Health Insurance & Managed Care
Fall, 2009

SYLLABUS
The Business of Health Care
P11.2848 (001)

This course is intended for current and future health care leaders interested in learning about how the business of health care is financed and managed; key stakeholders’ roles and motivations in the delivery and access of health services, e.g., consumerism as a tool for utilization management.

Cathrin Stickney, Adjunct Professor

The prerequisite for this course is:

P11.1832 Health Economics

Students lacking the prerequisite must have relevant experience in health care or permission of the instructor.

Learning Objectives
At the end of the course, students will understand:

- Evolving changes for the financing of health care and the shift of burden from corporation to consumer
- The dynamics of the relationship between the employer and the insurance organization and how that influences consumers
- How health insurance organizations are organized and regulated today and the impact of health policy on the cost and delivery of care
- The symbiotic roles of providers and insurance organizations as both health care partners and patient/member advocates

Blackboard communication will be available for extended student-instructor communication throughout the course.

Pre-work (complete prior to Week 1)

1. Review Syllabus
2. Review two texts; ~350 pages
3. Study two articles on broad industry concepts
4. Be prepared to discuss, clarify, question concepts
Assigned Reading (To be read IN ORDER and prior to Week 1)

TEXTS


ARTICLES


Key issues in the health care industry.


Several myths about health insurance interfere with the diagnosis of problems in the current system and impede the development of productive reforms.

***All written assignments will be in student’s own words and quotes will be appropriately cited***

SUPPLEMENTAL MATERIAL
Stickney’s Glossary of Terms
Week 1—Monday, September 14, 2009
Introduction to Healthcare Financing

AGENDA

4:55  Welcome & introductions
5:15  Overview of course; syllabus review; assignments (x3); Final Paper topic; article summaries; grading system.
5:30  Lecture
   ➢  Historical perspective; how the financing of health care evolved
   ➢  The U.S. system; unique aspects
6:15  Group discussion: assigned articles
6:30  Next week’s assignment
6:35  Adjourn
Prior to Week 2

The health insurance company itself...

ASSIGNMENT #1: Tenets & Values
Select a large, national, group health insurance carrier for which you will work for the remainder of the course. You are the VP of Public Relations. Write for consumer audience a brief, one-page summary of your company’s tenets, values, mission or principles about doing business (you can get this from your company’s web site).

READING LIST PRIOR TO Week 2

From Managed Care to Consumer Health Insurance: The Fall and Rise of Aetna. James Robinson, Health Affairs March/April, 2004. 43-55
   This paper documents Aetna’s fall as the nation’s largest managed care plan and its subsequent reemergence as a smaller but more profitable multiproduct insurer.

   This paper analyzes the commercial health insurance industry in an era of weakening employer commitment to providing coverage and strengthening interest by public programs to offer coverage through private plans.

***All written assignments will be in student’s own words and quotes will be appropriately cited***
WEEK 2—Monday, September 21, 2009
The health insurance company itself...

AGENDA

4:55 Assignment #1 DUE: *Present and discuss results; turn in work.*
5:10 Lecture
   - The health insurance company
     - Types of insurance
     - Types of financing
   - Overview of carrier functions
     - *From selling & installing a policy to payment of claims and customer service*
5:40 Discussion Leaders; assigned reading
6:00 Next week’s assignments
6:35 Adjourn

Key Terms

ASO
Fully Insured
Insured
Guaranteed Cost
Commercial Insurance
Member/Life/Insured
Prior to Week 3

Federal Regulation…

READING ASSIGNMENT PRIOR TO WEEK 3

A guide to identifying, exploiting, and policing market boundaries.

HIPAA, the 1996 federal health insurance reform law, changed the way states can regulate health plans; its implementation remains a work in progress.

