

Rapid growth and constant changes in health care have left that industry sick with the need for business expertise. The cure just might be the MBA with a focus in health administration.

# BUSINESS FEVER

**W**hen you go to a hospital to seek medical attention, you're secure in the knowledge that your nurse is an RN and your doctor is an MD. However, it might not occur to you to wonder if the top administrators have MBAs. Today, the chances are pretty good that they do. As health care becomes increasingly complex—with changes in insurance regulations, managed care, and the very makeup of physicians' groups—health care providers are scrambling to keep their facilities profitable and in compliance with the law. Hiring someone who understands OB in the OR can be the smartest move a health care organization can make.

Business programs with a health care emphasis have proliferated in recent years as b-schools have realized the great potential of the medical market. While nurses, doctors, and hospital administrators are obvious targets for health care MBAs, the field also encompasses insurance company employees, medical device salespeople, pharmaceutical reps, ambulance drivers, biotech researchers, and Wall Street stock analysts who cover the health care field.



It appears that the need for well-trained health care professionals will only continue to grow. In the U.S. alone, health care accounts for approximately 14 percent of the gross domestic product, a number that could

jump to 17 percent by 2012, according to the Web site of the journal *Health Affairs*. This means that 14 percent of the people with MBA degrees should be working in the field of health care. Obviously, that ratio doesn't hold.

**by Sharon Shinn**  
illustrations by Lou Beach

"I recently forecasted the number of people required in the health care field and the number of students being produced for the field," says Vasanthakumar Bhat, who was program coordinator of the health systems management MBA at Pace University's Lubin School of Business, New York City, until that program went on temporary hiatus. "I realized there was a gap of about 250 for New York state alone." He expects that number to escalate.

### Healthy Programs

While some health care programs—like the ones at Georgia State University and Boston University—have been in place more than 30 years, others have been crafted within the past decade or so as managed care and federal insurance programs have become more complicated. Others are being organized to open in the future. For instance, the Hankamer School of Business at Baylor University, Waco, Texas, is starting a health care concentration this fall, seeing it as a natural outgrowth of the school's strengths in medical education and research.

"Our goal is to become a ranked top-20 program within five years," says James Henderson, Ben Williams professor in economics and acting director of the Baylor program. "We felt if we were going to start such a program, we might as well strive to be among the best. Our short-term plan is to apply for provisional accreditation through the Accrediting Commission on Education for Health Services Administration with a goal of full accreditation within a reasonable time frame."

Whether formally accredited or not, most health care MBAs give students a solid foundation in business courses and use electives to teach students about the field. The subjects to be covered in the specialization are exceedingly broad.

At the Robinson College of Business at Georgia State in Atlanta, courses examine topics such as health law, operations management in the health care field, U.S. health care systems, ethics, and health policies. "The policies class deals with broader issues in health care, all the way from how to get new prescriptions from Medicare to how does one justify new health care facilities," says Andrew Sumner, director, associate professor, and Joe Taylor Chair of the Institute of Health Administration at GSU.

The Aston Business School at Aston University offers an MSc and an MBA in public services management at its campus in Birmingham, England. Courses cover issues of public service and offer collaborative sessions with social care colleagues who discuss interactions among various agencies and professions. "Health care in this country has to operate with all the different agencies now. Education, health services, and social care are all fairly integrated," says Jill Schofield, senior lecturer and tutor in health care management at the school.

B-schools use electives and special courses to reinforce the health care message. Every semester at Baylor, all MBA students take a one-hour course called Focus Firm, in which they practice quantitative skills in analyzing a real company. In the second semester, instead of learning about the Focus Firm with other MBA students, the health care students will focus on a case study offered by the American College of Healthcare Executives. "The group has an annual meeting every year that revolves around a nationwide case competition, and our students will focus on that case competition in their second semester," says Henderson.

