
HSA 6177
HEALTHCARE FINANCE
Louis C. Gapenski
Fall 2013

COURSE SYLLABUS (REV 8/23)

TIME

Wednesday: 12:00 noon - 2:45 p.m. (Except October 16: 10:40 – 12:40)

CLASSROOM

HPNP G112

OFFICE

HPNP 4152

Email: gapenski@ufl.edu

OFFICE HOURS

Class meeting days: 9:00 – 11:00 a.m.; Other times by appointment.

TEXTS

Gapenski, *Cases in Healthcare Finance*, 4th Ed., AUPHA Press/Health Administration Press, 2010. (Required)

Gapenski, *Healthcare Finance: An Introduction to Accounting and Financial Management*, 5th Ed., 2012. (Recommended.)

Gapenski and Pink, *Understanding Health Care Financial Management*, 6th Ed., AUPHA Press/Health Administration Press, 2011. (Optional for greater depth of financial management coverage.)

OTHER MATERIALS

Case models are available on the Health Administration Press website at www.ache.org/books/financecases4. Then click on **Student Spreadsheets** and the case numbers will appear. In addition, other materials may be distributed as needed.

COURSE OVERVIEW

This course follows the MHA core, so students are expected to have a basic understanding of the health services system, organizations, and management (HSA 6114 and 6115); health economics and the insurance system (HSA 6436 and 6126); healthcare finance fundamentals (HSA 5174); and statistical methods and operations management (PHC 6050 and HSA 6196). The course focuses on the **application** of finance (accounting and financial management) principles and concepts to healthcare organizations. Casework is the primary learning tool. Thus, the benefits you receive from the course are directly related to your individual efforts and your ability to work with fellow students.

LEARNING OBJECTIVES

After completing this course, you should be able to accomplish the following financial tasks within health services organizations:

- (1) Assess a business's financial condition.
- (2) Analyze joint venture proposals.
- (3) Apply marginal cost pricing concepts.
- (4) Devise sound pay for performance programs.
- (5) Perform breakeven analyses and assess capital investment proposals.
- (6) Make sound lease versus buy decisions.
- (7) Analyze the financial attractiveness of merger opportunities.
- (8) Identify and properly respond to finance related ethical issues.

In addition, the course will give you the opportunity to:

- (1) Apply spreadsheet modeling skills.
- (2) Apply written and oral communications skills.

TARGETED COMPETENCIES

- (1) Apply basic financial management and accounting principles in a healthcare context.
- (2) Articulate, model, and promote professional values and ethics in business and clinical decision making.
- (3) Develop, evaluate, and understand how to implement strategies that further the mission, vision, and values of the organization.
- (4) Assemble a team with balanced capabilities and use effective group processes to hold team members accountable individually and collectively for results.
- (5) Identify and effectively use appropriate communications vehicles based on audience characteristics and communication goals.
- (6) Use statistical and analytical tools to measure and improve organizational performance.
- (7) Apply general and health economics concepts and show demonstrated competence with analyses of pricing, service, demand, and risk.

COURSE ASSIGNMENTS

There are 10 healthcare finance cases in the course. Students will be divided into 5 teams of 4 or 5 students each. One team will be assigned to present each case, so each team will present 2 cases. Each non-presenting team will prepare a **written report** on each case, so each team will prepare 8 written reports. For more information on working cases, see the *Preface for Students* in the assigned casebook. Also, note that the cases are designed specifically to complement the textbook material. **Do not try to work the cases without first reading (and understanding) the applicable text chapter(s).** In addition, each team will lead the discussion of one ethics minicase.

Finance Case Presentations

Each team presentation should last about 30 minutes, excluding discussion. Presenting teams should assume that their audience is the firm's board of directors (or trustees), and that the **presentation goal is to recommend a course of action for board approval**. Presentations should be of high quality and should **not** assume that board members are familiar with the particular decision methodology being used, **so presentations should be very tutorial in nature (unlike most board presentations).**

Presentations must be logically organized. One possibility is as follows: **Introduction/Executive Summary** (background, goals, approach, and recommendations), **Analysis** (*quantitative* and *qualitative* analyses

including risk and alternative courses of action analyses), **Conclusions** (what did the team learn from the analyses), **and Recommendations** (what are the recommendations to the board). An excellent analysis is **not** sufficient to obtain a high grade. Presenting teams must "sell" their results, and this requires a logical progression of relevant coherent information that fully reveals the rationale behind the final recommendation(s). **Also, presenting teams are expected to present a short (5 minutes or so) background on the industry/technology; i.e., urgent care centers for the first case.**

Professional presentations must have a professional appearance. Use of PowerPoint (or other presentation software) is, for all practical purposes, mandatory. Note, however, that slides should not be used to present large amounts of data. Rather, handouts are best for this purpose. Presenting teams are **not required** to produce separate written reports. **For more information about working cases for this course, see the Preface for Students at the beginning of the casebook.**

All cases require spreadsheet analysis. However, a complete base case model with input values (colored red) set to zero is provided to ease the modeling effort. (See Other Materials on the first page.) When students replace the zeroed values with the appropriate input data, the model will automatically calculate the base case solution. The models provided **do not** contain any risk analyses or graphics (charts), and, in many cases, students will want to change or extend the analysis, so some modeling is typically required. Although spreadsheet analysis is an important element of this course, the primary emphasis should be, and is, on **financial decision making.**

Finance Case Written Reports

Teams that do not present will prepare **written reports**. Non-presenting team analyses are **not** expected to have the same depth and breadth as presenting teams. (Note the weights in the Grading section.) Written reports should follow the same general structure as the presentations, but have less detail. Reports usually consist of about 4-6 pages of typed text plus supporting exhibits (usually spreadsheet printouts). Include only a **very short** (one paragraph) introduction--do not fill the first page (or more) with boilerplate from the case! It is safe for you to assume that the instructor is familiar with this material. Reports are due at the beginning of the appropriate class period.

