

MHM707
Health Management Foundations II
Fall 2022 Course Outline

COURSE OBJECTIVE/PROFILE

The goal of this course is to introduce students to the fundamental concepts and practical issues related to accounting and finance and their uses in planning, decision making and control in health care management.

Course content includes:

- Basics of managerial finance, financial accounting, and managerial accounting
- Basics of pricing, costing, planning, budgeting, and forecasting
- Time value analysis
- Basics of asset pricing
- An introduction to capital structure and the cost of capital
- Basics of capital budgeting and leasing

COURSE DESCRIPTION

Through this course, students will learn about the fundamental concepts and practical issues related to accounting and finance and their uses in planning, decision making and control in the management of health care organizations. Skills in the basics of financial management, financial accounting and managerial accounting, budgeting and forecasting, including statistical applications, will be developed through online discussion, case studies and course assignments.

LEARNING OUTCOMES/OBJECTIVES

Upon completion of this course, students will be able to:

- Understand and correctly use basic financial accounting, managerial accounting and finance terms
- Perform basic financial planning, decision-making and control analyses
- Understand financial risk and return concepts and perform basic time value analysis; analyze investment opportunities, identifying those that will create stakeholder value
- Define the different types of costs, including direct costs, indirect costs, variable costs, fixed costs, product costs and period costs
- Conduct detailed variance analysis in evaluating the performance of a business unit in an organization; use relevant cost information in making product/service decisions including pricing, outsourcing, operations planning and capital investments

- Evaluate financial management issues in health care; use those evaluations to make recommendations, and communicate conclusions through discussion and written reports

INSTRUCTOR AND CONTACT INFORMATION

Trevor Chamberlain

Course Instructor / Course Coordinator

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Jordan Fortino

Course Instructor

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Teaching Assistant

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MODES OF STUDY

This course is delivered in an online format using Avenue to Learn as the principal mode of learning. Topics are explored through readings, problem assignments, case studies and online discussions. Students are expected to read the assigned course material, analyze information, and share their new knowledge and understanding with their classmates so that they learn from each other as well as from the instructors. Instead of face-to-face small group discussions, students will interact online with other students and the course instructors. Typically, discussions will occur asynchronously (not in real time) as this enables students from different time zones to participate more easily and to organize their learning activities around work, family, and personal demands. Live chat rooms and video links may also be used as needed. The instructors and students will also maintain regular contact by email. Please contact the instructors directly at chambert@mcmaster.ca or fortij@mcmaster.ca and NOT at their Avenue to Learn e-mail addresses.

USE OF A2L - STUDENT AND INSTRUCTOR EXPECTATIONS

Students are expected to share ideas and experiences related to the topics presented during online discussions. They are expected to post at least one main response to the weekly question(s) and to participate in the overall discussion by commenting on other students' responses (at least 2 times per week, i.e., a total of at least 3 posts per week). Postings should be reflective, concise, and respectful. Make sure you are adding value and not simply repeating what others have already said (refer to the Online Discussion Grading Scale posted in the content section of the A2L site). The course instructors and teaching assistant will limit their online participation so as not to overly influence the direction of the discussion. To facilitate discussion, students in each course section will be divided into groups. The groups to which students have been assigned appear at the end of the course outline.

A general discussion area on the A2L site is where students may interact with each other. Instructors and TAs will not be monitoring this area so if you have an important question, please e-mail them directly.

Confidentiality Statement: To protect the learning environment, all MHM Program participants (e.g., students, teaching assistants, faculty) agree to honour individual and corporate confidentiality. Please regard all information as private, confidential, and/or proprietary and only disclose such information with the prior written consent of the author. Lapses in confidentiality are considered academic misconduct and could result in a change to your status in the MHM Program.

TECHNICAL REQUIREMENTS

Students require access to a computer that meets the MHM Program technical requirements and access to the internet on a regular basis. Learners must have an active McMaster e-mail account and web browser. The course will be delivered through McMaster University's A2L platform. Students should become familiar with the A2L site, obtain required/suggested textbooks, and complete the first week's required readings as early as possible.

