



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

HPM 747
Health Care Finance
(Credit Hours: 4)
Department of Health Policy and Management
School of Public Health

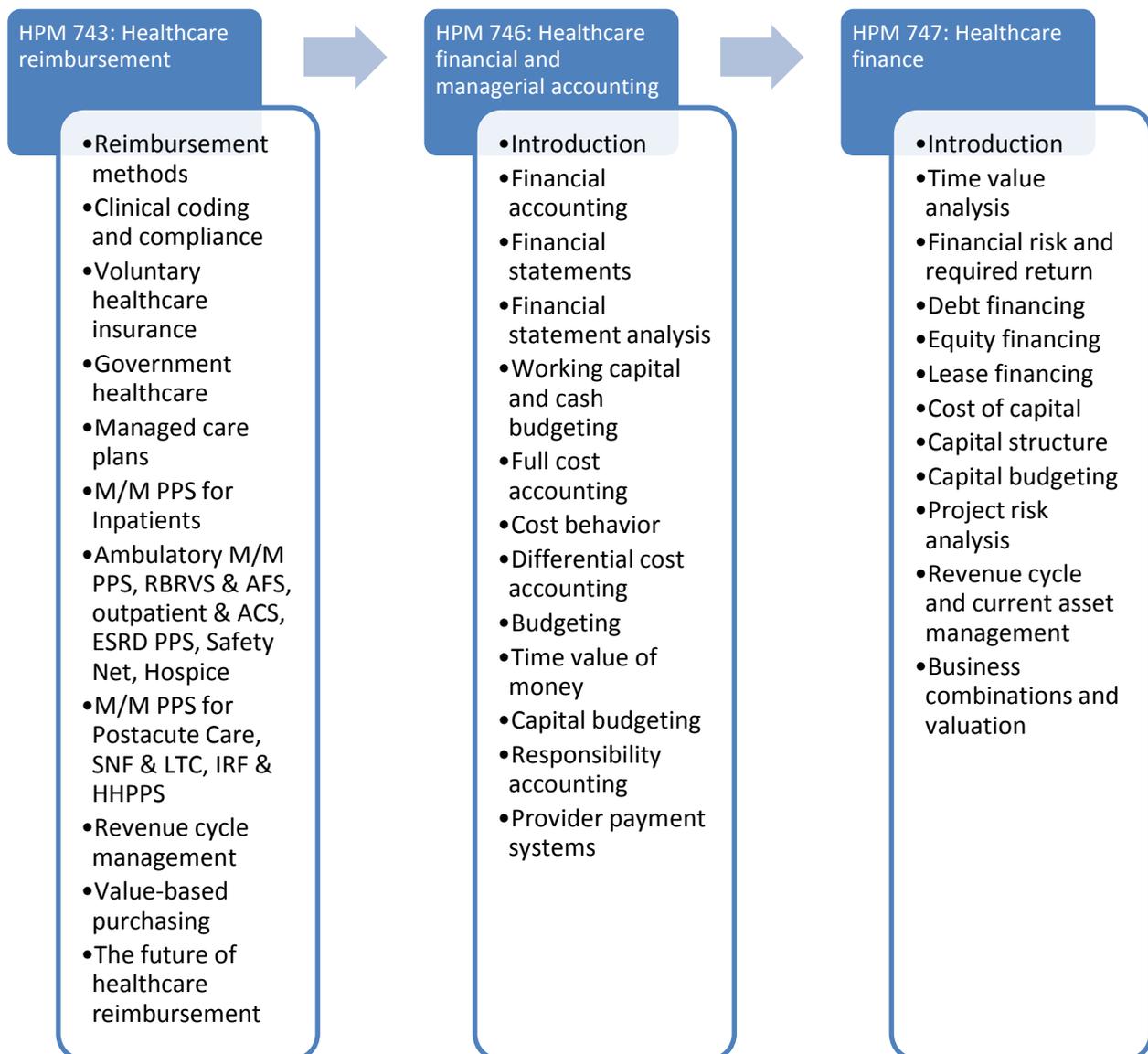
Fall 2018 Syllabus

Meeting Times: Wednesdays, 6:00-7:00pm, optional tutorial
Wednesdays, 7:00-9:30, required class

	Instructor	Teaching Assistant
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Course Overview

This course focuses on the healthcare environment, basic financial management concepts, capital acquisition, cost of capital and capital structure, capital allocation, and other topics. After completion of the course, students should be able to apply financial management concepts in real world healthcare settings. HPM 747 is the conclusion to a three-course sequence in healthcare financial management. Each course builds on the prior course with the intent of providing a comprehensive foundation in the concepts and practice of healthcare financial management.



