HPM 742
Health Care Finance I

(Credit Hours: 3)

Department of Health Policy and Management
School of Public Health

Fall 2019 Syllabus

Class Location: RO 228
Meeting Times: Mondays, 9:05am-12:05pm

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Phone: (919) 445-9370
Office Hours: Mondays, 2-3pm and by appointment

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Office Hours: TBD, and by appointment

Course Overview

This course focuses on financial management, analysis and decision-making and the use of spreadsheets to help make better financial decisions. The course includes the healthcare environment, basic financial management concepts, capital acquisition and cost of capital. HPM 742 is the 4th in a 5-course sequence in healthcare financial management. After completion of the course, students should have an operational knowledge of financial management theory and concepts and be able to apply these ideas to real world healthcare settings and be prepared for advanced topics in healthcare financial management covered in HPM 744.
Learning Objectives and MHA Competencies

**MHA Competencies and Competency Levels**

The MHA program has developed a set of core MHA competencies that are addressed at multiple points during the program. These competencies help guide the program’s curriculum and priorities as well as the design of individual courses. It is the goal of the MHA program that each MHA competency will be formally assessed at the individual student level at least once, and in some cases multiple times, during the program.

Each MHA competency is targeted for development at one of five levels: Level 1: *Emerging*; Level 2: *Progressing*; Level 3: *Proficiency*; Level 4: *Partial Mastery*, and Level 5: *Mastery*. Most students are expected to attain proficiency (Level 3) in a majority of competencies during the program. For most competencies, partial mastery and/or mastery may require several years of experience.

The MHA competencies relevant to HPM 742 are listed below.

<table>
<thead>
<tr>
<th>MHA Competencies Developed in HPM 742</th>
<th>Primary or Secondary Course Competency</th>
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<tbody>
<tr>
<td>Financial management</td>
<td>Conduct financial analysis to make capital acquisitions and allocation decisions</td>
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<tr>
<td>Data Analytics</td>
<td>Apply quantitative and modeling techniques to the analysis of data in order to make informed business decisions for healthcare organizations</td>
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<tr>
<td>Innovative Thinking</td>
<td>Develop creative solutions to complex problems or adapt previous solutions in new ways</td>
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<tr>
<td>Team Citizenship</td>
<td>Engage effectively as an accountable team member</td>
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Among the competencies noted above, the primary competency integrated into the HPM 742 curriculum is financial management. The expectation is that upon completion of HPM 742, students will have attained proficiency (Level 3) in financial management. This competency will be formally assessed in HPM 742 and included in the formal tracking of student competencies by the program. The remaining secondary competencies (data analytics, innovative thinking, and team citizenship) will be developed, but not formally assessed, during HPM 742.

The financial management competency is assessed at the individual student level based on a combination of objectively scored assessments (e.g. quizzes and exams); performance-based assessments (e.g. cases, team projects and/or presentations), and instructor observations (e.g. meaningful contribution to classroom discussions, ability to relate or implement concepts to practical experiences). Each student’s collective performance across these assessment activities in HPM 742 will be used to help determine individual competency attainment in financial management.

HPM 742 Learning Objectives & Assessment Methods

The goal of this course is to teach managers of healthcare businesses how they can apply financial management theory and concepts to make better decisions—that is, decisions that promote the financial well-being of the organization. More specifically, the course has five learning objectives:

<table>
<thead>
<tr>
<th>HPM 742 Learning Objectives</th>
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<tbody>
<tr>
<td>1. Demonstrate an understanding of the function of financial management in healthcare organizations</td>
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<tr>
<td>2. Describe the framework for financial decision making in healthcare organizations (the healthcare environment)</td>
<td></td>
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<tr>
<td>3. Value future dollar amounts and define and measure financial risk (basic financial management concepts)</td>
<td></td>
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<tr>
<td>4. Estimate the value of the types of capital available to healthcare organizations (capital acquisition)</td>
<td></td>
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<tr>
<td>5. Measure the costs associated with a business’s financing and determine how much debt versus equity capital should be used to finance the business’s assets (cost of capital and capital structure)</td>
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Each course learning objective is evaluated using one or more of the following assessment methods:

