PPD 600: MANAGEMENT OF MANAGED CARE ORGANIZATIONS
Fall, 2008
Total Units: 2

Prerequisites: PPD 516 (MHA); PPD 545 (MHA) or HMGT520 (EMHA)

INSTRUCTOR

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Office Hours by Appointment

CLASS DATES, TIMES & LOCATIONS

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friday, October 24, 2008</td>
<td>1:00 p.m. to 9:00 p.m.</td>
<td>RGL TBA</td>
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<tr>
<td>Saturday, October 25, 2008</td>
<td>9:00 a.m. to 5:00 p.m.</td>
<td>RGL TBA</td>
</tr>
<tr>
<td>Friday, November 14, 2008</td>
<td>1:00 p.m. to 9:00 p.m.</td>
<td>Site Visit at BPMG</td>
</tr>
<tr>
<td>Saturday, November 15, 2008</td>
<td>9:00 a.m. to 5:00 p.m.</td>
<td>RGL TBA</td>
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COURSE DESCRIPTION

This course is designed to give students an understanding of the various subject areas in managed health care with an emphasis on its applications and impact on the cost and quality of care. The course will focus on the organization and administration of medical groups, hospitals and integrated delivery systems, and their relationships to purchasers, payors and patients. A set of expert guest lecturers will focus on practical, real-world applications and insights of various aspects of managed health care.

California’s health care delivery infrastructure is highly organized around a health plan – network physician organization model. This structure is unique to California, and merits study to understand the advantages and disadvantages this brings to Californians as they access the medical system at all points in their lives. As future health administrators or public policy makers, students in the class benefit from exposure to the experts who practice in this arena on a daily basis.
READING ASSIGNMENTS

REQUIRED TEXT (The entire text is to be read prior to session I.)


REQUIRED HANDOUTS (Distributed session I and must be read prior to session VIII.)

Miscellaneous Articles

RECOMMENDED READINGS


COURSE REQUIREMENTS, EVALUATION AND GRADING

20% Class Participation

All students are expected to attend class regularly and participate in discussion, questioning and other class activities.

40% Paper

Each student will submit a paper on Saturday, November 15, 2008. The student will select a health care organization to study, focusing on one specific aspect directly relating to managed health care. The individually prepared, comprehensive analysis will include evaluation of the strategies, related operational issues and relative success of the chosen health care organization. The paper will show how the organization and the specific area studied relate to managed health care. A key aspect should delineate the impact of managed health care on the studied organization. The paper will consist of an executive summary, five to ten pages of analysis, support documentation, references, notes and exhibits. The instructor’s assessment of the final paper will be based on the level of detail of the identification and examination of the organization’s strategies and operations, and the comprehensiveness of the analysis of the selected organization. Again, the key point must be the relationship and impact managed health care has on the organization.

40% Final Examination

The final examination on Saturday, November 15, 2008 will cover information from the text. The examination will be individually completed in class. The exam may consist of matching, multiple choice, true/false and short answer questions. Responses to the written questions must be the original work of the student; quotations from or specific references to the textbook are not acceptable.
COURSE OBJECTIVES

After completing this course, students should be able to:

- Appreciate the **ethical issues** in both fee-for-service and pre-paid managed care;
- Understand the basic structure and functioning of managed care organizations;
- Identify the continuum of managed health care plans and provider systems;
- Understand the basics of capitation, and pay for performance;
- Appreciate alternative business models and strategies for IPAs and medical groups;
- Comprehend the distinctions between the delegated model HMO system in California and directly-contracted PPO network models;
- Understand the distinctions between integrated and delegated model delivery systems;
- Identify the responsibilities of plans, providers and patients;
- Understand common operational problems in managed care organizations;
- Appreciate the opportunities for growth and innovation in the California healthcare delivery system; and,
- Understand the Patient-Centered Medical Home concept and the importance of primary care.

The course is intended to provide the opportunity for any student to pursue an area of emphasis that may have greater practical value, given their current work assignment or area of interest. The overall objective is to achieve a balance between understanding managed health care concepts and their application. The aim is to bring into the class speakers from the industry that will allow the course participants to achieve this balance between the conceptual and the operational elements of managed health care.
Session I: 1:00 p.m. – 4:00 p.m.

This session will present an overview of the course, required text and subject matter. The many facets of the marketplace, beginning with the delivery systems, will be examined.

Introduction
Course Overview and Ground Rules
The State of the Health Care Industry
- Past ⇐ Present ⇐ Future
Introduction to Managed Health Care Programs
Organizational Structures
- The physician practice organization design, structure and marketplace strategies
- The health maintenance organization design, structure and marketplace position
- Organized delivery system design, structure and marketplace strategies
- Organizing a managed health care program
- Commercial plans
- Senior plans

Session II: 5:00 p.m. – 9:00 p.m.

