program?
2. Is the Duke CHF disease management program successful? What is the appropriate metric for success? Should Snyderman cancel the program?
3. How does disease management differ from routine care? How does Duke run its CHF disease management program?
4. Which entity is best placed to undertake disease management: the insurer? The employer? The provider?

**Session 8—No class**

3/18/2009

SPRING BREAK

**Session 9—Sorting Simple and Complex Customers**

3/25/2009

Reading:

1. Bohmer, Richard M.J., and Jonathan P Groberg. "QuickMedx Inc." Harvard Business School Case 603-049.

Case write-up questions:

1. What is the QuickMedx business model?
2. Is it viable?
3. How should QuickMedx grow?
4. Is QuickMedx a “disruptive” innovation?

**Session 10—Turning Complex Customers into Simple Ones**

4/1/2009

Reading:

1. Text—Chapter 11
2. Frei, Frances X., “Zipcar: Influencing Customer Behavior.” Harvard Business School Case 605-054.

Case write-up questions:

1. How would you characterize the service Zipcar provides? With which companies or services does it compete? What role does it play in its competitive landscape?
2. What would you say are the critical success factors for Zipcar?
3. What mechanisms does Zipcar have in place to manage behavior? What, specifically, are these mechanisms intended to accomplish? What adjustments, if any, would you recommend that the company make to these mechanisms?
4. How have organizations attempted to influence your behavior. Which types of techniques do you expect to be more or less effective?
5. What is the healthcare equivalent of Zipcar?

**Session 11—How Complex Customers Can Become Simple Over Time**

4/8/2009

Readings:

1. Text—Chapter 7
2. Bohmer, Richard M.J., and Amy C. Edmondson. “Intermountain Health Care.” Harvard Business School Case 603-066.

Case write-up questions:

1. How well is Intermountain Health Care performing?
2. What is Intermountain’s approach to the management of health care delivery?
3. Why does Intermountain do it this way?
4. Why don’t all health care delivery organizations do this?

**MANAGING PROCESS**

**Session 12—Quality and Efficiency Improving Processes**

4/15/2009

Readings:

1. Spear, S.J. (2004) "Learning to lead at Toyota." *Harvard Business Review*. May Issue.
2. Bohmer, Richard M.J., and Erika Ferlins. "Virginia Mason Medical Center." Harvard Business School Case 606-044.

Case write-up questions:

1. What is Gary Kaplan trying to achieve at Virginia Mason?
2. How does the Toyota Production System fit into his strategy?
3. What is your view of the “people are not cars” debate?
4. Is Kaplan’s approach transferable to other U.S. hospitals?

**Session 13—Learning Processes**

4/22/2009

Reading

1. Edmondson, A., Roberto, M.A., & Tucker, A., (2007) Children’s Hospital and Clinics, HBS Case 9-302-050

Case write-up questions:

1. What is your assessment of the Patient Safety Initiative at Children’s? In particular, what do you think about blameless reporting?
2. What barriers did Morath face as she tried to encourage people to discuss medical errors more openly? How did she overcome those barriers?
3. What is your assessment of Morath’s leadership of the organizational change process at

Children’s? Consider the challenges she faced at each stage of the transformation process

and evaluate her effectiveness in addressing these challenges.

1. Has Morath moved prematurely to hire Dr. Knox as the new leader of the safety initiative?
2. What specifically would you recommend that Morath should do and say in the meeting

with Matthew’s parents?

1. Reflect on a time during your career when you were empowered to speak up at work. Then, think of a time when you felt very uncomfortable expressing your views, asking questions, etc. What factors contributed to the atmosphere of openness? What aspects of the work environment discouraged you from speaking up?

**Session 14—The Turnaround Process**

4/29/2009

Readings:

1. Herzlinger, R. A., (2006) “Why Innovation in Health Care Is So Hard.” *Harvard Business Review*. May Issue.
2. Garvin, D.A., Roberto, M.A., “Paul Levy: Taking Charge of the Beth Israel Deaconess Medical Center (A).” HBS Case 9-303-008.

Case write-up questions:

1. How would you describe the situation Levy inherited at the BIDMC? What challenges did he face? Why did previous turnaround efforts fail?
2. How did Levy get started in his new job? In particular, what were his objectives and what did he accomplish:

* prior to his first day of work?
* on his first day?
* during his first week?

1. What (if anything) was distinctive about the way Levy went about formulating, announcing,and implementing the recovery plan? How did he overcome resistance?
2. How did Levy tackly the problem of BIDMC’s “curious inability to decide”?
3. In describing his leadership style, Levy speaks of the “CEO as teacher.” How has he defined that role? Why has he chosen to focus on it? What skills does it require? In what settings is it likely to be useful? Will Levy have to assume a new role (or roles) in the months ahead?

**Session 15—Wrap up and Team Presentations**

5/6/2009

**Take Home Final Exam**