<table>
<thead>
<tr>
<th>HPM 742 Assessment Methods</th>
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<tbody>
<tr>
<td>Quizzes</td>
<td>Evaluate whether individuals can explain theory and concepts of healthcare finance</td>
</tr>
<tr>
<td>Problem sets</td>
<td>Evaluate whether individuals can analyze, perform calculations, and develop solutions to textbook healthcare finance problems</td>
</tr>
<tr>
<td>Case Input Quizzes</td>
<td>Evaluate whether individuals can analyze information, perform basic calculations, select input data for spreadsheet models that solve practical healthcare finance problems</td>
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</tbody>
</table>
Case Analysis
Evaluate whether teams can analyze information, make reasonable assumptions, develop models, perform calculations, and develop and communicate solutions to practical healthcare finance problems

Exams
Evaluate whether individuals can interpret and apply concepts of healthcare finance.

Teamwork
Evaluates the extent to which individuals contribute effectively to team performance

Participation & Preparedness
Evaluate the extent to which individuals come prepared for class and contribute meaningfully to class discussion

Map of Competencies to Learning Objectives and Assessment Methods

Below are the competencies you will develop in this course, the learning objectives for these competencies, and assignments in which you will practice demonstrating these competencies.

<table>
<thead>
<tr>
<th>MHA Program</th>
<th>HPM 742 Healthcare Finance</th>
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<tbody>
<tr>
<td>Competency</td>
<td>Competency Level</td>
</tr>
<tr>
<td>Financial management</td>
<td>Proficient</td>
</tr>
<tr>
<td>Data Analytics</td>
<td>Proficient</td>
</tr>
<tr>
<td>Innovative Thinking</td>
<td>Proficient</td>
</tr>
<tr>
<td>Team Citizenship</td>
<td>Proficient</td>
</tr>
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Resources

Website
HPM 742 has its own website on Sakai (https://sakai.unc.edu/portal/site/hpm742_2017).

Text
Gapenski’s Understanding Healthcare Financial Management (UHFM)
8th Edition, George H. Pink and Paula H. Song, AUPHA Press / Health Administration Press

UHFM 7th Edition is available at Coursesmart, Kno, Byrtewave, Chegg, and Vitalsource. You can see these options listed on the book’s HAP web page:
e-book

Gapenski’s Cases in Healthcare Finance (CIHF)

CIHF is available at Coursesmart, Kno, Byrtewave, Chegg, and Vitalsource. You can see these options listed on the book’s HAP web page:

Articles
A variety of articles will be made available on Sakai by the instructor throughout the course.

Web Sources
A variety of web sources are provided on the course website.

Requirements and Expectations

Quizzes:

Concept quizzes consist of a 10 true false questions about the key concepts from the UHFM chapter. They are open-book, focus on foundational concepts, and do not require calculations. The questions are designed to test nuances of understanding. They push you by asking questions that are logical extensions of the content, not just what the textbook says. They ensure that all students have read the UHFM chapter and are prepared for class discussion.

Individuals take a 10 question quiz in Sakai before the class in which the concepts are discussed. Thirty (30) minutes is given to complete a quiz and submit answers. It is scored immediately so that a student has immediate feedback. It may be retaken once and the higher score from the two attempts will be recorded. Each successive quiz has different questions. For more difficult questions, an explanation of the correct answer is provided when an incorrect
answer is entered. **Any concept quiz not submitted by 9:00 am on the day of the class when concepts are discussed receives 0 percent.**

*Mini-Cases:*

Each UHFM chapter has a mini-case on a worksheet within an Excel file. Mini-cases consist of questions about the calculations in a chapter. To prepare for a mini-case analysis, **individuals practice calculations in chapter models.** During class teams use Google spreadsheets (for instructions please see [http://www.google.com/drive/apps.html](http://www.google.com/drive/apps.html)) to work collaboratively until a solution is achieved. Each team will submit their mini-case solution on Sakai during class by 11:45 am. Then, the Instructor leads discussion of the mini-case using a spreadsheet with correct solutions. Mini-cases ensure that individuals & teams have tried the key calculations from the UHFM chapter and are prepared for practice problems. They will not be graded for numerical accuracy.

