



# PUBH 6558

Health Finance II  
Fall 2018

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## COURSE & CONTACT INFORMATION

**Credits:** 3

**Meeting Day(s):** Monday

**Meeting Time:** 9:05 – 12:05

**Meeting Place:** Mercy Learning Lab – D325

**Instructor:** Kimberly Parrish

**Email:** [kparrish@umn.edu](mailto:kparrish@umn.edu)

**Office Phone:** 612-624-6664

**Fax:**

**Office Hours:** Thursday, 1:30 – 3:00, or by appointment

**Office Location:** MHA Offices

## COURSE DESCRIPTION

Health Finance II will build on skills acquired in Managerial Accounting for Health Services and Health Finance I. The course is designed to build the financial skills required to be an effective operational leader within a healthcare organization. The course will cover financial statement analysis; financial planning and forecasting; healthcare capital and operating budgets; capital allocation; revenue cycle; supply chain; business combinations and valuation. Experience with PowerPoint and computerized spreadsheets such as Excel is necessary.

## COURSE PREREQUISITES

Students must be enrolled in the Master of Healthcare Administration (MHA) program, have taken PUBH 6535 Managerial Accounting for Health Services and PUBH 6557 Health Finance I or received instructor permission. Experience with Excel and PowerPoint is required.

## COURSE GOALS & OBJECTIVES

The goal of this course overall is to prepare each student to take on the financial responsibilities associated with healthcare operational roles. We will focus on practical opportunities to build skills and awareness, at the appropriate levels, of financial responsibilities, opportunities, issues and concerns relevant to operational leaders in the following areas:

- Financial statement analysis

- Making financial assumptions and projections
- Financial planning and forecasting
- Payment systems and methodologies
- Operational budgeting and variance analysis
- Return on Investment analysis
- Capital budgeting and capital acquisition
- Working capital management, including cash & cash management, revenue cycle management and supply chain management
- Business combinations and valuations
- Ability to analyze real world situations and make recommendations based on financial information

## **METHODS OF INSTRUCTION AND WORK EXPECTATIONS**

### **Course Workload Expectations**

Health Finance II is a three-credit course. The University expects that for each credit, you will spend a minimum of eight hours per week attending class or comparable online activity, reading, studying, completing assignments, etc. over the course of a 15-week term. Thus, this course requires approximately 120 hours of effort spread over the course of the term in order to earn an average grade. It is understood that students will be interviewing and may have to miss classes. The expectation is that you will communicate with the professor your expected absence ahead of time, that all course work will be completed and submitted by the deadlines and that you will do your best to be present for mid-term exams. If an exam is missed, you will need to make arrangements to take a make-up mid-term exam.

This course is designed around topic areas that are important financial concepts for future healthcare leaders. Each class will be structured to include reading from one or more chapters, articles and case studies. Lectures will be based on the readings but will include real world examples and discussion around the topic areas. Guest speakers, who are experts in their field, will present and lead discussion around specific topic areas.

Class time will be divided between lecture on topics covered for the week, group case study presentations and group time to work on Excel based problems and mini-cases in class. Students will submit their final problems and mini-case solutions through Moodle by Wednesday at 11:55 PM following the class.

This course includes 12 case studies to be presented and discussed in class. There will be a student team on point for each case. Some weeks we will have only one case presented, two teams will be in charge of presenting and leading the case discussion on those weeks. In weeks where there are two cases, there will be a student team assigned to lead each respective case presentation and discussion. There will be eight teams with four students per team. All students are expected to come to class and be active participants in the case discussions for the current week. All students are expected to prepare for the case work by reading the cases, reviewing and understanding the Excel spreadsheets associated with the assigned case for your group. The week prior to the case presentations the professor will present the case and the case questions to the class. Each team is expected to meet and do preliminary case analysis and prepare a presentation. The in charge team(s) are expected to meet – either in person or virtually – with the professor during the week before the case study will be presented to the class to go over their analysis and get feedback from the professor. My preference is that meeting occur no later than the Thursday prior to the Monday class. Each in charge team will have 20 minutes to present their case in class. The professor, TA and the lead teams will then work with the remaining teams to complete their case analysis in class. A completed case analysis and write-up is due Thursday at 11:55 PM following the class through Moodle.

