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The U.S. Healthcare Ecosystem: Payers, Providers, Producers

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Abstract

What is the message? Healthcare in the U.S. is not a system, but a coordinated set of organizations and policies interacting with each other that has developed over time. Rob Burns calls this an ecosystem to help illustrate the organic nature of the healthcare system that has resulted. In this piece, Burns describes the book that he created for students interested in understanding all of the different dimensions of the U.S. healthcare marketplace (McGraw-Hill 2021).

What is the evidence? Analysis and interpretation of publicly available data from multiple sources.

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Purpose of this Volume

I have taught a course on the U.S. healthcare system to MBAs for a long time at three different business schools: University of Chicago, Arizona, and Pennsylvania. MBAs are a demanding set of students – – not necessarily interested in theory or research, but very much interested in how the system actually works and, more importantly, where the growth and investment opportunities lie. This is not really the academicians' strength. MBAs also frequently have industry experience and know more about certain topics than we professors do. This makes for a very uncomfortable "information asymmetry" in class.

I had a tough choice to make when I started teaching at Chicago: either continue with a strictly academic focus as I taught the introductory course, or learn how the system operates, master it at least as well as my MBA students, and then try to teach it in an entertaining manner. The task was made even more complex by the continual changes in the healthcare industry, which meant you had to continually update your presentation. This meant continual learning about issues that we academics studying healthcare management often avoid:

- business models
- revenue models
- growth models & acquisition of capital
- market shares
- service line management
- coding & reimbursement
- contracting & contracts
- profit margins & expense management
- scale and scope economies
- outsourcing

To tackle this challenge, I have done several things over my career, including: (1) get an MBA myself, (2) work in two hospitals, (3) spend a lot of time in industry doing field research, (4) give a lot of presentations to companies (exec education), (5) invite a lot of industry speakers to class (to educate me as well as my students), (6) read a lot of industry publications and analyst reports, (7) spend a lot of time in the C-Suite of the Penn health system, and (8) serve as an expert witness in healthcare litigation. All of these experiences helped to prepare me for the task of writing this volume.

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Current introductory texts on the U.S. healthcare system often ignore or avoid the bullet points above. By contrast, I choose to confront these (and other) topics head-on. This is a business school book on the business operations of healthcare. My research has long convinced me that "process" is more important than "structure" and, thus, that an analysis of how the business of healthcare *works* is more important, interesting, and valuable than statistics on the number of professionals, organizations, and beneficiaries. Physicians who have read my book make a parallel distinction between physiology and anatomy.

My text focused on how the different players in the healthcare industry interact with one another, contract with one another, collaborate and conflict with one another. That is why the title of this book is the healthcare "*ecosystem*": i.e. the series of interactions among organisms that all inhabit the same community.

Below you will find an outline of the chapters in the book. There are also several instructor resources available for those adopting the text, including:

- **PowerPoint slides** containing the nearly 350 figures and tables found in the text
- **An Instructor Manual** (nearly 160 pages) containing answers to *Questions to Ponder,* and talking Points for *Critical Thinking Exercises*
- **"Bonus Material" slides** (~180 or so) that link to the instructor's manual and provide added graphics for use in class.

The powerpoint slides and instructor's manual are available from the publisher by emailing a request to: mhpacademic@mheducation.com. The bonus material slides are available directly from me by emailing a request to: hcecosystem@wharton.upenn.edu.

Also, of note: this text is available on McGraw Hill's digital platform, AccessMedicine. Nearly every medical school in the U.S. subscribes to AccessMedicine. If you would like to recommend rather than require my text or only wish to use certain chapters, it is worth checking with your medical library to see if your institution subscribes to this platform. AccessMedicine is a way for your students to access the book content (digitally), free of charge, via an institutional subscription. Here is the link to the text on that site: https://accessmedicine.mhmedical.com/book.aspx?bookID=3027. In addition, here is the link to the book on the publisher's website in case you are unfamiliar with it:

https://www.mhprofessional.com/9781264264476-usa-the-us-healthcare-ecosystem-payers-providers-producers-group.

Lastly, along with two colleagues (Howie Forman at Yale, Cindy Watts at VCU), I am publishing an analysis of the syllabi we all use to teach the Intro course. Forthcoming in the *Journal of Health Administration Education*, it outlines the issues, challenges and lessons of teaching Intro to US Healthcare. Let me know if you wish to see it.

The U.S. Healthcare Ecosystem

Section I	**Foundational Material**
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Chapter 24 Healthcare Information Technology – HCIT

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Chapter 26 The Public Health System

Book Reviews

"This book not only is a uniquely comprehensive, up-to-date description of US health care but also reflects Burns' considerable experience as a researcher, teacher, and mentor … To me, the sections on providers and technology sectors are particularly outstanding … I have worked for decades on the supply-side issues described in the section on providers. Nevertheless, during my reading of this section, I again realized how much I have to learn. In particular, Burns brings readers up to date on the latest issues (as of the past two or three years), displaying in-depth knowledge of institutional details. Some of my fellow economists seem to think that "institutional" is outmoded. I disagree. This book contains immense detail on health care institutions that is new information even for experts." Frank Sloan (*Health Affairs*, August 2021)

"Robert Burns has made a major contribution to healthcare management education with his new book on the US healthcare system. Professor Burns is in a unique position to craft this analytical overview of healthcare delivery given his career devoted to analyzing and commenting on a board spectrum of the health sector. Two features distinguish this work from other books on the subject. The first is the breadth of topics covered. Most healthcare system books provide descriptions of providers (i.e., healthcare workforce characteristics, acute and chronic care organizations) and payors. While these components are often considered the "core" of the system, they are only part of the rich tapestry of the healthcare fabric in the US. His previous research and publications on biomedical innovation, healthcare supply chain issues, pharmaceutical strategy, medical devices, integrated delivery systems, and related topics place

him in a unique position to describe and comment on the contributions each of these components make to our health. The second feature that distinguishes this text is his focus on the processes and interactions of system components and not just a description and a counting of components. The text is replete with figures and diagrams illustrating the interactions and flows that occur. Additional charts and graphs help bring the information to life for the reader." (Bob Hernandez, *Journal of Health Administration Education*, forthcoming)