



THE UNIVERSITY  
of NORTH CAROLINA  
at CHAPEL HILL

## HPM 744

### Healthcare Finance II

(Credit Hours: 2)

*Department of Health Policy and Management*

**Gillings School of Global Public Health**

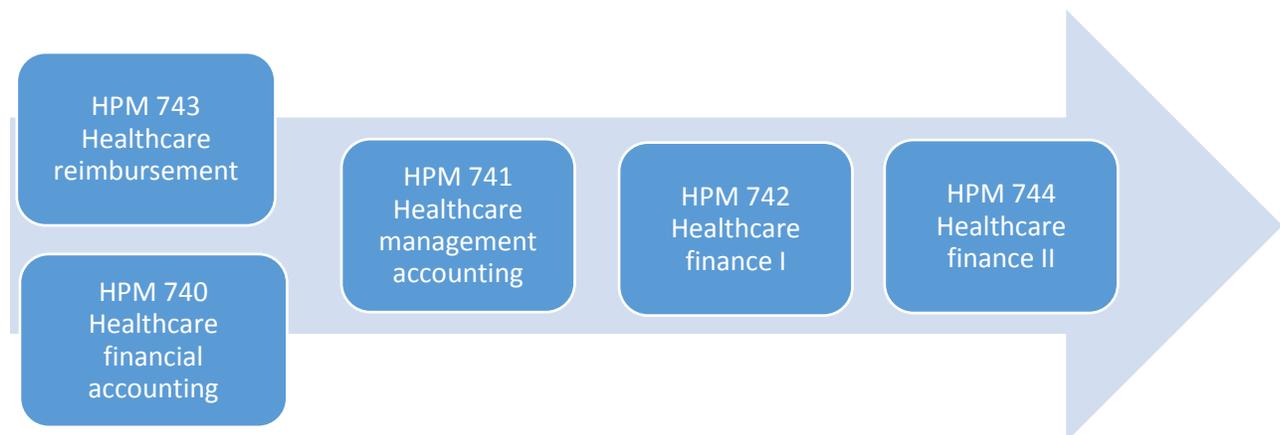
Spring, 2019 Syllabus

(Wednesdays 1220-215 pm)

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### 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 capital structure, capital allocation, financial condition analysis and forecasting, and other topics. HPM 744 is the last 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.



# Learning Objectives and MHA Competencies

## *MHA Competencies*

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 744 are:

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
Communication skills	Demonstrate effective oral and written communication skills
Team citizenship	Engage effectively as an accountable team member

## *MHA Competency Levels*

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

Level I: Recognition	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
Level II: Proficiency	Course emphasizes developing this competency, and assessment component is able to confirm that students have achieved moderate or average competence in this area
Level III: Mastery	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 744 Learning Objectives*

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.

	<b>Learning Objective</b>	<b>Revised Bloom's Taxonomy</b>
1	<i>Weigh</i> how much debt versus equity capital should be used to finance the business's assets (capital structure)	Cognitive Domain Level 5 Evaluate
2	<i>Estimate</i> a project's cash flows, <i>measure</i> its expected financial impact, and <i>assess</i> its' riskiness to make a capital budgeting decision (capital allocation)	Cognitive Domain Level 5 Evaluate

3	Assess a business' current financial condition and <i>develop</i> a financial plan to move a business into the future (financial condition analysis and forecasting)	Cognitive Domain Level 5 Evaluate
4	<i>Evaluate</i> revenue cycle activities and <i>value</i> businesses (other topics)	Cognitive Domain Level 5 Evaluate

### *HPM 744 Assessment Methods*

Each course learning objective is evaluated using the following assessment methods:

<b>Timing</b>	<b>Assessment Method</b>	<b>Objective of Assessment</b>	<b>Revised Bloom's Taxonomy</b>
Pre-class	Quizzes	Evaluate whether individuals <i>understand</i> concepts before class and are prepared for in-class team analysis of mini-cases	Cognitive Domain Level 2 Understand
	Case inputs	Evaluate whether individuals can <i>differentiate</i> between relevant and irrelevant information and are prepared for in-class team analysis of cases	Cognitive Domain Level 4 Analyze
In-class	Mini-cases	Evaluate whether teams can <i>analyze</i> textbook problems and are prepared for post-class problem sets and cases	Cognitive Domain Level 4 Analyze
	Case analyses	Evaluate whether teams can <i>generate</i> alternative solutions to practical problems	Cognitive Domain Level 6 Create
	Teamwork	Evaluates whether individuals <i>respect</i> and effectively <i>work</i> with team members to solve practical problems	Affective Domain Level 3 Value
Post-class	Problem sets	Evaluate whether individuals can <i>analyze</i> textbook problems and are prepared for in-class team analysis of cases	Cognitive Domain Level 4 Analyze
End of course	Final exam	Evaluate whether individuals <i>understand</i> concepts and can <i>analyze</i> textbook problems	Cognitive Domain Level 4 Analyze

## *Learning Objectives and MHA Competencies*

The relationships between the MHA program competencies and HPM 744 is depicted below. An example of how to interpret the table for the *Financial Management* competency is as follows:

- **Competency:** MHA students are expected to be conduct financial analyses to make capital acquisition and allocation decisions
- **Competency level:** MHA students should attain proficiency in financial management at the conclusion of this course
- **Learning objectives:** Financial management is important for analyzing capital structure, capital allocation, financial condition analysis and forecasting, valuation, and other topics.
- **Assessment methods:** Quizzes, mini-cases, problem sets, case inputs, and case analyses and the final exam are used to assess whether students have achieved proficiency in financial management.