## **Learning Community**

School of Public Health courses ask students to discuss frameworks, theory, policy, and more, often in the context of past and current events and policy debates. Many of our courses also ask students to work in teams or discussion groups. We do not come to our courses with identical backgrounds and experiences and building on what we already know about collaborating, listening, and engaging is critical to successful professional, academic, and scientific engagement with topics.

In this course, students are expected to engage with each other in respectful and thoughtful ways.

In group work, this can mean:

- Setting expectations with your groups about communication and response time during the first week of the semester (or as soon as groups are assigned) and contacting the TA or instructor if scheduling problems cannot be overcome.
- Setting clear deadlines and holding yourself and each other accountable.
- Determining the roles group members need to fulfill to successfully complete the project on time.
- Developing a rapport prior to beginning the project (what prior experience are you bringing to the project, what are your strengths as they apply to the project, what do you like to work on?)

In group discussion, this can mean:

- Respecting the identities and experiences of your classmates.
- Avoid broad statements and generalizations. Group discussions are another form of academic communication and responses to instructor questions in a group discussion are evaluated. Apply the same rigor to crafting discussion posts as you would for a paper.
- Consider your tone and language, especially when communicating in text format, as the lack of other cues can lead to misinterpretation.

Like other work in the course, all student to student communication is covered by the Student Conduct Code (<https://z.umn.edu/studentconduct>).

## **COURSE TEXT & READINGS**

Understanding Healthcare Financial Management by Louis C. Gapenski and George H. Pink, Seventh Edition, Health Administration Press, Chicago, Illinois

Abbreviation for the textbook: GP

Essentials of Health Care Finance by William O. Cleverley and James O. Cleverley, Eighth Edition, Jones & Bartlett Learning, Burlington, Massachusetts

Abbreviation for the textbook: Cleverley

Cases in Healthcare Finance by George H. Pink and Paula H. Song, Sixth Edition, Health Administration Press, Chicago, Illinois

Abbreviation for the textbook: GP Cases

5 Strategies to Ensure the Right Capital Spending Decisions by Jason Sussman and Jess Block, HFM Magazine, May 2016

5 KPIs that Require Revenue Cycle Managers' Attention by Devendra Saharia, HFM Magazine, September 2014

HFMA Rev Cycle PM Presentation by Sandra Wolfskill, FHFMA, MA-RI Chapter: your Compass for Navigating Turbulent Financial Waters for Revenue Cycle 2015, January 23, 2015

HFMA article Looking Beyond Cost Control: A New Role for Strategic Healthcare Supply Chain Leaders, Michael Schiller, HFM Magazine, September 2017