Introduction to Managed Health Care Contracting
- Breakdown of premium money flow
- Payment to physician group
- Shared risk model
- Full risk ⇐ physician / hospital
- Full risk ⇐ physician only
Contract Negotiations
- Pre-contractual questions and issues
- Defining and analyzing non-financial terminology and contractual implications
- Prepaid health plan contract analysis
Contract Management
- Team
- Process
Contract External
- Outsourcing Services

Saturday, October 25, 2008

Session III: 9:00 a.m. – Noon

Managed Health Care Legal Issues
- Introduction to legal structures and the role of federal vs. state law in health care
- Credentialing
- Governance
- Introduction to corporations, partnerships, joint ventures, structural options and components
- Sponsorship and capitalization
- Provider organizations
- State-enabling laws and regulations
- Federal laws and regulations
- Anti-trust laws
- Liability

**Session IV: 1:00 p.m. – 5:00 p.m.**

**Leadership**
- Physician Motivation
- Physician Management
- Physician Remuneration Systems
  - Productivity
  - Salary
  - Bonus
  - Quality
- Governance vs. Leadership
- Physician Know Thyself
- Management vs. Leadership
- Leadership – Vision / Mission / Values
- Empowerment
- Organizational Deterioration and Renewal

**Friday, November 14, 2008**

_Note: Class on Friday, November 7 will be held at Bristol Park Medical Group in Tustin. Allow approximately one (1) hour travel time from USC._

**Session V: 1:00 p.m. – 5:00 p.m.**

**Operational Issues – The Day in the Life of a Fee Ticket**
- **Tools**
  - California Relative Value System (CRVS)
  - Common Procedure Coding System (HCPCS)
  - International Classification of Diseases (ICD-9)
  - Federal Register – Health Care Financing Administration Resource Based Relative Value System (RBRVS)
  - Medicare rules and regulations
- **Charging guidelines**
  - Charge master
  - Charging rules
  - Fee ticket (layout and examples)
- **Flow-charting**

Business and Financial Issues
Information Technology
Session VI: 5:30 p.m. – 9:00 p.m.

Strategic Development of Organized Delivery Systems
- Core characteristics of organized delivery systems
- Organized delivery system models
- Management of population-based health care
- Key issues

Saturday, November 15, 2008

Session VII: 9:00 a.m. – Noon

Health Maintenance Organizations
- Managed health care benefits spectrum
- Managed health care network spectrum
- Network reimbursement model

HMO Marketplace
- Stake holder analysis
- Major trends
- Network response
- Core competencies
- Career opportunities

Session VIII: 1:00 p.m. – 4:00 p.m.

Final Examination – See page 3 for important information regarding the exam.

Session IX: 4:00 p.m. – 5:00 p.m.

Course Review Recap – Course and Professor Evaluation
Final Paper Collected

IMPORTANT NOTE to assure full educational access to students who have a disability:

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to TA) as early in the semester as possible. DSP is located in STU 301 and is open early 8:30 a.m. - 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.
ACADEMIC RESPONSIBILITY

Students, faculty, and administrative officials at the University of Southern California, as members of the academic community fulfill a purpose and a responsibility.

The University must, therefore, provide an optimal learning environment, and all members of the University community have a responsibility to provide and maintain an atmosphere of free inquiry and expression. The relationship of the individual to this community involves these principles: Each member has an obligation to respect:

1. THE FUNDAMENTAL HUMAN RIGHTS OF OTHERS
2. THE RIGHTS OF OTHERS BASED UPON THE NATURE OF THE EDUCATIONAL PROCESS
3. THE RIGHTS OF THE INSTITUTION

ACADEMIC DISHONESTY

The following statements and examples explain specific acts of academic dishonesty.

1. **Examination Behavior:** Any use of external assistance during an exam is considered academically dishonest unless expressly permitted.
   a. Communicating in any way with another student during the examination.
   b. Copying material from another student’s exam.
   c. Using unauthorized notes, calculators or other devices.

2. **Fabrication:** Any intentional falsification or invention of data or citation in an academic exercise will be considered a violation of academic integrity.
   a. Inventing or altering data for a laboratory experiment or field project.
   b. Resubmitting returned and corrected academic work under the pretense of grader evaluation error, when, in fact, the work has been altered from its original state.

3. **Plagiarism:** Plagiarism is the theft and subsequent passing off of another’s ideas or words as one’s own. If the words or ideas of another are used, acknowledgment of the original source must be made through recognized referencing practice.
   a. **Direct Quotation:** Any use of a direct quotation should be acknowledged by footnote citation and by either quotation marks or appropriate indentation and spacing.
   b. **Paraphrase:** If another’s ideas are borrowed in whole or in part and are merely recast in the student’s own words, proper acknowledgment must, nonetheless, be made. A footnote or proper internal citation must follow the paraphrase material.

4. **Other Types of Academic Dishonesty:**
   a. Submitting a paper written by another;
   b. Using a paper or essay in more than one class without the instructor’s express permission;
   c. Obtaining an advance exam copy without the knowledge or consent of the instructor;
   d. Changing academic records outside of normal procedures;
   e. Using another person to complete homework assignment or take-home exam without the knowledge and consent of the instructor.

