

Does Health Economics Inform Healthcare Management in Graduate Business Programs?

Roger Lee Mendoza

College of Business and Economics, California State University-Los Angeles, USA

Abstract. The question we seek to address is whether health economics informs the study of healthcare management as a graduate program in business schools. We find for the affirmative, but with key qualifications. The theoretical and practical applications and contributions of health economics may vary depending on course objectives and target learning outcomes, instructional approaches and frameworks used, expected or assumed proficiency of the graduate student in quantitative fields or disciplines, and the academic unit/s offering the health economics course/s (e.g., business or non-business school). In addressing the research question of this study, we inquired into the coverage and integration of health economics and related economics courses offered in top-ranked graduate business degree programs in healthcare management in the United States. Insights and implications from both an economic and business education standpoint are discussed by way of conclusion.

Keywords: health economics, healthcare management, graduate business program, curricular content.

1. Introduction

Health economics (HE) has been part of mainstream university economics offerings for over three decades now (Goodman and Platt 2021). As a sub-field/specialty, HE addresses questions of efficiency, effectiveness, value, and behavior in the production and consumption of healthcare. For this reason, it inquires into the determinants of health and its evaluation, demand for and supply of healthcare, micro-economic evaluation of healthcare treatments and services, healthcare planning and market mechanisms, and performance of healthcare (macro) systems and public policy, among others (Bhattacharya, Hyde, and Tu 2013).

HE arose as an economics sub-field some six decades ago. Kenneth Arrow's study is often considered the beginning of its formal study (Arrow 1963). It laid down a pioneering, conceptual framework that distinguishes between health and other goods exchanged in society, including the vastly intractable uncertainty of

This shortened version of the article is for promotional purposes on publicly accessible databases.

Readers who wish to obtain the full text version of the article can order it via the url

<https://www.neilsonjournals.com/JIBE/abstractjibe18mendoza.html>

Any enquiries, please contact the Publishing Editor, Peter Neilson pneilson@neilsonjournals.com

© NeilsonJournals Publishing 2023.

health and healthcare outcomes, entry barriers in healthcare markets, information asymmetries between transacting parties (e.g., patient and doctor), the existence and role of third-party agents (e.g., insurers), healthcare externalities, and extensive industry regulation (Arrow 1963; Phelps 2003). HE has become a key contributor to decision-making, especially in terms of resource allocation and healthcare quality, as well as normative health policy (Obermann and Thielscher 2022).

HE has a counterpart in the field of business or management. Similar to the HE sub-section and JEL classification code of the American Economics Association (AEA), healthcare management (HCM) is recognized as one of 25 disciplinary divisions of the Academy of Management (AOM). It is “a rapidly growing field [of business] ... [with] a rich research environment ... [that seeks] to understand the role of professionals and organizations in providing effective health care that is low cost, high quality, and enhances population health and wellbeing at the local, national, and global levels” (AOM 2023).

HCM has been a business sub-specialty at least ever since the Wharton School of the University of Pennsylvania introduced the oldest HCM degree program in 1971. AOM indicates the following teaching and research interests of its HCM division: performance of healthcare workers and organizations; adoption and effectiveness of new organizational forms, practices, roles, and technologies in healthcare; evolution of public policy, including access to care, competition, cost control, quality of care, and their implications for managing healthcare organizations; competitive dynamics and strategy of health organizations and their consequences; healthcare finance and marketing; and the implementation of evidence-based management and clinical practices (AOM 2023).

The question we seek to address in this study is whether health economics informs the study of healthcare management as a graduate program in business schools. Stated in another way, is the economic theory of healthcare applicable and useful in, and integral to, teaching healthcare business based on its core functions: planning, organizing, staffing, directing, and controlling? Student learning outcomes from a HE value standpoint (e.g., based on grades, course evaluations, student attitudinal surveys) are beyond the objectives of this study. In undertaking this study, we inquired into the scope and coverage of HE and related economics courses in graduate degree programs in business and management in the U.S. In doing so, we examined HE course objectives and target learning outcomes, content, and requirements. Insights and implications from both an economic and business education standpoints are discussed by way of conclusion.