Several schools are starting to emphasize the more technical aspects of health care. For instance, at Boston University's School of Management, a course discusses how hospitals and physicians make decisions to adopt new technology, how tech manufacturers research and develop new products, how they gain approval of new devices from the Food and Drug Administration (FDA), and how new technology is paid for by insurance companies and Medicaid/Medicare. A new course on biotechnology teaches students some of the science of the field, as well as its financing and regulatory systems.

"We also cover venture capital markets and how to obtain the capital to build biotech firms," says Alan Cohen, professor of health policy and management, program director for the health care management program, and executive director of the Health Policy Institute at Boston. "And then we discuss the issues of intellectual property and testing for biotech products."

Those courses about finance and venture capital can be extremely valuable in the health care field. "If you have a

cost-reduction idea and you can start a business, health care is a very attractive area,” says Pace’s Bhat. He recommends electives in how to start a health care venture—a small business that can support hospitals, provide better long-term care, reduce costs, or introduce new technology. These adjuncts to the field can be profitable for the entrepreneur and extremely valuable to the health care system itself.

### Is There an Intern in the House?

For several schools, what’s as important as the work in the classroom is the work *outside* the classroom—specifically, internships and residency programs designed to give students hands-on skills.

A crucial component of Baylor’s new program is a seven-month internship that falls right before the final semester of classes—generally, the summer and fall of the students’ final year. “We felt that the most important thing for a new program would be to develop a very high-caliber field experience for students,” says Henderson. For students entering this fall, officials have lined up seven paid internships with hospitals in Houston, Dallas, San Antonio, and Waco, and a private consulting firm in Washington, D.C. These internships will be particularly vital for students who enroll in the program without any background in health care. “If they’re successful at their internships, many will receive job offers,” Henderson believes.

Students at Boston must complete a 400-hour field placement within a health care organization in the summer between their first and second years. Placement options are plentiful, from local hospitals to biotech firms and medical device firms. “We have a very formalized process for placing students,” Cohen says. “We send out a minicontract so that the preceptors of these organizations will define exactly what the project is for the student and what the final product will be, and then there’s a formal evaluation process at the end of the summer.” Projects focus on areas such as marketing, market research, financial analysis, information systems development, quality control, and strategic planning.

Georgia State students also bridge their coursework and their careers by completing a paid residency with some kind of health care facility—a hospital, physician group, consult-



ing firm, insurance company, or managed care organization. The internship takes place after all the other coursework is completed.

“There is a growing list of organizations that sponsor one- or two-year residencies or fellowships, similar to a physician’s residency, where students apply competitively with people all over the country. Up to 400 people may apply for some of these positions. We encourage our students to think big and compete for those,” says Sumner.

Sumner credits the residency program with helping GSU maintain a 100 percent record of employment for students graduating from the health care program. “Once the student has moved to Moline, Illinois, to work on the John Deere health plan, if it proves to be a good match between

## Medical Advances

Changes in the health care field will be reflected quickly in specialized MBA programs, and administrators of such programs expect grand-scale restructuring in a number of key areas in the near future:

**Insurance:** “As managed care has been beaten back, we’re beginning to see double-digit price increases for health care insurance,” says Andrew Sumner of Georgia State. “We have some of the same pressures to reform health care that we had in the early 1990s. There will be a lot of effort to control costs.”

**Information technology:** While health care institutions are woefully behind the curve when it comes to information technology, UCI’s Patrice Werschmidt expects sweeping changes in the way IT affects medicine. “When you consider that your doctor still scribbles a prescription on a piece of paper, you take that paper to the pharmacist, and the pharmacist deciphers it, you can see how far we have to go,” she says. “It would be so easy to put prescription information into an online system that links directly to the pharmacist.” She also foresees a day when an individual’s

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employer and student, the company is likely to offer a full-time position. We usually recommend that the organization review many resumes and interview three to five people before making a selection. So they’ve already undergone the same kind of process they’d go through if they were hiring a full-time person. After the residency, the company can feel comfortable offering that student a job, knowing it’s already looked at other candidates.” He estimates that 85 percent of the students have been offered jobs at the companies where they’d completed residencies.