‘MetLife V. Glenn’: The Court Addresses A Conflict Over Conflicts In ERISA Benefit Administration. Timothy Stoltzfus Jost
Addresses A Conflict Over Conflicts In ERISA Benefit Administration. A case concerning disability benefits could have important ramifications for how health benefits are administered as well. Health Affairs. September, 2008 W430 – W440

***All written assignments will be in student’s own words and quotes will be appropriately cited***
WEEK 3—Monday, September 28, 2009

Federal Regulation…

AGENDA

4:55  Lecture: Health Insurance Regulation—Federal [Guest Lecturer]
5:30  Discussion Leaders; assigned reading
6:15  Discuss Final Paper Outline—due week 6
6:30  Discuss next week’s assignments
6:35  Adjourn

Key Terms
COBRA
ERISA
HIPAA
HMO Act
McCarran-Ferguson Act
SOX
Unintended consequences
ASSIGNMENT #2: DOI Report

Explore Internet site:
Go to the New York Department of Insurance (DOI) web site and find the latest Report Card on health care insurance companies. Find your company. Internet site: http://www.ins.state.ny.us. Select “Consumers,” then select “Health,” then under “General Information” select the consumer guides to HMO’s and Health Insurers on the list of options. Write a one-page memo to your CEO regarding your findings and recommendations for action. Be prepared to present and discuss the State’s findings on your health insurance company performance.

READING ASSIGNMENT PRIOR TO WEEK 3

The Impact of State Managed Care Liability Statutes, Mark A. Hall and Gail Agrawal. Health Tracking, Health Affairs. Sep/Oct 2003. 138-145

Since the mid-1990s ten states have enacted statutes that have created tort liability for patient harm caused by managed care organizations, and similar liability has been considered in Congress. This study is the first attempt to evaluate the impact of these state statutes on liability exposure and litigation activity.


Support for state action should be part of any strategy to expand health insurance coverage. Decades-long political deadlock in Washington has frustrated national efforts to expand coverage.

***All written assignments will be in student’s own words and quotes will be appropriately cited***
WEEK 4—Monday October 5, 2009

State regulation…

AGENDA

4:55 Assignment #2: DOI Findings Present and discuss results; turn in work
5:10 Lecture: Health Insurance Regulation—States
6:00 Discussion Leaders; assigned reading
6:30 Next week’s assignments
6:35 Adjourn

Key Terms
Community Rating
DOH
DOI
Guaranteed Issue
NAIC
Portability
Prior to Week 5

Network management...

READING ASSIGNMENT PRIOR TO WEEK 5


Understanding the roller-coaster experience with the use of market forces in health care over the past ten years provides important context for discussions of likely future developments in the nature of competition.


The experience of Group Health Associates, a multispecialty practice physician group in Cincinnati, Ohio, offers an important case study of how payment incentives and market realities can change the way physicians practice medicine.

**Shopping For Price in Medical Care. Paul B. Ginsburg, *Health Affairs*, 26, no. 2 (2007): w208-w216**

Greater price transparency might help curb rising costs, but many overstate the likely magnitude of its contribution.

***All written assignments will be in student’s own words and quotes will be appropriately cited***
AGENDA
4:55  Guest Lecture: Network management
5:45  Discussion Leaders; assigned reading
6:30  Next week’s assignments
6:35  Adjourn

Key Terms
Staff Model
Group Model
Network Model
--owned
--leased
FFS
Capitation
NAF
Unit cost
Utilization
Prior to Week 6

Care management...

READING ASSIGNMENT PRIOR TO WEEK 6

Quality and health improvement programs are tailored to the diversity in preference and willingness to pay across customer segments.

Differential cost sharing preserved employees’ use of preventive services and reduced their employer’s health care costs.

Enrollees in high-deductible plans were more likely than those in PPOs to delay seeking care because of cost.

***All written assignments will be in student’s own words and quotes will be appropriately cited***
WEEK 6—Monday October 19, 2009
Care management…

AGENDA
4:55 Lecture: Care Management
5:15 Discussion Leaders; assigned reading
6:00 Deal or No Deal—review of terms and concepts
6:30 Next week’s assignment
6:35 Adjourn

Key Terms
ALOS
Case Management
Disease Management
DPK
DRG
Utilization Review

***Final Paper Outlines Due***
Prior to Week 7

Quality management…

ASSIGNMENT #3: NCQA
Explore Internet site:
Review the NCQA Website: http://hprc.ncqa.org. Select “Create Report Card.” Select “All” then “Commercial” then “Both.” Prepare for discussion of content, particularly about your insurance company. Compare and contrast with the DOI site. Write a one-page memo to your CEO of findings from the report. Include your findings, contrast with competitors, implications, and your recommendations.