## COURSE OUTLINE/WEEKLY SCHEDULE

Week	Topic	Readings	Activities/Assignments
<b>Week 1 September 10</b>	<ul style="list-style-type: none"> <li>Welcome &amp; introductions</li> <li>Expectations</li> <li>Why is Finance important to a non-finance leader</li> <li>Assign case groups for the semester</li> <li>Financial Statement Analysis</li> </ul>	<ul style="list-style-type: none"> <li>Cleverly, Chapter 1</li> <li>GP Chapter 13</li> <li>GP Case 23, Commonwealth Health Plans</li> <li>GP Case 24, River Community Hospital (A)</li> </ul>	<ul style="list-style-type: none"> <li>GP Chapter 13 problems</li> <li>GP Chapter 13 mini-case</li> <li>Allina, Fairview, Health Partners and Trinity Financial Statement Analysis</li> </ul>
<b>Week 2 September 17</b>	<ul style="list-style-type: none"> <li>Financial Statement Analysis</li> <li>Allina, Fairview, Health Partners and Trinity Financial Statement Analysis</li> <li>Payors &amp; Payment Systems</li> </ul>	<ul style="list-style-type: none"> <li>Cleverly, Chapters 3 &amp; 6</li> </ul>	<ul style="list-style-type: none"> <li>Present GP Case 23, Commonwealth Health Plans</li> <li>Present GP Case 24, River Community Hospital (A)</li> </ul>
<b>Week 3 September 24</b>	<ul style="list-style-type: none"> <li>Guest Speaker, Kim Simensen - Integrating Financial and Strategic Planning: Designing the Case for Change</li> <li>Financial Planning &amp; Forecasting</li> <li>Connection between strategy &amp; financial planning</li> </ul>	<ul style="list-style-type: none"> <li>GP, Chapters 6, 7 &amp; 14</li> <li>GP Case 25, River Community Hospital (B)</li> <li>HFMA article: 5 Strategies to Ensure the Right Capital Spending Decisions</li> <li>Allina, Fairview and Trinity Rating Agency Reports</li> </ul>	<ul style="list-style-type: none"> <li>Comparative financial statement analysis Allina, Fairview and Trinity</li> <li>GP chapter 14 problems</li> <li>GPchapter 14 mini-case</li> </ul>
<b>Week 4 October 1</b>	<ul style="list-style-type: none"> <li>Financial Planning &amp; Forecasting</li> <li>Budget's role in management control of resources</li> <li>Benchmarking as a tool in the budgeting process</li> <li>Mid-Term Exam discussion</li> </ul>	<ul style="list-style-type: none"> <li>Cleverly, Chapters 16 &amp; 17</li> <li>GP Case 10, Cascade Mental Health Clinic</li> </ul>	Present GP Case 25, River Community Hospital (B)
<b>Week 5 October 8</b>	<ul style="list-style-type: none"> <li>Mid-term Exam</li> <li>Guest Speaker, Dave Albright</li> <li>Budgeting approaches &amp; practical considerations</li> </ul>	•	•
<b>Week 6 October 15</b>	<ul style="list-style-type: none"> <li>Cost control &amp; variance analysis</li> <li>Understanding and analyzing responsibility reports</li> <li>Capital Allocation</li> </ul>	<ul style="list-style-type: none"> <li>GP, Chapter 11 &amp; 12</li> <li>GP Case 20, Coral Bay Hospital</li> <li>GP Case 21, National Rehab Centers</li> </ul>	<ul style="list-style-type: none"> <li>GP chapter problems</li> <li>GP mini-case</li> <li>Present GP Case 10, Cascade Mental Health Clinic</li> <li>Responsibility report variance analysis</li> </ul>
<b>Week 7 October 22</b>	<ul style="list-style-type: none"> <li>Working Capital &amp; its components</li> <li>Cash, cash budgeting &amp; cash management</li> </ul>	<ul style="list-style-type: none"> <li>GP, Chapter 15, pages 651 – 662</li> <li>Cleverly Chapter 22 &amp; 23</li> </ul>	<ul style="list-style-type: none"> <li>GP chapter problems</li> <li>GP mini-case</li> </ul>

