

Course Syllabus

PUBH 6557 Health Finance I

Spring Semester (January 20 – May 16, 2009) 3 Credits

Instructor Information

Instructor: Troy Salley, MBA CPA
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Course Information

Course: PUBH 6557
 Location: Moos Tower 5-125
 Times: Monday, 4:35-7:05 pm
 Teaching Asst: Todd Koehler
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Course Overview

Principles of financial management and insurance are integrated and applied to the healthcare field. Topics include: ethics and Sarbanes-Oxley; financial condition analysis; time value analysis; financial risk and return; debt and leasing; capital budgeting and capital structure. Experience with computerized spreadsheets such as Excel is necessary.

The goal of the course is to make you a better business leader within the healthcare environment.

- To better understand the financial business drivers of healthcare organizations
- To enhance your ability to evaluate and improve financial performance
- Develop a guide for knowing source, use and risk of various financing vehicles

The goal is not to educate you to become an accountant or financial analyst. The intent is, however, to take your academic knowledge and apply it to financial management decision-making scenarios you will likely face in the workplace during your career.

Exit Competencies Expected

The course focuses on executive financial analyses for strategic and operating decisions:

- Ethical Financial Leadership
- Third Party Payer Systems
- Financial Tools & Analytical Techniques
- Time Value Analysis
- Financial Risk and Return
- Sources, Use and Risks of Capital Financing

Course Prerequisite

PubH 6535 Cost Accounting for Healthcare Services or instructor permission if equivalent accounting or finance experience requirements are met.

Course Requirements

Topics in this course will be taught through a combination of lectures, class discussions and independent study. Therefore, students are expected to attend the class regularly and take an active role in class discussions and group projects. It is essential that students read assigned materials prior to coming to class and are encouraged to bring interesting recent news and real-life examples related with healthcare finance topics. Assignments are due at the beginning of class on the scheduled due date.

Additionally, students should complete their assignments and manage their classroom behavior within the expectations and policies of the University of Minnesota's Student Conduct Code.

Grading

Chapter Homework Assignments	20%
Harvard Business Case: Assessing a Firm's Future Financial Health	5%
"How I will Avoid Becoming A Bad Front-Page Headline" Report	5%
Midterm Exam	25%
Ethical/Financial Condition Case Student Presentation.....	20%
Final Exam	25%
Total Assignments	100%

Required Course Materials

Same textbook as used in Cost Accounting for Healthcare Services (PubH 6535):

Gapenski, Louis C. Healthcare Finance: An Introduction to Accounting & Financial Management, Fourth Edition. Health Administration Press, 2008.

Harvard Business cases can be obtained from the following website and upon search by case number. Each case is \$6.95 and can be downloaded electronically.

http://harvardbusinessonline.hbsp.harvard.edu/b01/en/cases/cases_home.jhtml

Presentation Guidelines

The success of a great financial presentation is not generally correlated to the 8 font spreadsheets crammed full of calculations and statistics, but rather the presenters ability to convey the meaning of those numbers to their audience. So mix a little movie director skill in with your accountant skills. The following are recommended guidelines that align to the components for which your grade will be based.

- **Learn story telling.** Good financial analysis is not solely about highly involved spreadsheets and complex ratio calculations – it is about finding the story in those numbers. Most people like stories better than spreadsheets. Use the analysis to discover the story and convey it using select items from your results as signposts to validate your message along the way.
- **Always provide choice.** Executives generally cannot make a decision if there is only one option. There are always alternative solutions for any given problem. A good problem solver will demonstrate the pros and cons all several viable alternatives, but stand strongly behind one recommendation.
- **Be credible.** Credibility is a key ingredient in any business presentations. Appearance and speaking skills establish early perception of credibility before analytically accuracy and recommendation feasibility are determined. Demonstrate professionalism and confidence and keep to your time limit.
- **Add special effects.** A picture is worth a thousand words. You don't want to sacrifice substance for form, but you don't want people sleeping through your brilliant analysis either. Make effective use of PowerPoint, charts and graphs, executive level handouts, etc. Speak more with visual queues to enhance the retention power of your message.

Class Break Times

Class generally runs in duration of two and half hours. Around the mid-point of each evening's class, we will pause for one 15-minute break.