The above information is taken directly from the SCampus and the Academic Affairs Unit of the Student Senate in conjunction with the Academic Standards Committee.
# APPENDIX A: ACADEMIC DISHONESTY PREVENTION AND SANCTION GUIDELINES

<table>
<thead>
<tr>
<th>VIOLATION</th>
<th>RECOMMENDED SANCTION (assuming first offense)</th>
<th>POSSIBLE PREVENTIVE MEASURES*</th>
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</thead>
<tbody>
<tr>
<td>Roving eyes during exam.</td>
<td>Warn; move to another seat; F or zero on exam if repeated.</td>
<td>Seat examinees as far apart as possible; use multiple exams; warn at outset of exam.</td>
</tr>
<tr>
<td>Copying answers from other students on exam.</td>
<td>F for course.</td>
<td>Careful proctoring; call for honesty at start of exam.</td>
</tr>
<tr>
<td>One person allowing another to cheat from his/her exam or assignment.</td>
<td>F for course for both persons.</td>
<td>Seat examinees as far apart as possible; use multiple exams if appropriate; warn at outset of exam.</td>
</tr>
<tr>
<td>Using extra material during exam (crib sheets, notes, books, etc.)</td>
<td>F for course.</td>
<td>Have students place all materials at front of room or out of sight; supply bluebooks; warn at outset of exam.</td>
</tr>
<tr>
<td>Continuing to write after exam has ended.</td>
<td>F or zero on exam if continued after warning.</td>
<td>Collect papers immediately after declaring exam ended.</td>
</tr>
<tr>
<td>Taking exam from room and later claiming that the instructor lost it.</td>
<td>F for course and recommendation for disciplinary action (possible suspension).</td>
<td>Closely monitor all departures; warn before exam begins that F will be assigned to all students whose papers are not turned in.</td>
</tr>
<tr>
<td>Claiming instructor did not collect exams and turning it in next time</td>
<td>F for course and recommendation for disciplinary action (possible suspension).</td>
<td>Closely monitor all departures; warn before exam begins that F will be assigned to all students whose papers are not turned in; count students during exam and the number of exams afterward.</td>
</tr>
<tr>
<td>Changing answers after exam has been returned.</td>
<td>F for course and recommendation for disciplinary action (possible suspension).</td>
<td>Grade all papers carefully, warn that no claim for incorrect grading will be honored for any erasures or added material. You may consider photocopying corrected exams before returning to students.</td>
</tr>
<tr>
<td>Fraudulent possession of exam prior administration.</td>
<td>F for course and recommendation for suspension.</td>
<td>Prepare exams yourself and keep them secure prior to their administration; multiple sections meeting at different times should use different exams.</td>
</tr>
<tr>
<td>Breaking into a file or office to obtain exam.</td>
<td>Suspension or expulsion from the University; F for course.</td>
<td>Keep exams secure prior to use.</td>
</tr>
<tr>
<td>Having someone else take an exam for oneself.</td>
<td>Suspension or expulsion from the University or both; F for course.</td>
<td>State policies governing the taking of exams at outset of course.</td>
</tr>
<tr>
<td>Submission of purchased term papers or papers done by others.</td>
<td>F for the course and recommendation for further disciplinary action.</td>
<td>Warn students; monitor progress by, for example, asking for periodic outlines and rough drafts of major papers; vary topics whenever possible.</td>
</tr>
<tr>
<td>Submission of the same term papers more than one instructor, where no previous approval has been given.</td>
<td>F for the course.</td>
<td>Warn students; check with instructors in fields related to subject of term paper; monitor progress by, for example, asking for outlines and rough drafts of major papers.</td>
</tr>
</tbody>
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Source: Faculty Handbook, 1987, p. 67
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Patrick E. Kapsner is the chief executive officer of Bristol Park Medical Group, where he is responsible for strategic development and establishing policy on all non-medical issues. Bristol Park Medical Group has approximately 85 primary care providers serving more than 150,000 patients in 11 clinical locations throughout the coastal portions of Orange County.

Mr. Kapsner currently serves on the board of directors of the California Association of Physician Groups and the California Medical Group Insurance Company, Risk Retention Group. He is past chairman of the Healthcare Association of Southern California and California Association of Physician Organizations, as well as past president of the Medical Group Management Association Western Section, Orange County Medical Group Management Association, Unified Medical Group Association and American Medical Group Association.

Mr. Kapsner earned his Bachelor of Arts from the California State University at Long Beach and was elected to the Economics Honor Society, Omicron Delta Epsilon, in recognition of high scholastic achievement. Mr. Kapsner then earned his Masters in Public Administration from the University of Southern California. He is a member of Pi Alpha Alpha, the National Honor Society for Public Affairs and Administration. He is an adjunct professor in USC’s Health Administration Program and serves on USC’s Health Advisory Board. Mr. Kapsner is a fellow of the American College of Medical Practice Executives.

Mr. Kapsner served in the 44th Medical Brigade of the United States Army in the Republic of Vietnam from July 1969 to July 1970. He received an honorable discharge in September 1974 and is the recipient of the Bronze Star and RVN Gallantry Cross.

Mr. Kapsner has been involved in numerous local organizations and committees. He has two adult children, David and Katrina, and resides in Irvine, California.