Other schools find it difficult to incorporate internship requirements into programs designed for students who are already working full-time. Even so, they often offer students a chance to examine the health care world outside the school borders. Aston’s students practice comparative learning by going on field trips to other schools and private hospitals—sometimes as far afield as Ireland and the U.S. “Health care delivery throughout the world is very different, although

health history will be kept electronically and be widely available, much like credit histories are today.

**Medical technology:** Future health care students will need an excellent understanding of the medical technology industries, predicts Alan Cohen of Boston University. “They’ll need to know how advances are brought to the marketplace, and how physicians and hospitals decide to adopt those new advances. I believe we’ll see more courses aimed at moving people into the technology industries,” he says.

**Drug reimbursement:** James Henderson of Baylor forecasts a greater emphasis on the quantitative aspects of health care as organizations like Medicaid benchmark certain drugs based more on cost than effectiveness. “Typically, a new drug comes on the market that might be more effective than the current drugs available, but it’s more expensive,” he says. “Is the added cost worth the extra effectiveness? It’s a question that is not being addressed. Reimbursement organizations are just saying, ‘We’re going with the cheaper of the two. If you want the more effective drug, you still only get the cheaper price.’ I think the direction we’re moving is one in which everyone is going to have to justify their treatment options and their procedures, based on a more quantitative approach.”

**Politics:** Many of the changes Aston’s Jill Schofield anticipates

health care planning tends to be the same,” Schofield says. “There are some very valid cross-national comparisons throughout the world, but we have to remember how the context makes them different.”

At the University of California in Irvine, which also draws full-time working professionals to its program, students participate in three weeklong residencies—one in Washington, D.C. There, participants meet with health care policy makers, Congressmen, representatives from the FDA, and lobbyists. “They get a chance to really understand first-hand how federal policy is enacted,” says Patrice Werschmidt, director of the health care executive MBA program. “Almost every person who comes back from the trip says it’s worth the cost of tuition.”

## The Student Body

Schools use a mix of methods to inform potential students about their programs, though most administrators readily admit they could do more. In fact, many professionals in the field are unaware that such programs even exist. Says Bhat, “Typically, people in hospitals are promoted through the line. If they start as administrators, they ultimately become managers. An MBA is a new idea for them.” He advises holding

in the U.K. revolve around “health care policy as a function of the political will,” she says. For instance, a new initiative would allow some hospitals to have independent public status while still being funded by general taxation; thus, they could have more freedom to raise money and make capital investments, while they’d have a new governance structure with their own board of governors and management board. “That’s going to be a big thing here,” she says.

**International relations:** Schofield expects continuing emphasis on global public health issues such as SARS and AIDS. “We’re also looking at health in developing nations, because many of our students want to work elsewhere,” she says. “In this country, health care is a big export market, a huge knowledge industry.”

**Inter-agency collaboration:** As health care around the world gets more complex, health care organizations will have to work more closely with various agencies and facilities. Says Cohen, “Understanding how to work in teams will be an important skill for students to have when they go into the field. The multidisciplinary health care teams are no longer professionally dominated by physicians. Students will have to know how to work with nurses, administrators, pharmacists, and a whole host of other individuals with very different skill sets.”

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information sessions at local hospitals, creating brochures and mailing them to middle managers at hospitals, and being sure to tell employees how management knowledge can improve their department’s function and profitability.

UCI conducts monthly information sessions about its program, inviting prospective students to sit in on classes. The school also advertises in health care journals and sends direct mail to targeted groups. Aston markets its health care programs by holding seminars at hospitals and health authorities, distributing fliers and leaflets, and mailing about 70,000 direct mail pieces a year. The school also places newspaper ads and attends trade fairs to alert prospective students to their programs.

When students do enroll, they’re a decidedly eclectic group, perhaps more heavily weighted toward women and minorities than most MBA programs. At Georgia State, slightly more than half the health care students are women; last year, Boston’s program hovered at 75 percent women. UCI also has a good mix of genders and minorities, with about 40 percent of the most recent class female, “and the greatest ethnic mix of any of our programs. I think that’s a reflection of the health care field,” Werschmidt says.