		<ul style="list-style-type: none"> <li>GP Case 26, Mountain Village Clinic</li> </ul>	<ul style="list-style-type: none"> <li>Present GP Case 20, Coral Bay Hospital</li> <li>Present GP Case 21, National Rehab Centers</li> </ul>
<b>Week 8 October 29</b>	<ul style="list-style-type: none"> <li>Revenue cycle &amp; revenue cycle drivers</li> <li>Revenue cycle problem diagnosis &amp; improvement</li> </ul>	<ul style="list-style-type: none"> <li>GP, Chapter 15</li> <li>Cleverly Chapter 2</li> <li>HFMA - 5 KPIs that Require Revenue Cycle Managers' Attention &amp;</li> <li>HFMA Rev Cycle PM Presentation</li> <li>GP Case 27 Foster Pharmaceuticals</li> <li>GP Case 29 Milwaukee Regional Health System</li> </ul>	<ul style="list-style-type: none"> <li>GP chapter problems</li> <li>GP mini-case</li> <li>Present GP Case 26, Mountain Village Clinic</li> </ul>
<b>Week 9 November 5</b>	<ul style="list-style-type: none"> <li>Guest speaker, Chris Meyers Janda</li> <li>Supply chain</li> <li>supply chain management</li> <li>drivers and problem diagnosis &amp; improvement</li> <li>Mid-Term exam discussion</li> </ul>	<ul style="list-style-type: none"> <li>GP, Chapter 15</li> <li>HFMA article Looking Beyond Cost Control: A New Role for Strategic Healthcare Supply Chain Leaders</li> </ul>	<ul style="list-style-type: none"> <li>GP chapter problems</li> <li>GP mini-case</li> <li>Present Case 27 Foster Pharmaceuticals</li> </ul>
<b>Week 10 November 12</b>	<ul style="list-style-type: none"> <li>Mid-Term Exam</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Present Case 29 Milwaukee Regional Health System</li> </ul>
<b>Week 11 November 19</b>	<ul style="list-style-type: none"> <li>Guest Speaker - Triple Tree VC - healthcare business valuation</li> <li>Discuss mergers, reasons to merge, types of mergers</li> <li>Business Valuation</li> </ul>	<ul style="list-style-type: none"> <li>GP, Chapter 16</li> <li>GP Case 30, St. Benedict's</li> <li>GP Case 32, Bedford Clinic</li> </ul>	<ul style="list-style-type: none"> <li>GP chapter problems</li> <li>GP mini-case</li> </ul>
<b>Week 12 November 26</b>	<ul style="list-style-type: none"> <li>Guest speaker, James Hereford CEO Fairview Health System</li> <li>Set up cases for final</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Present GP Case 30, St. Benedict's</li> <li>Present GP Case 32, Bedford Clinic</li> <li>Group Submission – Final Case Study Prep work</li> </ul>
<b>Week 13 December 3</b>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Final Cases Due; Final Project Presentations Draw</li> </ul>
<b>Week 14 December 10</b>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Final Cases Due; Final Project Presentations Draw</li> </ul>
<b>Week 15 December 17</b>	<ul style="list-style-type: none"> <li>Happy Winter Break!</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

## SCHOOL OF PUBLIC HEALTH AND UNIVERSITY POLICIES & RESOURCES

The School of Public Health maintains up-to-date information about resources available to students, as well as formal course policies, on our website at [www.sph.umn.edu/student-policies/](http://www.sph.umn.edu/student-policies/). Students are expected to read and understand all policy information available at this link and are encouraged to make use of the resources available.

The University of Minnesota has official policies, including but not limited to the following:

- Grade definitions
- Scholastic dishonesty
- Makeup work for legitimate absences
- Student conduct code
- Sexual harassment, sexual assault, stalking and relationship violence
- Equity, diversity, equal employment opportunity, and affirmative action
- Disability services
- Academic freedom and responsibility

Resources available for students include:

- Confidential mental health services
- Disability accommodations
- Housing and financial instability resources
- Technology help
- Academic support

## EVALUATION & GRADING

<b>Activity</b>	<b>Points</b>	<b>Percent of Grade</b>
<b>12 - Case analysis &amp; report - 5 points each</b>	60	12%
<b>2 – Case presentations – 50 points each</b>	100	20%
<b>5 of 7 assigned sets of chapter problems &amp; mini-cases – 10 points each</b>	50	10%
<b>2 mid-term exams – 50 points each</b>	100	20%
<b>Final team project</b>	100	20%
<b>Class participation (attendance and discussion contributions)</b>	50	10%
<b>Individual team participation based on blinded peer review by team members</b>	40	8%
<b>Total</b>	500	100%

We will do our best to have grading completed and feedback given within one week of assignment submission.

Please refer to the University’s Uniform Grading Policy and Grading Rubric Resource at <https://z.umn.edu/gradingpolicy>

## Grading Scale

The University uses plus and minus grading on a 4.000 cumulative grade point scale in accordance with the following, and you can expect the grade lines to be drawn as follows:

<b>% In Class</b>	<b>Grade</b>	<b>GPA</b>
93 - 100%	A	4.000
90 - 92%	A-	3.667
87 - 89%	B+	3.333
83 - 86%	B	3.000
80 - 82%	B-	2.667
77 - 79%	C+	2.333
73 - 76%	C	2.000
70 - 72%	C-	1.667
67 - 69%	D+	1.333
63 - 66%	D	1.000
< 62%	F	

- A = achievement that is outstanding relative to the level necessary to meet course requirements.
- B = achievement that is significantly above the level necessary to meet course requirements.
- C = achievement that meets the course requirements in every respect.
- D = achievement that is worthy of credit even though it fails to meet fully the course requirements.
- F = failure because work was either 1) completed but at a level of achievement that is not worthy of credit or 2) was not completed and there was no agreement between the instructor and the student that the student would be awarded an I (Incomplete).
- S = achievement that is satisfactory, which is equivalent to a C- or better
- N = achievement that is not satisfactory and signifies that the work was either 1) completed but at a level that is not worthy of credit, or 2) not completed and there was no agreement between the instructor and student that the student would receive an I (Incomplete).