Scholastic Dishonesty and Plagiarism

Students are responsible for knowing the University of Minnesota, Board of Regents' policy on student conduct and scholastic dishonesty: <http://www.umn.edu/regents/policies/academic/StudentConduct.html>.

Scholastic dishonesty as defined in the policy and will be reported to the Office of Student Judicial Affairs: <http://www.sja.umn.edu/> and will result in a grade of "F" or "N" for the entire course.

Plagiarism is an important element of this policy. It is defined as the presentation of another's writing or ideas as your own. Serious, intentional plagiarism will result in a grade of "F" or "N" for the entire course. For more information on this policy and for a helpful discussion of preventing plagiarism, please consult University policies and procedures regarding academic integrity: <http://cisw.cla.umn.edu/plagiarism/uofmpolicies.html>. Students are urged to be careful that they properly attribute and cite others' work in their own writing. For guidelines for correctly citing sources, go to <http://tutorial.lib.umn.edu/> and click on "Citing Sources".

In addition, original work is expected in this course. It is unacceptable to hand in assignments for this course for which you receive credit in another course unless by prior agreement with the instructor. Building on a line of work begun in another course or leading to a thesis, dissertation, or final project is acceptable.

If you have any questions, consult the instructor."

Course Withdrawal

School of Public Health students may withdraw from a course through the second week of the semester without permission. No "W" will appear on the transcript. After the second week, students are required to do the following:

- The student must contact and notify their advisor and course instructor informing them of the decision to withdraw from the course.
- The student must send an e-mail to the SPH Student Services Center (SSC). The email must provide the student name, ID#, course number, section number, semester, and year with instructions to withdraw the student from the course, and acknowledgement that the instructor and advisor have been contacted.
- The advisor and instructor must email the SSC acknowledging the student is canceling the course. All parties must be notified of the student's intent.
- The SSC will complete the process by withdrawing the student from the course after receiving all emails (student, advisor, and instructor). A "W" will be placed and remain on the student transcript for the course.
- After discussion with their advisor and notification to the instructor, students may withdraw up until the eighth week of the semester. There is no appeal process.

Disability Services

It is University policy to provide, on a flexible and individualized basis, reasonable accommodations to students who have a documented disability (e.g., physical, learning, psychiatric, vision, hearing, or systemic) that may affect their ability to participate in course activities or to meet course requirements. Students with disabilities are encouraged to contact Disability Services to have a confidential discussion of their individual needs for accommodations. Disability Services is located in Suite 180 McNamara Alumni Center, 200 Oak Street. Staff can be reached by calling 612/626-1333 (voice or TYY).

Course Schedule of Topics and Assignments

Date	Topic	Readings & Assignments
1/26 (1)	Course Introduction Role of Financial Management Ethics, Business Failures & Sarbanes-Oxley <u>Refresher Chapter (1 of 2)</u> Healthcare Accounting & Income Statement Basics	Reference Material on AICPA Sarbanes-Oxley Provided Within Class Presentation Chapter 3 – Financial Accounting Basics & The Income Statement <ul style="list-style-type: none"> ▪ Pgs 74-85 only ▪ Homework Problems 3.1; 3.2 (b-d only)
2/2 (2)	<u>Refresher Chapter (2 of 2)</u> Balance Sheet & Statement of Cashflow Discuss Differences in Non-Profit Financial Statements Statement of Operations Statement of Chgs in Net Assets Balance Sheet Statement of Cash Flows Payer Systems Overview	Chapter 4 – The Balance Sheet & Statement of Cash Flows <ul style="list-style-type: none"> ▪ Pgs 93-116 only ▪ Homework Questions 4.4; 4.5; 4.6 ▪ Homework Problem 4.3 Reference Material Provided Within Class Presentation For Non-Profit Financial Statements Chapter 2 – The Financial Environment <ul style="list-style-type: none"> ▪ Payer Systems Pgs 38-50 Only ▪ Homework Question 2.8
2/9 (3)	Financial Condition Analysis (Part 1)	Chapter 17 – Financial Condition Analysis <ul style="list-style-type: none"> ▪ Pgs 561-576 only ▪ Homework Problem 17.4 (b only)
2/16 (4)	Financial Condition Analysis (Part 2) <i>Guest Speakers from Allina Health System on Hospital Finance & Payer Systems</i>	Chapter 17 – Financial Condition Analysis <ul style="list-style-type: none"> ▪ Pgs 577-587 only ▪ Homework Question 17.7 ▪ Homework Problem 17.4 (a only) Homework Due – Harvard Business School Case: “Assessing a Firm’s Future Financial Health” (Order #201077 / July 2002) <ul style="list-style-type: none"> ○ <i>Deann Wagner, VP Finance (Allina Medical Clinic)</i> ○ <i>Meg Hasbrouck, VP Payer Contracting</i> ○ <i>Earl Beitzel, VP Finance (Mercy Hospital)</i>
2/23 (5)	Current Asset Management	Chapter 16 – Current Asset Management & Financing <ul style="list-style-type: none"> ▪ Pgs 523-539 and 544-551 only ▪ Homework Questions 16.3(a-b); 16.5(a-d)
3/2 (6)	Mid-term – Financial Statements, Payer Systems, Financial Condition Analysis & Current Asset Mgmt	Mid-term Examination

