

Professor Sunita Desai
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Value-Driven Health Care ECON-GB 2113

Mondays 6-9PM
KMC 2-80

COURSE DESCRIPTION

Health care insurers, providers, and policymakers are increasingly pursuing strategies to increase “value” in health care. **The objective of this course is to introduce key value-based health care reforms and to apply theory-based approaches to assess their design and evaluate their effects.** We will first discuss approaches to and challenges of defining and measuring value in health care. In particular, we will discuss the centrality of payment structure and incentive design to determining quality, costs, and value. We will then discuss new contracting models and payment approaches intended to incentivize value-driven health care including accountable care organizations, payment bundling, and patient-centered medical homes. We will cover new models of health care delivery and assess their value propositions. This course will cover issues across the health care delivery spectrum including inpatient, outpatient, and prescription drug markets. Particular focus will be placed on the tradeoffs between efficiency and equity in the pursuit of value, the role of big data and technology in facilitating new value-driven initiatives, the importance of evaluation and evidence-based decision-making, and the effect of secular trends including aging demographics and consolidation/common ownership across the health care system. While background knowledge in health care institutions may be helpful, it is not necessary.

PREREQUISITES

While past health care economics course work (particularly Health Care Markets) may provide students with helpful foundational concepts in the organization of the health care delivery system and health economics, it is not a required prerequisite. The topics will be approached from an economic lens, so comfort with concepts in microeconomics will also be beneficial.

CLASS SESSION

Mondays, 6-9PM
KMC 2-80 (Kaufman Management Center: 44 W. 4th St)

TEACHING FELLOW

Grace Kim
Email: gk1512@nyu.edu
Phone: 917-517-9344

Office hours: Tuesdays 3-5PM
Location: Puck Building, 3rd floor, Doctoral Students’ Bullpen (295 Lafayette St)

COURSE MATERIALS

Readings. A coursepack with the cases we will be studying is available at the following link: <https://hbsp.harvard.edu/import/662101>. The coursepack also includes an optional tutorial on case study analysis you might find beneficial. All other readings will be posted on NYU Classes.

Lecture notes. I will post lecture slides on NYU Classes after each class. The slides are not a complete record of all the material discussed in class. Therefore, you should take notes to supplement the slides during class.

DELIVERABLES AND GRADES

There are several deliverables required, each of which is designed to develop different, important skills. All deliverables are listed below with due dates. Please check due dates to avoid any conflicts or delays with submission. Late submissions will not be eligible for full credit. I have provided a one-page sheet of assignment due dates for your reference.

Class participation – discussion and group activities. This is an interactive class and your participation is essential to the understanding of complex healthcare issues. Applying concepts to real-world situations, and expressing this integration effectively is key to your learning. I welcome your thoughtful insights, the diverse experience you bring, and questions. Your consistent attendance, punctuality, and citizenship are also key components of your participation performance.

Case write-ups. We will discuss two cases in the course. One case will examine issues in value-driven health care from the perspective of a large health system and the other from the perspective of a large payer. Prior to classes in which we discuss a case, you will be asked to submit a written response to discussion questions. Your responses should concisely address all key points (2-3 double-spaced pages with 1 inch margins and 12 point font).

Exam. There will be an exam during the last class session.

Your grade for the course will be based on your contributions to these deliverables, weighted as follows:

Class participation	35%
2 case write-ups	35%
Exam	30%

HONOR CODE

The Stern community believes that honesty and integrity are necessary for rewarding academic and professional experiences. These qualities form the basis for the strong trust among members of the academic community (students, faculty, and administrators) that is essential for excellence in education. The Honor Code requires that each student act with integrity in all academic activities and endeavor to hold his or her peers to the same standard.

STUDENTS WITH DISABILITIES

If you have a qualified disability and will require academic accommodation during this course, please contact the Moses Center for Students with Disabilities (CSD, 998-4980) and provide me with a letter from them verifying your registration and outlining the accommodations they recommend.