READING ASSIGNMENT


Despite speculation about the nature of disputes between managed care enrollees and their health plans over benefit denials, little empirical information exists about the details of such disputes and how they are actually handled. This study examines 11,000 appeals by enrollees at two of the nation’s largest health maintenance organizations (HMOs)


This paper examines the interplay of professionalism, regulation, and the market in shaping accountability on the part of hospitals, physicians, and health plans.


Pay-for-performance (P4P) has become one of the dominant approaches to improving quality of care, yet few studies have evaluated its effectiveness. Few of early P4P contracts were associated with greater quality improvement than was occurring in practices without such contracts.
WEEK 7—Monday October 26, 2009
Case Study, Quality Management…

AGENDA
4:55 Assignment #3: NCQA website. Discuss results; turn in work
5:15 Lecture: Quality Management
5:45 Discussion Leaders; assigned reading
6:30 Next week’s assignments—Mid-term assessment
6:35 Adjourn

Key Terms
NCQA
JCAHO
HEDIS
CAHPS
EOC
Prior to Week 8

Case study…Dardinger

The administration of benefits and the appeal process can go terribly wrong as is acutely illustrated in the Dardinger Case below—while this is the extreme of what can happen, it can and does happen. This case illustrates the seriousness of the business of insurance and its impact on the lives of individuals and the companies that serve them. There are good lessons to be learned from this case. Lessons from the two previous weeks, Care Management and Quality, will help students understand the critical aspects in this case.

DARDINGER CASE
Read all materials and be completely familiar with the following documents:

- Introductory letter from Ms. Seiver
- COSO Internal Controls
- Ohio State Law: before the case
- Dardinger case study
- Ohio State Law: after the case (Know the difference; how did the case influence state law?)

***The class will be divided into two sides: Anthem (the insurance company) and the Dardinger family***

YOU WILL WANT TO BE VERY PREPARED TO “FACE THE JUDGE”
WEEK 8—Monday November 2, 2009

Case Study…Dardinger

AGENDA

4:55   Dardinger Case Study
6:30   Discuss next week’s assignments
6:35   Adjourn
Prior to Week 9

Insurance products & benefits…

READING ASSIGNMENT


Increased cost sharing for specialty drug products will not reduce their use but will transfer a greater share of their costs to patients.


PPOs have overtaken HMOs as the most popular health benefit option among U.S. workers—to the surprise of many analysts.

***All written assignments will be in student’s own words and quotes will be appropriately cited***
WEEK 9—Monday November 9, 2009

Insurance products and benefits...

AGENDA

4:55   Lecture: Introduction to products & benefits
5:30   Discussion Leaders; assigned reading
6:00   Deal or No Deal—review of terms and concepts
6:30   Discuss next week’s assignments
6:35   Adjourn

KEY TERMS

Indemnity
Point of Service (POS)
Health Maintenance Organization (HMO)
Preferred Provider Organization (PPO)
High Deductible Health Plan (HDHP)
Benefit buy-down
Prior to Week 10

Consumerism…

READING ASSIGNMENT


Higher cost sharing, the subject of the RAND experiment, could strengthen the newer tools of managed care in controlling costs.


Even if litigation generally supports consumer-directed care, neither physicians nor insurers will emerge as clear winners.

***All written assignments will be in student’s own words and quotes will be appropriately cited***
WEEK 10—Monday November 16, 2009

Consumerism...

**AGENDA**

4:55 Lecture: Consumerism
5:30 Discussion Leaders; assigned reading
6:00 Deal or No Deal—review of terms and concepts
6:30 Discuss next week’s assignments
6:35 Adjourn

**Key Terms**

Consumerism
Cost-shifting/cost-sharing
Activation
Behavior Change
Transparency
Prior to Week 11

Introduction to underwriting...

READING ASSIGNMENT


Understanding the underwriting cycle changes since the 1990s to assessing a range of health policy issues for the future.


Six factors have historically influenced a six-year health insurance underwriting cycle for 1965–1991. The underwriting cycle is a thing of the past for most health insurance companies…but important lessons are learned for the industry.