TEXTBOOKS AND READINGS

- Avenue registration for course content, assigned reading, problems and case assignments, <http://avenue.mcmaster.ca>
- Kristen L. Reiter and Paula H. Song. Gapenski's Healthcare Finance: An Introduction to Accounting and Financial Management, Seventh Edition. Chicago: Health Administration Press, 2021; **and**,
- George H. Pink and Paula H. Song, Cases in Healthcare Finance, Seventh Edition. Chicago: Health Administration Press, 2022.

SPREADSHEET APPLICATIONS

Students will probably find that many of the assigned problems and cases lend themselves to spreadsheet-based solutions. For those who have had no experience in using spreadsheets for problem-solving, an introductory level on-line course can be found at

<http://www.baycongroup.com/el0.htm>

Working through this course takes about an hour. For additional assistance please contact Sophia Perrelli, the course teaching assistant.

METHOD OF EVALUATION

The final course grade will be calculated as follows:

Components and Weights

| | |
|---|-------------|
| Completion of weekly problem sets | 20% |
| Completion of case write-ups | 20% |
| Online contributions and participation | 30% |
| Completion of a project suited to a health management setting | 30% |
| Total | 100% |

Notes:

- I. **Problem assignments:** There are twelve problem assignments (one per week for twelve weeks), of which the ‘best’ ten will be used to compute your grade. (20 marks; 2 marks each).
- II. **Case Write-ups:** The members of each group assigned to lead the discussion of the cases will also submit a ‘team report’ on that case. Initial posts to start the discussion should be made no later than Tuesday of the week in which the case is to be discussed. The written report will be due on Monday morning at 9:00 am of the following week. Each case team will lead the discussion of two cases and submit the write-ups of those cases. (10 marks each).
- III. **Participation:** All students are expected to participate in the online discussion of the cases over the course of the term. The class will be divided into groups; the composition of which will rotate on a week-to-week basis. One team from each group will be assigned to lead the group discussion beginning no later than Tuesday at 9:00 am of the week to which the case is assigned and ending no later than Saturday at 12:00 pm (noon) of that week (team leaders may set an earlier ending time). Comments and replies should be constructive and respectful. The participation component of the course evaluation will be based on the quality of your contribution. Please post your comments and replies on your group’s “Discussions” section of the course's Avenue to Learn site. Case assignments are included in this course outline.

- IV. **Term project:** Students will identify a real financial management “problem” that has challenged a health care organization (perhaps your own!). You should describe how the problem arose, including a review of relevant decisions, policies, and practices. Discuss the organization’s response to the management problem and the results of that response. Was the problem successfully resolved? What was the impact of the problem and its resolution on the organization (including the share price if the organization is a publicly traded company)? What is your opinion of the financial condition of the organization now?

The project write-up should be on the order of 3,750 words (fifteen pages double-spaced), with supporting figures, tables, and appendices as you deem necessary. The problem identified should be reasonably current – within, shall we say, the last two years; an ongoing problem would be interesting too! Though not required, we suggest that students discuss their project with one of the course instructors before proceeding. Please submit your project no later than Friday, December 16, 2022, at 5:00 pm. (30 marks).

Conversion of Percentage to Letter Grades

At the end of the course your overall percentage grade will be converted to a letter grade in accordance with the following conversion scheme.

| LETTER GRADE | PERCENT |
|--------------|----------|
| A+ | 90 - 100 |
| A | 85 - 89 |
| A- | 80 - 84 |
| B+ | 77 - 79 |
| B | 73 - 76 |
| B- | 70 - 72 |
| F | 00 - 69 |

REFERENCING

All submitted assignments should use formal APA (American Psychological Association) referencing format, 7th edition. Links to summary APA style guides can be found on the A2L course site as well as on the McMaster Library website. Referencing within online posts may be less formal (students need to provide sufficient information so that the material referenced may be easily found).

PENALTY FOR LATE SUBMISSION

Deadlines for assignments are set. All work must be submitted to the A2L Dropbox on the due date/time as stated in the Course Outline. Do not submit work by e-mail. Late assignments will be penalized 10% for every 24 hours, or part thereof, they are submitted past their due date and time. If you anticipate being unable to complete an assignment on the due date, please contact the course coordinator prior to the due date. Requests for extensions will not be considered within 48 hours of the deadline except under extenuating circumstances.

academic integrity It is the student's responsibility to understand what constitutes academic integrity. Please refer to the University Senate Academic Integrity Policy. This policy describes the responsibilities, procedures, and guidelines for students and faculty should a case of academic integrity arise. A breach of academic integrity is defined as to knowingly act or fail to act in a way that results, or could result, in unearned academic credit or advantage. Please refer to the policy for a list of examples. The policy also provides faculty with procedures to follow as well as general guidelines for penalties. All work that students submit must be own work (original) and include proper citations when work is copied or paraphrased.