TECHNOLOGY

Research provides strong evidence that use of laptops during class is a distraction to both the user and to other students that prevents deep learning. In concordance with Stern policy, I ask that you

do not use large screen devices in class. If you do need to use a laptop for note-taking, please speak to me.

NAME CARDS

Please place your name card in front of you during each class to facilitate us learning each other's names as quickly as possible during this short course.

OFFICE HOURS AND ADDITIONAL HELP

I would like each of you to learn and gain as much as you can from this course. Virtual office hours will be offered every Wednesday from 9:00-11:0AM. I am also happy to meet by appointment either in my office or virtually.

Office hours will be held virtually to accommodate schedules and maximize the ability of students to attend. Please sign up for a 15-minute slot using the link to the Google Docs sign up sheet. If multiple students would like to meet at the same time to discuss the group project or another topic, each student's name should be on the sign up sheet so I can facilitate that. Please join the WebEx for your appointment, and you will be placed in a "waiting room" until it is time for your appointment. Please enter your full name in the WebEx, so I can be sure to identify and admit you when it is time for your meeting.

Virtual office hours sign up sheet:

<https://docs.google.com/document/d/1PtRxl8W6jbKNSzcVE8FaAy9XR4bxGo3L7ifQSSvt/dw/edit?usp=sharing>

Virtual meeting room: <https://nyumc.webex.com/meet/desai11>

You can also send me an email (sunita.desai@nyu.edu) with any questions or issues. I'll plan to get back to you within 48 hours. Please keep in mind I cannot guarantee responses on the night or hours before a deliverable is due.

All announcements regarding the course will be made in class or on NYU Classes. Besides administrative issues, I may post clarifications on the class material. You are responsible for checking NYU Classes for announcements on a regular basis (i.e., at least a couple of times a week).

COURSE SCHEDULE AND TOPICS

SEPTEMBER 23 (Session 1): DEFINING AND MEASURING VALUE IN HEALTH CARE

QUESTIONS:

- What does value mean in health care and how do we measure it?
- What are the underlying drivers of low value health care in the US?
- How does value-driven health care aim to change incentives in the health care system?

READ:

- Porter, Michael E. "What is value in health care?." *New England Journal of Medicine* 363, no. 26 (2010): 2477-2481.

SEPTEMBER 30 (No class)

OCTOBER 7 (Session 2): VALUE-BASED PRICING FOR MEDICATIONS / PRINCIPAL-AGENT PROBLEM IN HEALTH CARE

Guest speaker on value-based pricing for drugs: Dr. Peter Bach (Director of Memorial Sloan Kettering's Center for Health Policy and Outcomes)

QUESTIONS:

- What strategies are payers using to control high drug spending?
- What is the tradeoff between drug prices, innovation, and access?
- What are the principal-agent problems in health care?
- How can payors and hospital administrators use economic and management theory to incentivize high performance and quality in health care?

READ:

- Bach, Peter B. "National coverage analysis of CAR-T therapies—policy, evidence, and payment." *New England Journal of Medicine* 379, no. 15 (2018): 1396-1398.
 - Kaltenboeck, Anna, and Peter B. Bach. "Value-based pricing for drugs: Theme and variations." *Jama* 319, no. 21 (2018): 2165-2166.
 - "What is pay for performance in health care?" NEJM Catalyst. 2018.
<https://catalyst.nejm.org/pay-for-performance-in-healthcare/>
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OCTOBER 14 (Session 3): INCENTIVIZING QUALITY IMPROVEMENT IN HEALTH CARE

Case study: Porter, M. and Teisberg, E. "The Cleveland Clinic: Growth Strategy", (2019). Harvard Business School Publishing

Group activity

QUESTIONS:

- What has the role of government been in the push towards value?
- What were major pay for performance programs in the Affordable Care Act and other policies?
- What is the evidence on their effectiveness? What are the challenges of assessing the effects of these programs?