*Problems:*

Each UHFM chapter has ten problems on worksheets within an Excel file. Problems one to five include annotated solutions, often with a step-by-step explanation of how the solution is derived. Problems six to ten do not include solutions – individuals solve these problems on their own or in consultation with their team. On-line problem sets (“Post-class PS Quizzes”) consist of 5 multiple choice questions about problems six to ten. They draw questions from pools, so each student has different questions. Students will also submit their accompanying spreadsheet with their work as part of the quiz. The post-class problems ensure that all students have tried the key calculations from the UHFM chapter and are prepared for a case.

**Individuals take the post-class problem set on-line any time before 5:00 pm on the Friday following the class when concepts are discussed.** They can only be taken once and there is no time limit. When the problem set closes, answers can no longer be submitted, and correct answers are released. **Any problem set not submitted by the assigned due date receives 0 percent.**

*Cases Input Quizzes*

Each case in CIHF has an Excel spreadsheet. All of the case spreadsheets can be downloaded from the course website. There are no quizzes for cases 11, 12, 13 and 15 but there are for 14, 16, and 17. Case quizzes consist of up to 20 questions about the input variables included in a case spreadsheet.

Individuals take a case quiz online any time before 9:00 am on the day of the case. A case quiz can only be taken once. At 9:00 am, a case quiz closes, answers can no longer be submitted, and correct answers are released. **Any pre-class case quiz not submitted by 9:00 am on the day of the case receives 0 percent.**

*Cases Analyses*
Individuals review cases and case spreadsheets. This includes thinking about some of the conceptual questions, performing the calculations, selecting input data and “playing” with the spreadsheet to get a sense of how it works and its sensitivity to changes in input data values, and draft answers to the questions.

Team members use Google spreadsheets to work collaboratively on a case until a solution is achieved. All cases are completed using the spreadsheets available from the course website. In the spreadsheet, create a tab labeled “Team” and list all of the members who are in class. *Neat and tidy spreadsheets are easier to follow and evaluate.* Please ensure cells have formulae and not values produced by formulae. A team uploads its case solution to the website 30 minutes prior to the end of the class session. During the remaining 30 minutes of class, the instructor leads discussion of the case and presents three key learning points. All teams are expected to participate in the case discussion.

The instructor and teaching assistant evaluate each team analysis of a case and email feedback and grade to each team within a week after class.

*Team Contribution and Class Participation & Preparedness*

Team Contribution: Team contribution is assessed by peer evaluations. The mid-term peer evaluation provides individuals and teams with feedback about their performance during the first half of the course to help them improve during the second half. The end-of-term peer evaluation provides feedback about their performance during the entire course and a numerical basis for assignment of individual grades for team contribution.

**Mid-term Peer Evaluation**

In the middle of the term, the Mid-term Peer Evaluation form is completed by every individual. Evaluation forms will be made available on the course site. *Credit is earned for on-time completion of the evaluation.*

The instructor prepares a summary of the mid-term peer evaluations for each individual, including all of the comments made by all team members. *The summary for a particular individual is provided to the individual only and the source of all ratings and comments is anonymous.* The average peer ratings tell Jane Smith that she is a good team member but she should try to participate more in the discussion. The comments tell the team the types of behavior changes that would improve team performance.