Date	Topic	Readings & Assignments
3/9 (7)	<p>Discussion on Business Failures</p> <p><i>Guest Speakers from Regions Hospital on "What Keeps Hospital Finance Executives Up at Night"</i></p>	<p>"Seven Ways to Fail Big" Harvard Business Review by Paul B Carroll and Chunka Mui (Order #R0809F / September 1, 2008)</p> <p>"The Early Indicators of Financial Failure: A Study of Bankrupt & Solvent Health Systems" Journal of Healthcare Management Sep-Oct 2008 by Joseph S. Coyne (access via http://www.entrepreneur.com/tradejournals/article/print/186268975.html)</p> <p>Homework Due – Written Report on "How I Will Avoid Becoming A Bad Front-Page Headline" (See class website for instructions)</p> <ul style="list-style-type: none"> o Heidi Conrad, CFO o Brad Plowman, Controller
3/16 (8)	Spring Break	No Class This Week
3/23 (9)	Self- Study – Ethical /Financial Condition Case Preparations	No Class This Week ACHE Conference Week
3/30 (10)	<p>Ethical / Financial Condition Case Student Presentations</p> <p><i>Guest Attorney Speaker from UnitedHealth Group on Ethics in Business</i></p>	<p>Ethical / Financial Condition Case Student Presentations</p> <ul style="list-style-type: none"> o Joan Humes
4/6 (11)	Time Value Analysis (Using Excel Spreadsheets)	<p>Chapter 9 – Time Value Analysis</p> <ul style="list-style-type: none"> ▪ Pgs 263-295 ▪ Homework Problems 9.4(a-d); 9.5
4/13 (12)	Financial Risk & Required Return:	<p>Chapter 10 – Financial Risk & Required Return</p> <ul style="list-style-type: none"> ▪ Pgs 320-332 only (focus on CAPM) ▪ Homework Question 10.10(a-c) ▪ Homework Problems 10.5(a-b)
4/20 (13)	Long Term Debt & Lease Financing	<p>Chapter 11 – Long Term Debt Financing</p> <ul style="list-style-type: none"> ▪ Pgs 341-371 ▪ Homework Question 11.2 ▪ Homework Problem 11.2(a-c) <p>Chapter 18 – Lease Financing</p> <ul style="list-style-type: none"> ▪ Pgs 597-610 only ▪ Homework Problem 18.2(a)

Date	Topic	Readings & Assignments
4/27 (14)	Cost of Capital <i>Guest Speaker from Triton Pacific Capital Partners, LLC on Capital Structure, Risk & Return</i>	Chapter 13 – Capital Structure & Cost of Capital <ul style="list-style-type: none"> ▪ Pgs 416-435 Only ▪ Homework Problem 13.2(a-c); 13.3; 13.5(a-d) ○ Larry Atkins, CEO (MBH)
5/4 (15)	Basics of Capital Budgeting	Chapter 14 – Basics of Capital Budgeting <ul style="list-style-type: none"> ▪ Pgs 451-474 only ▪ Homework – Complete Capital Budget (See Class Website For Template & Instructions)
5/11 (16)	Final Exam – Time Value, Risk & Return, LT Debt, Lease Financing and Cost of Capital	Final Examination