Evaluation/Grading Policy	Evaluation/Grading Policy Description
<p><b>Scholastic Dishonesty, Plagiarism, Cheating, etc.</b></p>	<p>You are expected to do your own academic work and cite sources as necessary. Failing to do so is scholastic dishonesty. Scholastic dishonesty means plagiarizing; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; altering, forging, or misusing a University academic record; or fabricating or falsifying data, research procedures, or data analysis (As defined in the Student Conduct Code). For additional information, please see <a href="https://z.umn.edu/dishonesty">https://z.umn.edu/dishonesty</a></p> <p>The Office for Student Conduct and Academic Integrity has compiled a useful list of Frequently Asked Questions pertaining to scholastic dishonesty: <a href="https://z.umn.edu/integrity">https://z.umn.edu/integrity</a>.</p> <p>If you have additional questions, please clarify with your instructor. Your instructor can respond to your specific questions regarding what would constitute scholastic dishonesty in the context of a particular class-e.g., whether collaboration on assignments is permitted, requirements and methods for citing sources, if electronic aids are permitted or prohibited during an exam.</p> <p>Indiana University offers a clear description of plagiarism and an online quiz to check your understanding (<a href="http://z.umn.edu/iuplagiarism">http://z.umn.edu/iuplagiarism</a>).</p>
<p><b>Late Assignments</b></p>	<p>Failure to submit an assignment <b>without prior approval</b> will result in a late penalty score reduction of 5% per day. If any assignment is not submitted within one week of the original due date, no credit will be given.</p>
<p><b>Attendance Requirements</b></p>	<p>Attendance is mandatory without prior approval. Prior approval will be granted for interviewing and serious personal reasons, such as medical emergency or family bereavement leave.</p>
<p><b>Extra Credit</b></p>	<p>No extra credit options are planned.</p>
<p><b>Intellectual Property of Instructors' Material</b></p>	<p>The MHA program prohibits any current student from uploading MHA course content (e.g., lecture notes, assignments, or examinations for any PUBH 65XX or PUBH 75XX courses) created by a University of Minnesota faculty member, lecturer, or instructor to any crowdsourced online learning platform.</p>

**CEPH KNOWLEDGE DOMAINS**

<b>Knowledge Domain</b>	<b>Course Learning Objectives</b>	<b>Assessment Strategies</b>

## NCHL HEALTHCARE LEADERSHIP COMPETENCIES FOR CAHME ACCREDITATION PURPOSES

Competency	Course Learning Objectives	Assessment Strategies
Quantitative analysis and performance measurement	<p>Perform and interpret financial information in the following areas:</p> <ul style="list-style-type: none"> <li>• Financial statement analysis</li> <li>• Financial analysis and projections</li> <li>• Operational budgeting</li> <li>• Variance analysis</li> <li>• Return on Investment analysis</li> <li>• Capital budgeting and capital acquisition</li> <li>• Analysis of real world situations and make recommendations based on financial information</li> </ul>	<ul style="list-style-type: none"> <li>• Problem and mini-case exercises</li> <li>• Case study analysis and write-up</li> <li>• Case study presentations</li> <li>• Exams to test understanding of financial concepts and their application</li> </ul>
Financial management	<p>Understand and apply concepts related to:</p> <ul style="list-style-type: none"> <li>• Financial planning</li> <li>• Payment systems and methodologies</li> <li>• Working capital management, including cash &amp; cash management, revenue cycle management and supply chain management</li> <li>• Business combinations and valuations</li> </ul>	<ul style="list-style-type: none"> <li>• Problem and mini-case exercises</li> <li>• Case study analysis and write-up</li> <li>• Case study presentations</li> <li>• Exams to test understanding of financial concepts and their application</li> </ul>