2. Methods

HCM as a concentration, option, minor, or even specialty degree major is typically offered in any of three academic units of an American university, albeit rarely in all of them simultaneously: business, public health, and public policy/administration. Business or management is our focus, since it is partly founded on economic principles and concepts, and arguably has the closest disciplinary affinity to economics. Businesses also depend on economics for product research and development, marketing, purchase and resource allocation, and other problem-solving and decision-making strategies. HCM programs under public health or health and human services/development schools tend to have more of a clinical and/or program administration focus (e.g., the University of Alabama-Birmingham's highly ranked HCM graduate programs). Those housed in public administration programs, on the other hand, are usually oriented toward public policy, government regulation, and program administration (e.g., USC Sol Price). Program administration here refers to the general management, oversight, and coordination of healthcare programs and projects.

We sampled the top-ranked HCM or healthcare administration (HCA) master's programs housed in U.S. business schools. A master's degree is considered the gold standard for those competing for managerial and leadership jobs in healthcare (Sherman and Sherman 2007; Healthcare Pathway 2023). We relied on four major and long-time rankers of these business programs: *U.S. News & World Report*, *MBA Guide*, *Healthcare Management Degree Guide*, and *Intelligent*. Since *U.S. News & World Report* issues one ranking, regardless of the academic unit offering it, we isolated from their list and only analyzed those programs offered in business schools. We also purged from the four rankings any healthcare program incorrectly classified under a business school. We then combined into a single sampling frame all the HCM/HCA business programs ranked up to the top 25 places by these four sources (although some ranked only up to the top 20) as of 2022 or 2023, whichever was most recent.

Based on our sampling frame, the relevant program website of each school was reviewed. If it offered a HE or comparable economics course on healthcare, we obtained and content analyzed their corresponding course syllabus/bi. Content analysis was often supplemented by email and telephone conversations with faculty in the school that offered the course/s.

Organizationally, this paper is divided into four sections. The first identifies the top-ranked healthcare business programs and their key characteristics. The second looks into the core economics (or general economics) requirement/s of MBA programs, which shelters most healthcare business studies. The third looks into HE course offerings (first-level/basic HE and other HE courses) under the healthcare MBA and specialty master's degrees. And the fourth discusses coverage and integration of first-level/basic HE courses based on their objectives

and expected outcomes, content, and requirements under these degrees. A concluding section completes the study.

3. Graduate Business Programs in Healthcare

Some economists assert that the development and growth of HCM business programs is testament to the foundational value and enduring contributions of HE:

Healthcare management can be perceived as an essential element of health economics with a stronger, practical focus on the design and leadership of organisations in the healthcare system, i.e., on the technical efficiency. Although general health economics focuses on the (allocative) efficiency of the entire healthcare system, healthcare management provides more practical analyses and instruments for achieving efficiency in healthcare providers, prevention programs, health districts, insurances or other organisations (Flessa and Allegrì 2022).

Be that as it may, as of 2023, there exist 274 campus-based and 153 online and hybrid HCM/HCA programs offered by business schools throughout the U.S. (Kent 2023). Several of the online and hybrid programs stand side by side with the on-campus programs.

Our search yielded a total of 36 universities that offered top-ranked master's-level programs in HCM/HCA within a business school based on the four major rankings used in this study. The aggregate results are shown on Table 1. The vast majority of these universities also ranked among the top national universities in the U.S. Each of them is classified as a research university. Almost two-thirds of them are private; the rest are large and prominent state universities, many with medical and public health schools and affiliated teaching hospitals like their private counterparts. All 36 business schools are AACSB-accredited, which is widely regarded as the gold standard in business education, both in the U.S. and globally (Burrus 2015).

Table 1: Top-ranked master's programs in healthcare management in U.S. business schools* (n = 36)

University (business school)	Master's program (accreditation)	Concentration, option, minor or specialty degree	Class size**
University of Arizona (Eller)	MBA (AACSB)	HCM, HC Informatics	Large
Boston University (Questrom)	MBA; Dual MBA/ MPH (AACSB)	Health Sector; HC	Medium
Case Western Reserve University (Weatherhead)	MBA; MHCM (AACSB)	HCM; HCM	Small