READ/LISTEN:

- Politico's Pulse Check "Ashish Jha on hospital readmissions and global health". 2019.
<https://politicos-pulse-check.simplecast.com/episodes/ashish-jha-on-hospital-readmissions-and-d41cd562>
- Gupta A. "Did the Hospital Readmissions Reduction Program Increase or Decrease Mortality? Penn LDI Health PolicySense. 2019.
<https://ldi.upenn.edu/healthpolicysense/did-hospital-readmissions-reduction-program-increase-or-decrease-mortality>

DELIVERABLES:

- Monday, October 14 6PM. Please submit responses to the case study discussion questions through the link that will be posted on NYU classes before the start of class. The discussion questions:
 1. What is the Cleveland Clinic's overall strategy for improving value for patients? Identify the critical components of their rationale.
 2. Where has the Clinic made the most progress?
 3. What are the areas for improvement?
 4. What other recommendations would you made to Dr. Cosgrove?

OCTOBER 21 (Session 4): INCENTIVIZING PATIENT-CENTERED CARE THROUGH PROVIDER-RISK SHARING

Case study: Makinen, J and Chess, R. "Blue Shield of California in 2018"

QUESTIONS:

- How are common value-based contracts and alternate payment models designed?
- How do new value-based models fundamentally differ from previous efforts to shift risk to providers?
- What is the evidence on whether they have been successful in improving value? Under what conditions do we see better outcomes? What are the tradeoffs with equity?

READ/LISTEN/WATCH:

- Kaiser Health News. "Accountable Care Organizations, Explained". 2015. <https://khn.org/news/aco-accountable-care-organization-faq/>
- Knowledge@Wharton. "Can Bundled Payments Help Control Costs? 2018. <https://knowledge.wharton.upenn.edu/article/bundled-payments-a-model-for-controlling-health-care-costs/>
- Burns, Lawton R., and Mark V. Pauly. "Transformation of the health care industry: Curb your enthusiasm?." *The Milbank Quarterly* 96, no. 1 (2018).

DELIVERABLES:

- Monday, October 21 6PM. Please submit responses to the following discussion questions through the link that will be posted on NYU classes before the start of class.
 1. What are the main drivers of profitability for a health insurer? How do you see industry profitability changing over the coming 5 to 10 years?
 2. Consider integrated provider/insurance systems such as Kaiser, traditional "disconnected" systems in which insurance and care are provided by different entities, and ACOs such as the one built by Blue Shield in combination with Dignity Health and Hill Physicians Group in Sacramento. What do you consider the advantages and disadvantages of each system from the perspective of patients, physicians, technology innovators (i.e., drug companies, diagnostics companies), and the overall health care system?

OCTOBER 28 (Session 5): SOCIAL DETERMINANTS OF HEALTH

Guest speaker: Kaushal Challa (Chief Operating Officer, Ambulatory Care, NYC Health + Hospitals)

Group activity

QUESTIONS:

- What are the contributions of non-health factors to health?
- What are new models of contracting that aim to address social determinants of health? Should health care providers be involved in improving social factors?

READ:

- Artiga A and Hinton E. "Beyond Health Care: The Role of Social Determinants in Promoting Health and Health Equity. Kaiser Family Foundation Issue Brief. 2018.
<https://www.kff.org/disparities-policy/issue-brief/beyond-health-care-the-role-of-social-determinants-in-promoting-health-and-health-equity/>
- "Why addressing social factors could improve US health care." Knowledge@Wharton. 2019.
<https://knowledge.wharton.upenn.edu/article/social-determinants-of-health/>

NOVEMBER 4 (Session 6): PUSHING THE ENVELOPE ON VALUE-DRIVEN HEALTH

Exam

Class conclusion

QUESTIONS:

- How do the limitations to value realization differ across different health care settings?
- What are the limitations of current value-based initiatives being pursued across different health care settings?
- How do market structure, payment structure, and other aspects of a disease or service area impact the effectiveness of current value-based models?
- What new innovations should be pursued? How would they impact the various stakeholders?

Note: Course material and schedule is subject to change based on progress made during each session