

## PADM 563 Fall 2020

### Health Care Finance

**Instructor :** Young Joo Park, PhD ([park@unm.edu](mailto:park@unm.edu))

**Course Meetings:** Thursday 4:00 PM - 6:30 PM

**Office Hours:** Friday 9:00 AM – 11:00 AM and by appointment via Zoom

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, 7<sup>th</sup> 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**

<b>Final Exam</b>	150 points
<b>Midterm Exam</b>	150 points
<b>Problem Sets</b>	70 points * 2
<b>Weekly Quizzes</b>	10 points * 10
<b>Presentations</b>	
<b>Group Presentation</b>	30 points
<b>Individual Presentation</b>	50 points
<b>Participation</b>	80 points
<b>Total</b>	700 points

**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.

**Individual Presentation:** More information about the individual 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.

Students taking the course have some additional requirements that they must fulfill to receive full credit in the course. These expectations are due to the nature of distance education through a distributed format that relies on internet-based virtual presence rather than physical attendance. Students that do not meet these expectations may be dropped from the class. These expectations include:

- Working Digital Equipment – Distance students must have access to a computer with a working camera and access the internet. The available internet bandwidth must be robust enough to support both voice and video. For attendance purposes, distance students must be connected to the internet with the computer's camera on for the entire session: **students not visible to the instructor are not in attendance.**
- Appropriate Location – Distance students must find a suitable and quiet location that is free of noise and interruption when attending class. This location may be in an office or domicile, but other business or engagement may not be conducted during the class session. It is expected that distance students will devote their attention to class while it is in session.
- Appropriate Dress – Distance students should remember that they will be visible to the instructor and other students during the class session. So they should take care to dress appropriately. Formal or business wear is not required, but lounge or bed wear is discouraged.

**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.

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

**Citizenship and/or Immigration Status:** All students are welcome in this class regardless of citizenship, residency, or immigration status. Your professor will respect your privacy if you choose to disclose your status. As for all students in the class, family emergency-related absences are normally excused with reasonable notice to the professor, as noted in the attendance guidelines above. UNM as an institution has made a core commitment to the success of all our students, including members of our undocumented community. The Administration's welcome is found on our website: <http://undocumented.unm.edu/>.

## **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 20 : Introduction to Healthcare Financial Management

- Gapenski & Pink, Chapters 1

Aug 27 : Asymmetric Information

- Handout on Asymmetric Information

Sep 3 : Health Insurance

- Gapenski & Pink, Chapters 2

Sep 10 : Payments to Providers

- Gapenski & Pink, Chapters 3

Sep 17 : Estimating Costs and Margins

- Gapenski, Public Health Finance Tutorials 2

Sep 24 : Special Topic Day

- Group Presentation
- Problem Set 1 Due

## **Section II: Financial Analysis and Management**

Oct 1 : **Midterm**

**Midterm 4:00 PM - 6:00 PM**

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

Oct 8 : Time Value Analysis I

- Gapenski & Pink, Chapters 4

Oct 15 : Time Value Analysis II

- Gapenski & Pink, Chapters 4

Oct 22 : Time Value Analysis III

- Handout on PDV

Oct 29 : Financial Reporting I

- Gapenski, Public Health Finance Tutorials 5

Nov 5 : Financial Reporting II

- Gapenski, Public Health Finance Tutorials 5
- Suarez et al., 2011

Nov 12 : ARNOVA Conference – No Class

Nov 19 : Course Overview I

- Presentation: Hospital Financial Statement
- Problem Set 2 Due

Nov 26 : Thanksgiving – No Class

Dec 3 : Course Overview II

- Presentation: Hospital Financial Statement

**Dec 10 : Final Exam**

**Final exam 4:00 PM - 6:30 PM**

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