Other schools are working to improve their minority attendance. “An Institute of Diversity has been established through the auspices of the American Hospital Association and the Association of University Programs in Health Administration, and we participate in that,” Sumner says “At the graduate level, the Institute tries to find short paid summer internships for minorities, and we help oversee that process for the students.”

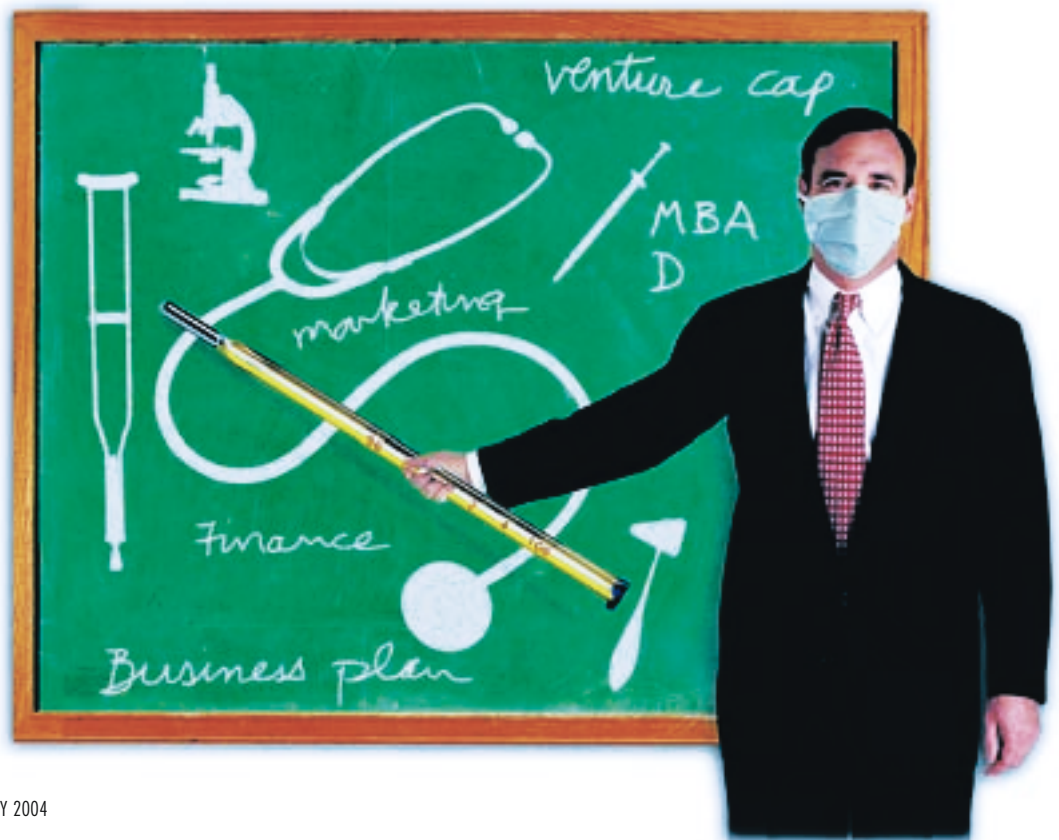
Programs vary widely as to how much real-world experience a student must have to enroll. At Georgia State, students need neither business nor health care backgrounds to be admitted. “We find that many were pre-med majors and biology majors who decided that being a physician wasn’t their cup of tea, so they looked for other options in public health,” says Sumner.

Other programs require students to have practical experience

in the field before applying. For instance, UCI’s health care program is an executive MBA that meets once a month over a two-year period. Candidates must all have significant work experience in the health care industry; most are currently working in the field.

Students who don’t have a business background may require careful nurturing once they enroll in a business-oriented health care program, says Bhat. “They don’t know what you mean by the terms *financial management* or *accounting*. They get scared. They need a lot of advice. You have to tell them what courses to take in what order, because they don’t know which courses form the basis for the next one. They need much more support and advice than other students.”