Learning Objectives and MHA Competencies

MHA Competencies and Competency Levels

The MHA program has developed a set of broad competencies that we address at multiple points during the program. These competencies help guide the program's priorities as well as the design of individual courses. The MHA competencies relevant to HPM 747 are:

MHA Competencies	
Financial management	Conduct financial analyses to make capital acquisition and allocation decisions.
Data analytics	Apply quantitative and modeling techniques to the analysis of data in order to make informed business decisions for healthcare organizations
Innovative thinking	Develop creative solutions to complex problems or adapt previous solutions in new ways
Team citizenship	Engage effectively as an accountable team member

CAHME requires course syllabi to specify the level of competence students are expected to achieve for every course competency:

MHA Competency Levels	
Basic	Course includes introduction to and/or some practice in developing this competency, and assessment component is able to confirm that students understand what the competency is and has some limited ability or skill in this area
Intermediate	Course emphasizes developing this competency, and assessment component is able to confirm that students have achieved moderate or average competence in this area
Advanced	Course places major emphasis on developing this competency, and assessment component is able to confirm that students have achieved notable or above average to major or significant competency in this area

HPM 747 Learning Objectives and 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 six learning objectives:

HPM 747 Learning Objectives	
1	Explain the framework for financial decision making in healthcare organizations (the healthcare environment)
2	Value future dollar amounts and define and measure financial risk (basic financial management concepts)
3	Evaluate the types of capital available to healthcare organizations (capital acquisition)
4	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)
5	Estimate a project's cash flows, measure its expected financial impact, and assess the project riskiness and incorporate that assessment into the capital budgeting decision process (capital allocation)
6	Assess revenue cycle activities and value businesses (other topics)

Each learning objective is evaluated using one or more of the following assessment methods:

HPM 747 Assessment Methods	
Case input data	Evaluate whether individuals analyze information, perform calculations, and select input data for spreadsheet models that solve practical healthcare finance problems.
Case analyses	Evaluate whether teams can analyze information, make reasonable assumptions, perform calculations, and develop and communicate solutions to practical healthcare finance problems
Examinations	Evaluate whether individuals can interpret and apply concepts of healthcare finance.
Teamwork and participation	Evaluates the extent to which individuals contribute to team performance and class discussion of practical healthcare finance problems.

Learning Objectives and MHA Competencies

The relationships between the MHA program competencies and HPM 747 are depicted below. An example of how to interpret the table is as follows:

- **Competency:** MHA students are expected to conduct financial analyses to make capital acquisition and allocation decisions.
- **Competency level:** The course places average emphasis on developing this competency.
- **Learning objectives:** Competency in financial management requires being able to: describe the framework for financial decision making in healthcare organizations; value future dollar amounts and define and measure financial risk; estimate the value of the types of capital available to healthcare organizations; to 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; estimate a project's cash flows, measure its expected financial impact, and assess the project riskiness and incorporate that assessment into the capital budgeting decision process, and; assess revenue cycle activities and value businesses.
- **Assessment methods:** Case input data, cases analyses, and exams are used to assess whether students have achieved notable or above average to major or significant competency in financial management.

MHA Program		HPM 747 Healthcare Finance	
Competency	Competency Level	Learning Objectives	Assessment Methods
Financial management	Intermediate	1,2,3,4,5,6	Case input data Case analyses Exams
Data analytics	Intermediate	2,3,4,5,6	Case input data Case analyses
Innovative thinking	Intermediate	2,3,4,5,6	Case analyses
Team citizenship	Intermediate	1,2,3,4,5,6	Teamwork and participation

Resources

Text

Understanding Healthcare Financial Management (UHFM)

Seventh Edition, Louis C. Gapenski and George H. Pink, AUPHA Press / Health Administration Press, 2015, ISBN 978-1-56793-0, 817 pages.