<b>MHA Program</b>		<b>HPM 744</b>	
<b>Competency</b>	<b>Competency Level</b>	<b>Learning Objectives</b>	<b>Assessment Methods</b>
Financial management	Proficiency	1,2,3,4	Quizzes Mini-cases Problem sets Case inputs Case analyses Final exam
Data Analytics	Proficiency	1,2,3,4	Mini-cases Problem sets Case analyses
Innovative Thinking	Proficiency	1,2,3,4	Case analyses
Communication skills	Mastery	1,2,3,4	Case analyses
Team Citizenship	Proficiency	1,2,3,4	Mini-cases Case analyses

# Resources

## *Texts*

### 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.

UHFM is available at CourseSmart, Kno, ByrteWave, Chegg, and VitalSource. You can see these options listed on the book's HAP web page:

<http://www.ache.org/publications/product.aspx?pc=2283> (look under "Purchase e-books tab")

### 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.

Associated spreadsheets are posted on Lessons pages in Sakai

## *Text Ancillary Materials*

Spreadsheet Models. Each UHFM chapter (except 2 and 3) have accompanying Excel® models that illustrate the text calculations and additional calculations relevant to the chapter material.

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. Mini-cases are for practice only and ensure that individuals have tried the key calculations from the UHFM chapter and are prepared for problems and cases.

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

Lecture Videos. Each UHFM chapter has three or four 15-minute videos that review the chapter concepts using the in-class presentation slides.

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

## *Other Ancillary Materials*

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

# Requirements and Expectations

## *Quizzes*

Quizzes consist of ten 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 before the class when the concepts are discussed. Thirty (30) minutes are 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 quiz not submitted by 12:00 pm 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>) to work collaboratively until a solution is achieved. Each team will submit their mini-case solution on Sakai during class by 2:00pm. The instructor then leads discussion of the mini-case using a spreadsheet with correct solutions. Mini-cases ensure that individuals and teams have tried the key calculations from the UHFM chapter and are prepared for practice problems.

## *Problem Sets*

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. Problem sets 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. The problem sets ensure that all students have tried the key calculations from the UHFM chapter and are prepared for a case.

Individuals take the problem sets on-line. 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 12:00 pm on the Wednesday after the class when concepts are discussed receives 0 percent.**

## *Case Inputs*

Case Input Instructions are posted on Sakai. Each CIHF case has an Excel spreadsheet that can be downloaded from the course website. Cases 19 Jones Memorial Hospital and Case 24 River Community Hospital (A) require no input data – instead a template for calculations is provided. **Cases 18, 20, 27, and 32 require up to 20 input data in** order for the case spreadsheet to produce a solution. Individuals enter Case Inputs on Sakai. There are no time limits but it can be taken only once. At 12:00pm on the day of the case, Case Inputs can no longer be submitted and Sakai releases the correct Case Inputs, so all individuals will have the correct spreadsheet entries at that time. **Any Case Inputs not submitted by 12:00pm 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 (1:45pm). 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 a week after class.

## *Team Citizenship and Participation*

### Team Citizenship

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.

## *Final Examination*

The final exam is 2 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*

<i>Component</i>	<i>% of Grade</i>
Team grade:	
6 case analyses	30%
<b>Subtotal</b>	<b>30%</b>
Individual grade:	
7 quizzes	14%
7 problem sets	14%
4 case inputs	8%
Teamwork	10%
Final examination	24%
<b>Subtotal</b>	<b>70%</b>
<b>Total</b>	<b>100%</b>

### Team Evaluation

*6 case analyses* evaluate whether teams can analyze, perform calculations, and develop and communicate solutions to practical healthcare finance problems.

### Individual Evaluation

*7 quizzes* evaluate whether individuals can explain theory and concepts of healthcare finance.

*7 problem sets* evaluate whether individuals can analyze, perform calculations, and develop solutions to practical healthcare finance problems.

*4 case inputs* evaluate whether individuals analyze, identify reasonable assumptions, and perform calculations related to practical healthcare finance problems.

*Teamwork* evaluates the extent to which individuals are prepared for class, 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*

92 or above (H)

75-91 (P)

60-74 (L)

Below 60 (F)

## *Evaluation Criteria*

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, be 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. The numerical analysis contained 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.

P 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.

L 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.

F **Below acceptable** graduate level work.

## 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.***

## Course Evaluation

HPM participates in the UNC-CH's online course evaluation system, enabled at the end of the semester by Scantron Class Climate. 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.

## 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), <http://accessibility.unc.edu>; phone 919-962-8300, email [accessibility@unc.edu](mailto:accessibility@unc.edu). Students must document/register their need for accommodations with ARS before accommodations can be implemented.

*Spring 2019 Lesson Schedule*

<b>Lesson</b>	<b>Date</b>	<b>Chapter / Case</b>	<b>Topic</b>
1	Jan 9	Chapter 10	Capital structure
2	Jan 16	Case 18	RN Temps
3	Jan 23	Chapter 11	Capital budgeting
4	Jan 30	Case 19	Jones Memorial Hospital
5	Feb 6	Chapter 12	Project risk analysis
6	Feb 13	Case 20	Coral Bay Hospital
7	Feb 20	Chapter 13	Financial condition analysis
8	Feb 27	Case 24	River Community Hospital (A)
	Mar 6		ACHE Congress
	Mar 13		Spring break
9	Mar 20	Chapter 14	Financial forecasting
10	March 27	Chapter 15	Revenue cycle and current asset management
11	Apr 3	Case 27	Foster Pharmaceuticals
12	Apr 10	Chapter 16	Business combinations and valuation
13	Apr 17	Case 32	Bedford Clinics
14	April 24	All	Review Session
	Apr 30	1200pm	Final exam