**End-of-term peer evaluation**

At the end of the term, the End-of-term Peer Evaluation form is completed by every individual. The instructor prepares a summary of the end-of-term peer evaluations for each individual, including all of the comments made by team members. *The summary for a particular individual is provided to the individual only and the source of all ratings and comments is anonymous.*
Class Participation and Preparedness
Active and meaningful class participation is integral to the success of the course. Class attendance is necessary, but not sufficient, for adequate participation. Students will have ample opportunity to participate in class through lecture discussions, individual exercises, and group presentations. Participation will be evaluated by both student and instructor based on the “Class Participation and Preparedness Self-Evaluation Form.” In the middle of the term, each student will complete a participation self-evaluation. The instructor will provide feedback at this time so the student has ample opportunity to adjust their class participation during the remainder of the semester.

Final Examination

The final exam is 3 hours in duration, in-class, open-book, and covers the entire course. The exam consists of problems that are similar to the in-class problems, concept quizzes and practice problems throughout the course. It will be a combination of interpretative questions as well as questions requiring calculations. All calculation questions can be achieved using a personal computer with spreadsheet application or scientific calculator.

Evaluation Method

Grade Components

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<tr>
<th>Component</th>
<th>% of Grade</th>
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<tbody>
<tr>
<td>Team grade:</td>
<td></td>
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<tr>
<td>5 Case analyses (11, 12, 14, 16, 17)</td>
<td>30%</td>
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<tr>
<td>Subtotal</td>
<td>30%</td>
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<tr>
<td>Individual grade:</td>
<td></td>
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<tr>
<td>6 pre-class TF quizzes</td>
<td>12%</td>
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<tr>
<td>6 post-class problems quizzes</td>
<td>18%</td>
</tr>
<tr>
<td>3 case quizzes</td>
<td>6%</td>
</tr>
<tr>
<td>Team contribution and class participation</td>
<td>10%</td>
</tr>
<tr>
<td>Final examination</td>
<td>24%</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td><strong>70%</strong></td>
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<tr>
<td>TOTAL</td>
<td>100%</td>
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Team Evaluation
5 case analyses (Cases 11, 12, 14, 16, 17) evaluate whether teams can analyze, perform calculations, and develop and communicate solutions to practical healthcare finance problems.

Individual Evaluation
6 Pre-class true false quizzes (Ch.3-9) evaluate whether individuals can explain theory and concepts of healthcare finance.

6 post-class practice problems (Ch 4-9) evaluate whether individuals can analyze, perform calculations, and develop solutions to practical healthcare finance problems.

3 case quizzes (Cases 16, 17, 18) evaluate whether individuals analyze, identify reasonable assumptions, and perform calculations related to practical healthcare finance problems.

Team contribution and Class Participation evaluates the extent to which individuals contribute to team performance and class discussion.

Final examination evaluates whether individuals can apply what they have learned in the course to practical healthcare finance problems.

Missed Classes
If a student misses a class with a case, the team has to pick up the slack but the absent member still benefits from the team work. If the absent individual has a good reason for being gone, explains the reason to the team, and does their best to make amends, most teams will gladly extend the benefit. If, however, members have doubts about the reason for the absence, feel like the member is trying to “freeload” or both, then the absence is likely to be viewed unfavorably and may not be forgotten when the peer evaluations come around. So, if you have to be absent for a case, let your peers know in advance and make sure that you do your best to make up for it.

Grading Scale

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<tr>
<td>92 or above (H)</td>
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<tr>
<td>75 to 91 (P)</td>
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<tr>
<td>60 to 74 (L)</td>
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<tr>
<td>Below 60 (F)</td>
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Evaluation Criteria