(<https://www.ache.org/Publications/Product.aspx?pc=2283>)

Gapenski's Cases in Healthcare Finance (CIHF)

Sixth Edition, George H. Pink and Paula H. Song, AUPHA Press / Health Administration Press, 2018, ISBN 978-1-56793-965-1, soft cover 230 pages.

(<https://www.ache.org/Publications/Product.aspx?pc=2352>)

Ebook versions of UHFM and CIHF are available at RedShelf, Chegg, and VitalSource. You can see these options listed on each book's HAP web page under "Purchase e-books."

Text Ancillary Materials

Lecture Videos. Most UHFM chapters have three or four ~15 minute videos that review the chapter concepts using the in-class presentation slides.

Calculation Videos. Most UHFM chapters have one or more videos that review calculations from the chapter.

Slides. Each UHFM chapter has a summary of the chapter concepts in a set of PowerPoint slides.

Models. Each UHFM chapter (except 2 and 3) has an Excel® model that illustrates the text calculations and additional calculations relevant to the chapter material.

Problems. Each UHFM chapter has an Excel® spreadsheet with problems that illustrate the text calculations relevant to the chapter material.

True-False Quizzes. Each UHFM chapter has a true-false quiz that tests basic concepts. The Sakai quizzes can be taken multiple times and feedback is provided upon submission.

Other Ancillary Materials

Investopedia Videos. Investopedia videos animate the financial concepts discussed in UHFM.

Requirements and Expectations

Case Input Data

Pre-Class Activities

Case Data Input instructions are posted on Sakai. Each CIHF case has an Excel spreadsheet that can be down loaded from the course website. Cases 11, 12, 13, and 15 require no input data – instead a template for calculations is provided. Cases 14, 16, 17, 18, 19, 20, 27, and 32 require up to 20 input data in order for the case spreadsheet to produce a solution. Individuals enter Case Input Data on Sakai any time before 7:00 pm on the day of the case. There are no time limits but you can take it only once. At 7:00pm on the day of the case, Case Input Data can no longer be submitted and Sakai releases the correct Case Input Data, so all individuals will have the correct spreadsheet entries at that time. Any Case Input Data not submitted by 7:00pm on the day of the case receives 0 percent.

Case Analyses

Pre-Class Activities

Individuals should come to a case analysis with an understanding of the case, calculations or input data for a spreadsheet, and draft answers to the questions.

In-Class Activities

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 tab labeled “Team,” 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 (900pm). During the remaining 30 minutes of class, the instructor leads discussion of the case and presents three key learning points.

Post-Class Activities

The instructor evaluates each team analysis of a case and email feedback and grade to each team within 5 days after class.

Teamwork and Participation

Teamwork

Teamwork is assessed by peer evaluations. The peer evaluation provides feedback about their performance during the entire course and a numerical basis for assignment of individual grades for teamwork. At the end of term, students complete an online Peer Evaluation for each team member. The instructor prepares a summary of the peer evaluations for each individual, including all of the comments made by all team members. The summary for a particular person is provided to the individual only and the source of all ratings and comments is anonymous. The average peer ratings tell a student where they were a good team member and the comments tell the team the types of behavior changes that would improve team performance.

Participation

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 tutorial and case discussion.

Midterm Examination

The midterm examination consists of 30 multiple choice questions about the key concepts from UHFM chapters 1,4,5,6,7,8. They are open-book, focus on foundational concepts, and do not require calculations. The questions are designed to test nuance of understanding. They push you by asking questions that are logical extensions of the content, not just what the textbook says. The midterm exam is 3 hours in duration and open-book.

Final Examination

The final examination consists of 30 multiple choice questions about the key concepts from UHFM chapters 9,10,11,12,15,16. They are open-book, focus on foundational concepts, and do not require calculations. The questions are designed to test nuance of understanding. They push you by asking questions that are logical extensions of the content, not just what the textbook says. The final exam is 3 hours in duration and open-book.