In addition to the written reports, non-presenting students will act as board members and ask pertinent, critical questions of the presenting team.

Ethics Cases

Each team will be assigned one ethics case to present. The purposes of the presentation are to (1) introduce the case, (2) provide suggestions for resolving the dilemma, (3) lead the class discussion, and (4) conduct research to determine what has been done (if anything) to solve the problem. Typically, only a few slides are required.

Individual and Team Participation

The success of your team depends on the active participation of all team members. Furthermore, the value of any presentation is enhanced by audience participation. Thus, at the end of the course, **students will be evaluated by their team peers** regarding the quality and quantity of participation. In addition, participation in class will be evaluated by the instructor.

Guest Hosting

It is my goal to have a guest evaluator for each case who is a current healthcare manager/executive with experience in the area of the case. Each guest will have a team assigned (see page 5) that is responsible for hosting the class visit. Typically, only one team member will be involved and the duties will be to contact the guest one week (or so) before the class date (copy me on emails), arrange for parking (if necessary), meet and greet, escort to the classroom, and any other tasks needed to make the visit as easy and enjoyable as possible.

GRADING

Final grades will reflect your performance in these areas:

Team presentations (2)	40%	(20% each)
Team written analyses (8)	40	(5% each)
Team ethics case presentation (1)	5	
Individual participation and team evaluation (1)	<u>15</u>	
	<u>100%</u>	

Here are the *approximate* score to letter grade translations:

<u>Case Presentation</u>	<u>Case Write-Up</u>	<u>Letter Grade</u>
20	5.00	A
19	4.75	A-
18	4.50	B+
17	4.25	B
16	4.00	B-
<16	<4.00	Unacceptable

Note that “A” work requires a level of analysis and presentation that exceeds expectations for graduate work. It must clearly be “above and beyond” your peers and demonstrate an ability to integrate all relevant issues and think “outside of the box.” Also, work that is below the peer group will be graded accordingly.

ACADEMIC INTEGRITY

Students are expected to act in accordance with the University of Florida policy on academic integrity as contained in the Graduate Student Handbook. Cheating, lying, misrepresentation, or plagiarism in any form is unacceptable and inexcusable behavior. *We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.*

BEHAVIORAL EXPECTATIONS

Students are expected to arrive for class on time, and be prepared and ready to participate in class discussions. Students are required to silence all cell phones and close all laptop computers during class unless they are to be used to support directed class activities.

CLASS ATTENDANCE

Students are expected to attend all classes unless extreme circumstances make attendance impossible. Any class absences must be approved by the instructor beforehand. Approvals will include the means by which a student will make up his or her absence.

STUDENTS WITH DISABILITIES

To qualify for special accommodation, students must first register with the Dean of Students Office, which will provide documentation to the student for this purpose.

COUNSELING AND STUDENT HEALTH

Students may occasionally have personal issues that arise in the course of pursuing higher education that may interfere with academic performance. If you are facing problems affecting your coursework, you are encouraged to talk with your faculty advisor or to seek confidential assistance at the University of Florida Counseling Center (392-1575) or Student Mental Health Services (392-1171). For more information, see <http://www.counsel.ufl.edu> or <http://health.ufl.edu/shcc/smhs>.

CASE LISTING

<u>Case Number</u>	<u>Presenting Team</u>	<u>Host Team</u>	<u>Name</u>	<u>Topic</u>
6	A	C	Columbia Memorial Hospital	Breakeven Analysis
21	B	D	Cook County Health System	Make or Buy Analysis
19	C	E	Palms Hospital	Traditional Project Analysis
24	D	A	Bloomington Clinics	Practice Valuation
1	E	B	Riverview Community Hospital (A)	Assessing Hospital Performance
9	A	C	Boston Transplant Center	Marginal Cost Pricing Analysis
25	B	D	University Faculty Practice	Physician Extender Analysis
11	C	E	Maitland Family Physicians	Pay for Performance
18	D	A	Portland Cancer Center	Leasing Decisions
23	E	B	South Beach Health Partners	Joint Venture Analysis

CLASS SCHEDULE

<u>Date</u>	<u>Case Number</u>	<u>Guest Evaluator</u>
Aug 21	Cancelled	
Aug 28	Introduction	
Sep 4	Case 6	Laura Gruber [UF Physicians]
11	Case 21	Susan Knowles [Southeastern Integrated Medical]
18	Case 19	Joe Lightfoot [UF College of Medicine]
25	Case 24	Joe Delatorre [Florida Medical Clinic]
Oct 2	Case 1	David Hammer [MedAssets]
9	Case 9	Laini Wolf [Sibley Memorial Hospital]
16	Case 25	Jake McKelvy [Florida Hospital Centra Care] Class time is 10:40 – 12:40
23	No Class (C-Suite Tour)	
30	Case 11	Les Jebson [UF Diabetes Center of Excellence]
Nov 6	Case 18	Andy Harris and Bryan Sanchez [GE Capital]
13	Case 23	TBA
20	Ethics Cases (Teams A, B, C, D, and E)	
27	Holiday (Thanksgiving)	
Dec 4	Final Examination (if necessary)	