***All written assignments will be in student’s own words and quotes will be appropriately cited***
WEEK 11—Monday November 23, 2009

Underwriting…

AGENDA

4:55   Guest Lecture: Introduction to underwriting
6:00   Discussion Leaders; assigned reading
6:30   Discuss next week’s assignments
6:35   Adjourn

Key Terms
Adverse Selection
Moral Hazard
Death Spiral
Earnings
Prior to Week 12

The Distribution Channel…

READING ASSIGNMENT:


More than half of employers use outside consultants when designing health benefits, but this practice does not result in a different type of benefit package.

Elliot Spitzer


***All written assignments will be in student’s own words and quotes will be appropriately cited***
WEEK 12—Monday November 30, 2009
The Distribution Channel…

AGENDA

4:55 Lecture: The Distribution Channel
5:15 Discussion Leaders; assigned reading
6:00 Deal or No Deal—review of terms and concepts
6:30 Discuss next week’s assignments
6:35 Adjourn

Key Terms
Producer
Agent
Broker
Consultant
Slice
Exclusive
Close Ratio
Persistency
Effective Date
Prior to Week 13

What employers really want...

READING ASSIGNMENT


Employers don’t want to continue providing health benefits, but they don’t want government intrusion, either.


Increased cost sharing for specialty drug products will not reduce their use but will transfer a greater share of their costs to patients.

***All written assignments will be in student’s own words and quotes will be appropriately cited***
WEEK 13—Monday December 7, 2009

What employers really want…

AGENDA

4:55  Guest Lecture: What employers want and how they get it.
6:00  Discussion Leaders; assigned reading
6:35  Adjourn

Key Terms

C-Suite
Finalist Meeting
Renewal
Open Enrollment
WEEK 14—Monday December 14, 2009

Wrap up and Student Presentations!

AGENDA

4:55    Student experience/assessment
5:10    **Presentations: 10 minutes each + 5 min Q&A; and 5 min between presenters**
5:15    Group I
5:35    Group II
5:55    Group III
6:15    Group IV
6:30    Final comments & adjourn
FINAL PAPER

Individuals will write an 8-page paper, or groups of two will write a 12-page paper, or groups of three will write a 15-page paper (not including references or title page). Papers must be 12-point type, 1 inch margins, double-spaced, on one of the following topics. While class lectures and discussions will provide some material for each of these papers, each student will need to research and cite a minimum of three other sources on the topic in order to receive full credit. For group projects, note student name on the respective sections.

Topics

1. The Consumer’s Changing Role. The consumer’s changing role in health insurance cost sharing and risk. Why is the industry moving more toward consumer-driven healthcare? What are the implications and for whom? How must the industry retool in order to accommodate these changes, i.e. transparency? Offer your own perspective on this direction and how carriers can succeed in this rapidly changing environment.

2. Regulation in a Changing Health Care Environment. Discuss the importance of regulation on the insurance industry. With the decline of the HMO, is regulation necessary? You may take a broad view of regulation in the industry or a focused view. Outline the laws that govern your topic and analyze how the insurance industry has measured up. Offer your own perspective and opinions of how the industry could be improved for the protection of the consumer.

3. Quality Purchasing. The role and influence of quality in the purchasing of health care insurance. To what degree do employers consider quality in their purchasing decisions and what are the implications for the employee/consumer? Discuss methods for helping consumers distinguish quality and use it in their own decision-making. Consider tiered and high performance network—can these approaches help resolve the issue of quality purchasing and if not, why not? How might consumerism influence quality and what role will transparency play?

4. Provider Strategy Evolution. Consider how provider (hospital and doctor) roles and their businesses may evolve in the wake of health care industry changes, e.g. consumerism, a universal healthcare plan. Will providers continue to contract with carriers or will they negotiate directly with consumers? Will providers change the way they treat (clinically and through service provision) patients? What are the possible negative effects for providers, e.g., consumer bad debt? How will they manage these challenges?

Note: In order to receive full credit for the final paper, the student will integrate class lectures, reading assignments and a minimum of three other sources from outside the classroom into a cogent paper and presentation of facts, observations and conclusions. All sources must be cited using end-notes.

***If you would like your paper and grade returned to you with comments, please give it to me with a stamped, self-addressed envelope***