Evaluation Method

Grade Components

<i>Component</i>	<i>% of Grade</i>
Team grade:	
8 case analyses (14, 16, 17, 18, 19, 20, 27, 32)	32%
Individual grade:	
8 case input data (14, 16, 17, 18, 19, 20, 27, 32)	16%
Teamwork and participation	12%
Midterm exam (Chapters 1,4,5,6,7,8)	20%
Final exam (Chapters 9,10,11,12,15,16)	20%
TOTAL	100%

Missed Classes

If a student misses a class, the team has to pick up the slack but the absent member still benefits from the teamwork. 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. Thus 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

H	92-100	High Pass: Clear excellence
P	75-91	Pass: Entirely satisfactory graduate work
L	60-74	Low Pass: Inadequate graduate work
F	<60	Fail

Case Evaluation Criteria

				H: Exemplary (92-100%)	P: Accomplished (75-91%)	L: Developing (60-74%)	F: Beginning (<60%)
Component	Points available	Grade	Points awarded				
Problem description and importance	0.25	100%	0.25	Correctly identifies the problem; clearly and thoroughly explains the general situation and relevant background; effectively communicates importance of the issue	Correctly identifies the problem; explains the general situation and provides background; moderately communicates importance	Partially identifies the problem but with extraneous, incorrect, or missing information; briefly explains the general situation and background; vaguely communicates importance	Does not correctly identify the problem; does not explain the general situation and background; does not communicate importance
Assumptions	0.25	100%	0.25	All assumptions are clearly communicated, documented and based in reality	Most assumptions are communicated, documented, and based in reality	Few assumptions are communicated, documented or based in reality	Assumptions are not communicated, documented or based in reality
Application of finance principles / concepts	1	100%	1	Application of all finance principles and/or concepts is correct; analysis exceeds expectations	Application of finance principles and/or concepts is correct; analysis meets expectations	Application of finance principles and/or concepts is mostly correct; analysis minimally meets expectations	Application of finance principles and/or concepts is not correct; analysis does not meet expectations
Calculations and interpretation	1.5	100%	1.5	All calculations are correct; all interpretations of calculations are appropriate; no major analyses are missing; the flow of analysis is logical.	Almost all calculations are correct; almost all interpretations of calculations are appropriate; one major analysis are missing; the flow of analysis is logical.	Most calculations are correct; most interpretations of calculations are appropriate; two major analyses are missing; the flow of analysis is mostly logical.	Some calculations are correct; some interpretations of calculations are appropriate; three or more major analyses are missing; the flow of analysis is illogical.
Sensitivity / scenario Analysis	0.25	100%	0.25	Sensitivity/scenario analysis is thorough and appropriate to the problem. Risk is thoroughly discussed.	Sensitivity/scenario analysis is present and appropriate to the problem. Risk is discussed.	Sensitivity/scenario analysis is present but minimal or not appropriate to the problem. Risk is marginally discussed.	Sensitivity/scenario analysis is not present. Risk is not discussed.
Recommendations	0.5	100%	0.5	Clearly and thoroughly discusses advantages and disadvantages of alternative proposals; clearly documents logic and approach used in arriving at final recommendation; and provides strong justification for recommendation	Discusses advantages and disadvantages of alternative proposals; partially documents logic and approach used in arriving at final recommendation; and provides moderate justification for recommendation	Discusses advantages and disadvantages of alternative proposals but key ones are omitted; vaguely documents logic and approach used in arriving at final recommendation; and provides weak justification for recommendation	Significant advantages and disadvantages are omitted; logic and approach used in arriving at final recommendation is not documented; little justification provided for recommendation
Graphics	0.25	100%	0.25	Use of graphics is appropriate and highlights key points. Graphics are well-formatted and easy to understand.	Graphics are present and appropriate.	Graphics are minimal or difficult to understand.	Graphics are not present.
Total points	4		4				

Valuing, Recognizing, and Encouraging Diversity and Inclusion in the Classroom

We share the School's commitment to diversity. We are committed to ensuring that the School is a diverse, inclusive, civil and welcoming community. Diversity and inclusion are central to our mission — to improve public health, promote individual well-being and eliminate health inequities across North Carolina and around the world. Diversity and inclusion are assets that contribute to our strength, excellence and individual and institutional success. We welcome, value and learn from individual differences and perspectives. These include but are not limited to: cultural and racial/ethnic background; country of origin; gender; age; socioeconomic status; physical and learning abilities; physical appearance; religion; political perspective; sexual identity and veteran status. Diversity, inclusiveness and civility are core values we hold, as well as characteristics of the School that we intend to strengthen.