<table>
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<th>Description</th>
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| H           | A grade in this range is for exceptional work at the graduate level. The work must be exceptional in both its analytics and presentation. The analysis must show an exceptional understanding of the issues in the case and applicable methods. The written analysis must be insightful in perspective, presented in an exceptionally clear manner, and conform to generally accepted writing conventions such as spelling and grammar. It identifies and clearly addresses all materially significant issues. Tables and charts, [though integrated into the paper], must stand-alone, provide clarity and/or insight to the point being made, and be exceptionally clear in their presentation. Tables and charts should be used to help the reader quickly and clearly understand major points. [Thus they should}
The appendices should be pertinent to the reader’s understanding of the points being made and be presented in a manner which is exceptionally easy to follow. The numerical analysis contained in the appendices must go beyond that generally expected, be appropriate and insightful, free of material errors and be presented in an exceptionally clear manner. In general, the written analysis has the following characteristics: problem definition is precise; all calculations are correct; all interpretations of calculations are appropriate; no major analyses are missing; the flow of analysis is logical; the narrative is succinct and comprehensible; comprehensive understanding of the problem and the solution is demonstrated; and there are no errors in grammar or spelling.

A grade in this range is for generally acceptable work at the graduate level. The work must be acceptable in both its analytics and presentation. The written analysis must show a firm understanding of the issues in the case and the applicable methods, and communicate at a relatively high, but not exceptional level. The written analysis is logically presented and easy to follow, and conforms to the criteria given above in regard to the use of tables, appendices and generally accepted writing conventions. The methods used are appropriate and validly applied, free of any major errors, and presented in a clear manner. Though difficult to define, no major section should look like it needs at least one more draft to clearly communicate.

A grade in this range is for a low level of work at the graduate level. Though it shows a basic acquaintance with the issues and methods, it has either a significant deficiency in one of the following areas or several smaller but cumulatively important deficiencies in several of the following areas: recognizing and addressing key points, identification and use of appropriate analytical tools, calculation errors and ability to clearly communicate through the use of prose, tables and graphics, and appendices.

Below acceptable graduate level work.

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**UNC Honor Code**

The principles of academic honesty, integrity, and responsible citizenship govern the performance of all academic work and student conduct at the University as they have during the long life of this institution. Your acceptance of enrollment in the University presupposes a commitment to the principles embodied in the Code of Student Conduct and a respect for this most significant Carolina tradition. Your reward is in the practice of these principles.

Your participation in this course comes with the expectation that your work will be completed in full observance of the Honor Code. Academic dishonesty in any form is unacceptable, because any breach in academic integrity, however small, strikes destructively at the University's life and work.
If you have any questions about your responsibility or the responsibility of faculty members under the Honor Code, please consult with someone in either the Office of the Student Attorney General (966-4084) or the Office of the Dean of Students (966-4042). Read “The Instrument of Student Judicial Governance” (http://instrument.unc.edu).

Valuing, Recognizing, and Encouraging Diversity

Promoting and valuing diversity in the classroom enriches learning and broadens everyone’s perspectives. Inclusion and tolerance can lead to respect for others and their opinions and is critical to maximizing the learning that we expect in this program. This may challenge our own closely held ideas and personal comfort zones. The results, however, create a sense of community and promote excellence in the learning environment. Diversity includes consideration of (1) the variety of life experiences others have had, and (2) factors related to “diversity of presence,” including, among others, age, economic circumstances, ethnic identification, disability, gender, geographic origin, race, religion, sexual orientation, social position. This class will follow principles of inclusion, respect, tolerance, and acceptance that support the values of diversity.

Disability Accommodation

UNC-CH supports all reasonable accommodations, including resources and services, for students with disabilities, chronic medical conditions, a temporary disability, or a pregnancy complication resulting in difficulties with accessing learning opportunities. All accommodations are coordinated through the UNC Office of Accessibility Resources & Services (ARS), http://accessibility.unc.edu; phone 919-962-8300, email accessibility@unc.edu. Students must document/register their need for accommodations with ARS before any accommodations can be implemented.

Course Evaluation

The Department of Health Policy and Management participates in the UNC-CH’s online course evaluation system. Your responses will be anonymous, with feedback provided in the aggregate. Open-ended comments will be shared with instructors, but not identified with individual students. Your participation in course evaluation is an expectation, since providing constructive feedback is a professional obligation. Feedback is critical, moreover, to improving the quality of our courses, as well as for instructor assessment.