Participants in most programs tend to be domestic because many of the classes are focused on health care in that country, but some foreign students do apply. Says Henderson, “If they’re working in a hospital in Ghana or



some other urban area, the nuts and bolts are basically going to be the same as they are in Waco, Texas. The delivery systems are similar, though the finance systems differ. In the health economics class, we will be doing a lot of microeconomic and macroeconomic evaluations, and in the macro part we will be comparing systems.”

Once students graduate, they enter a wide variety of fields, such as managing physician practices or hospitals, consulting, running IS departments in health care facilities, and marketing health care services. “We see the same typical career progression we see with other MBAs, where they move up beyond being managers to being VPs, COOs, and CEOs within organizations. They need that MBA to propel themselves to the next level,” says Werschmidt.

### Benign Growth

While a number of b-schools around the world already offer solid health care programs, the field itself is growing rapidly enough to ensure that other schools will begin looking at offering a similar concentration. “I think the future for these kinds of programs is relatively bright,” says Cohen. “In many parts of the country, and certainly here in Boston, health care is still an engine that is driving the local economy. Given that health care makes up one-seventh of the national economy, it’s still a growth industry.”

Schools might consider these recommendations before going forward:

- First, analyze the local market to see what the health care needs are, then tailor the curriculum to those needs. Also, Sumner says, determine how much to invest in the health care program and whether to make it a concentration, a major, or a full-fledged degree.

- Don’t start such a program just to jump on the bandwagon, Schofield cautions. “And don’t underestimate how complex it is,” she adds. “Don’t treat it just like any other functional area. Health care is unique.”

- Make the program flexible to accommodate working professionals. “If they want to come in from 6 to 9 at night, you should try to organize that,” says Schofield.

- Institute a board of advisors that includes physicians, nurses, administrative personnel, and representatives from HMOs and pharmaceutical companies. “The advisory board can give you ideas about new directions in health care so that you see new areas for adding electives,” Bhat says.

- Consider establishing some kind of field experience requirement. If you don’t have the resources for an internship program, says Sumner, “decide how else you can facilitate the process of helping your students find positions in the field.”

## Organizational Update

Business schools aren’t alone in looking to make health care settings more businesslike. In late 2001, a group of health care executives and existing health care organizations founded the National Center for Healthcare Leadership ([www.nchl.org](http://www.nchl.org)), specifically to ensure high standards for training and recruiting today’s health care administrators. According to Georgia State’s Andrew Sumner, “The big corporations of the world, like GE, have high-level executive training. The military has its war colleges. Because the health care system has been localized within hospitals for so long, there hasn’t been a unified way to give administrators advanced career training except to identify the best and the brightest and give them an extra leadership push. NCHL has met with other organizations to begin a dialogue of how to improve education.”

One of the sponsoring organizations for NCHL is the Association of University Programs in Health Administration ([www.aupha.org](http://www.aupha.org)), a not-for-profit association of university programs, faculty, practitioners, and provider organizations dedicated to continuously improving the field of health care. AUPHA is also affiliated with the Accrediting Commission on Education for Health Services Administration ([www.acehsa.org](http://www.acehsa.org)), recognized by the Department of Education as the only organization to accredit master’s level health administration programs in the U.S. and Canada. A variety of master’s level programs can be accredited through ACEHSA, and they may be housed in a wide range of university departments, from business to public health.

- Maintain an extensive network of alumni. Boston’s alumni often act as guest lecturers, serve as preceptors during field placement sessions, or hire recent graduates. “Our alumni have been put to use every single day,” Cohen says. “They are in some of the most responsible positions in the health care system, both regionally and nationally.”

Even as other MBA graduates struggle to find jobs in a tough economy, administrators of these programs say they are still achieving virtually 100 percent job placement. As health care becomes an even bigger component of the economy, and as the field itself grows more complex, the need for these graduates will only increase. For this particular specialized MBA, the prognosis is excellent. **■**