We are committed to expanding diversity and inclusiveness across the School—among faculty, staff, students, on advisory groups, and in our curricula, leadership, policies and practices. We measure diversity and inclusion not only in numbers, but also by the extent to which students, alumni, faculty and staff members perceive the School's environment as welcoming, valuing all individuals and supporting their development.”

In this class, we practice these commitments in the following ways:

- Develop classroom participation approaches that acknowledge the diversity of ways of contributing in the classroom and foster participation and engagement of all students.
- Structure assessment approaches that acknowledge different methods for acquiring knowledge and demonstrating proficiency.
- Encourage and solicit feedback from students to continually improve inclusive practices.

As a student in the class, you are also expected to understand and uphold the following UNC policies:

- Diversity and Inclusion at the Gillings School of Global Public Health:
<http://sph.unc.edu/resource-pages/diversity/>
- UNC Non-Discrimination Policies:
<http://policy.sites.unc.edu/files/2013/04/nondiscrim.pdf>
- Prohibited Discrimination, Harassment, and Related Misconduct at UNC:
<https://deanofstudents.unc.edu/incident-reporting/prohibited-harassmentsexual-misconduct>

Accessibility

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), <https://ars.unc.edu/>; phone 919-962-8300; email ars@unc.edu. Students must document/register their need for accommodations with ARS before accommodations can be implemented.

UNC Honor Code

As a student at UNC-Chapel Hill, you are bound by the university's Honor Code, through which UNC maintains standards of academic excellence and community values. It is your responsibility to learn about and abide by the code. All written assignments or presentations (including team projects) should be completed in a manner that demonstrates academic integrity and excellence. Work should be completed in your own words, but your ideas should be supported with well-cited evidence and theory. To ensure effective functioning of the Honor System at UNC, students are expected to:

- a. Conduct all academic work within the letter and spirit of the Honor Code, which prohibits the giving or receiving of unauthorized aid in all academic processes.
- b. Learn the recognized techniques of proper attribution of sources used in written work; and to identify allowable resource materials or aids to be used during completion of any graded work.
- c. Sign a pledge on all graded academic work certifying that no unauthorized assistance has been received or given in the completion of the work.
- d. Report any instance in which reasonable grounds exist to believe that a fellow student has violated the Honor Code.

Instructors are required to report suspected violations of the Honor Code, including inappropriate collaborative work or problematic use of secondary materials, to the Honor Court. Honor Court sanctions can include receiving a zero for the assignment, failing the course and/or suspension from the university. If you have any questions about your rights and responsibilities, please consult the Office of Student Conduct at <https://studentconduct.unc.edu/>, or consult these other resources:

- Honor system module.
- UNC library's plagiarism tutorial.
- UNC Writing Center handout on plagiarism.

Fall 2018 Class Schedule

Lesson	Date	Textbook	Casebook
1	Aug 15	Chapter 1 Introduction to healthcare financial management	UNC Chris Ellington
2	Aug 15	Chapter 4 Time value analysis	
3	Aug 22		Case 11 Gulf Shore Surgery Center
4	Aug 28	Chapter 5 Financial risk and required return	Case 12 Mid-Atlantic Specialty
5	Sep 5	Chapter 6 Debt financing	Case 13 Pacific Healthcare A
6	Sep 12		Case 14 Senior Care Enterprises
7	Sep 19	Chapter 7 Equity financing	Case 15 Pacific Healthcare B
8	Sep 26	Chapter 8 Lease financing	Case 16 Seattle Cancer Center
9	Oct 3	Midterm exam	
10	Oct 10	Chapter 9 Cost of capital	Case 17 Southeastern Homecare
11	Oct 17	Chapter 10 Capital structure	Case 18 RN Temps
12	Oct 24	Chapter 11 Capital budgeting	Case 19 Jones Memorial Hospital
13	Oct 31	Chapter 12 Project risk analysis	Case 20 Coral Bay Hospital
14	Nov 07	Chapter 15 Revenue cycle and current asset management	Case 27 Foster Pharmaceuticals
15	Nov 14	Chapter 16 Business combinations and valuation	Case 32 Bedford Clinics
	Nov 21	Thanksgiving	
16	Nov 28	Final exam	
17	Dec 05	The future of healthcare finance	