

PADM 563 Fall 2018

Health Care Finance

Instructor : Young Joo Park, PhD (park.spa.unm@gmail.com)

Course Meetings: Friday 4:00 PM - 6:30 PM, DSH 132

Office Hours: Monday 2:00 PM - 4:00 PM and by appointment

Office: SSCO 3007

Why has the United States just dramatically altered the way in which it finances health care? Why is health care so expensive? What incentives does the American health care system create for the different actors in the system, and how can we measure the impact of those incentives?

In the first half of the course, we will examine the challenges confronting health care finance. We will study major topics in the health economics, including selection, moral hazard, and bargaining power. The purpose of the second half of the course is to develop your knowledge and skills in the management of financial resources in healthcare organizations. The readings, video content, weekly topics of study, and course assignments were selected to broaden your understanding of financial management in healthcare organizations and to make you a better health administrator.

You may not “connect” with each topic, but if you engage yourself in this course, you will increase your ability to achieve policy objectives, overcome administrative challenges, and manage health care organizations.

Mathematics

PADM 563 requires a basic competence in algebra. You need to be able to solve problems of the following sort:

1. $2X = 3X + 10 - 2(X-1)$
2. $3X + 2Y = 7$; $Y = 2X + 14$
3. $3/X = X$

You should be able to graph lines in $Y = a + bX$ form, and to know in a graph what a slope is and what a Y-intercept is.

Technical Skills Required

While financial management is about much more than numbers, this class introduces you to several quantitative techniques that are essential in public management. Most of the calculations in this class can be completed with a pencil and napkin, but *Excel and financial calculators* greatly simplify the steps. Even if you don't have a career in financial management, sharpening your Excel skills is likely to enhance your value in the workplace. You don't, after all, want to be in a situation where you have to justify your napkin calculations to your boss. If they're brilliant, you'll be a legend; but, if they're even average, you won't be trusted with adult scissors.

Required Readings

Louis C. Gapenski and George H. Pink, *Understanding Healthcare Financial Management, 7th Edition*

Louis C. Gapenski, Public Health Finance Tutorials. Public Health Finance Bootcamp.

<http://www.publichealthfinance.org/training-and-education/2875>

Professional articles: available on UNM Learn, unless otherwise specified.

Suggested Materials

Etheridge, D. (2010). *Excel Data Analysis: Your Visual Blueprint for Creating and Analyzing Data, Charts and Pivot Tables* (3rd ed). Indianapolis: Wiley Publishing, Inc.

Grading

25% Final exam

25% Midterm

20% Problem sets

10% Weekly quizzes

10% Group presentation

10% Participation

Problem Sets: there will be two problem sets, requiring math at the level of high school algebra, as well as some familiarity with Excel. Each problem set is worth 10% of the course grade.

I strongly encourage you to discuss the problem sets and memos with your peers, provided that

- a) you attempt every problem on your own before discussing them with colleagues;

- b) **you write up your own individual assignments from scratch, without looking at your colleagues' work while you do it; and**
- c) **you explicitly acknowledge whom you worked with on the first page of the assignment. Copying a colleague's work directly is cheating.**

Problem sets are due at the BEGINNING of class. If you are unable to attend class on a day that an assignment is due, you can email it to me before the start of class. Late assignments will receive a 20% penalty. Assignments will not be accepted more than 1 week late.

If you feel like an assignment has been graded incorrectly, you can submit **a written request** for a re-grade within one week of the assignment being returned to you. **This request should be made in writing and should detail why you believe that the grading is incorrect.** I will re-grade the entire assignment, with special attention paid to the areas you noted in your request.

Weekly Quizzes: Each class will have some sort of assignment to assess your understanding of the course material. Most of these will be 20-minute quizzes at the end of class. There is no provision for make-up assessments.

Group Presentation: More information about the group presentation will be made available when it is assigned.

Mid-term and final exam

If you have documented, verifiable, and serious reason to miss an exam, you must provide the proof to me within 48 hours of the exam or you will receive a zero for it. Depending on the nature of the absence, a makeup exam will be given, or the weight of the missed midterm will be shifted to the final exam. An excused absence for the final exam will be made up for according to the policy of the college.

Plagiarism and Citations

You must familiarize yourself with the information at <http://grad.unm.edu/aire/academic-integrity.html>. Plagiarism is a major offense and can receive severe punishments, from automatically failing the course to being expelled from the program. If in doubt about acceptable use of sources, ask.

Correct citations are one of the more important elements in avoiding plagiarism. When you use a source, make sure to cite it using any standard academic citational method. The key to a citation is that the reader must be able easily to track down the source.

OTHER CLASS POLICIES

Attendance

Attendance is factored into the participation grade.

Excused absences

I do appreciate that you may experience truly extenuating circumstances which would prevent attending class or preparing an assignment by the deadline. In these cases, speak with me as soon as possible, provide written documentation, and we will make alternate arrangements. Out of fairness to the rest of the class, I cannot adjust individual students' deadlines without supporting documentation.

Class Room Distractions

I do not expect to see class room distractions in a graduate course. If you are a distraction and detract from the course, your actions will have a significant and negative effect on your grade.

Please turn off all cell phones, instant messengers, and email. If you are environmentally conscious and prefer to take electronic notes and save the Blackboard readings to your laptop or tablet, then it is okay to bring those to class as long as you are using your electronic gadgets for course-related purposes.

Disability statement

Please see me if you have a disability documented by the Accessibility Resource Center to request accommodations.

Schedule

Note: Except for the first day, all readings are to be completed before the day for which they are assigned.

Section I: Economic Analysis and Application to Decisions

Aug 24 : Introduction to Healthcare Financial Management

- Gapenski & Pink, Chapters 1

Aug 31 : Asymmetric Information

- Handout on Asymmetric Information

Sep 7 : Health Insurance

- Gapenski & Pink, Chapters 2

Sep 14 : Payments to Providers

- Gapenski & Pink, Chapters 3

Sep 21 : Estimating Costs and Margins

- Gapenski, Public Health Finance Tutorials 2
- Problem Set 1 Due

Sep 28 : **Midterm**

Midterm 4:00p - 6:30 PM DSH 132

Make sure to bring a calculator. Calculator programs (apps) on smartphones or other wireless enabled devices are not permitted during the midterm exam.

Oct 5 : No Class – Association for Budgeting & Financial Management Conference

Oct 12 : No Class – Break

Section II: Financial Analysis and Management

Oct 19 : Presentation

Oct 26 : Time Value Analysis I

- Gapenski & Pink, Chapters 4

Nov 2 : Time Value Analysis II

- Gapenski & Pink, Chapters 4

Nov 9 : A Discussion on Present Discounted Value

- Handout on PDV

Nov 16 : Financial Risk and Required Return

- Gapenski & Pink, Chapter 5

Nov 23 : No Class – University Holiday: Thanksgiving

Nov 30 : Financial Reporting I

- Gapenski, Public Health Finance Tutorials 5

Dec 7 : Financial Reporting II & Course Overview

- Problem Set 2 Due

Dec 14 : Final Exam

Final exam 4:00p - 6:30 PM DSH 132

Make sure to bring a financial calculator or a laptop with Excel.