Turnitin

A web-based service (Turnitin) to reveal originality may be used. Students are expected to submit their work electronically to the A2L Dropbox. Students who do not wish to have their work assessed through Turnitin must advise the course coordinator in writing at the beginning of the term. This student will submit their assignment as well as all rough drafts as an appendix to the course coordinator using a mutually agreed to process. No penalty will be assigned to a student who does not wish to have their work assessed through Turnitin. All submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., online search, etc.).

For further information related to the Academic Integrity Policy or the use of Turnitin, please refer to the Office of Academic Integrity at: www.mcmaster.ca/academicintegrity.

Recycling Assignments

If a student has conducted a project or assignment for another course on a similar topic to the once proposed for this course, they are required to obtain permission from the course coordinator in advance of proceeding with the topic. This is to ensure that projects or assignments are sufficiently different from one another. If in doubt, please contact the course coordinator.

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STUDENT ACCOMMODATION

Individuals who may require reasonable accommodation (an individualized adaptation or adjustment made to provide a person with a disability with equitable and non-discriminatory opportunities for participation) are encouraged to contact Student Accessibility Services (SAS). In collaboration with SAS, the student creates an accommodation plan. Prior to the beginning of each course, the student will provide the course coordinator with the SAS approved accommodation letter. Together we will discuss how each accommodation will be provided.

You will be required to follow the policies and procedures of McMaster University, Faculty of Business, and Faculty of Health Sciences: www.sas.mcmaster.ca.

POTENTIAL MODIFICATIONS TO COURSE

The instructors and University reserve the right to modify elements of the course during the term. The University may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and A2L course site frequently during the term.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your registration and continuous participation (e.g., on A2L, in the classroom) to the various learning activities of this course will be considered an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. It is your responsibility to read this course outline, to familiarize yourself with the course policies, and to act accordingly.

Lack of awareness of the course policies cannot be invoked at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

HM707
Health Management Foundations II
Fall 2022 Course Schedule

| WEEK | TOPIC DESCRIPTION | READINGS | ASSIGNMENTS* |
|---------------|--|------------------------------------|--|
| 1 Sept 06 | Introduction to Finance and Accounting in Healthcare Organizations | Ch1, pp 1-24; Ch2, pp 37-47, 50-55 | Excel Tutorial |
| 2 Sept 12 | Financial Accounting | Ch3, Ch4 | Problems: P3.2, P3.3, P.4.1, P4.2, P4.5 |
| 3 Sept 19 | Cost Behaviour and Profit Analysis | Ch5 | Problems: P5.4, P5.5, P5.6 Case: Tulsa Memorial Hospital – Case 4 |
| 4 Sep 26 | Cost Allocation | Ch6; Ch7, pp 255-259 | Problems: P6.1, P6.2, P7.7 Case: Big Bend Medical Center – Case 6 |
| 5 Oct 03 | Pricing, Planning, and Budgeting | Ch7, except pp 255-259; Ch8 | Problems: P7.1, P7.3, P8.1 Case: Cascades Mental Health Clinic – Case 10 |
| 6** Oct 17 | Analyzing Financial Performance | Ch17 | Problems: P17.1, P17.4 Case: River Community Hospital (A) – Case 25 |
| 7 Oct 24 | Time Value Analysis | Ch9 | Problems: P9.1 to P9.4, P9.8, P9.11 Case: Gulf Shores Surgery Centers – Case 12 |
| 8 Oct 31 | Risk and Required Return | Ch10 | Problems: P10.1, P10.2, P10.7 Case: Mid-Atlantic Specialty Inc. – Case 13 |
| 9 Nov 07 | Long-term Debt and Equity Financing | Ch11, Ch12 | Problems: P11.1, P11.2, P12.4, P12.9 Case: Pacific Healthcare (A) – Case 14 |
| 10 Nov 14 | Capital Structure and the Cost of Capital | Ch13 | Problems: P13.3 to P13.5 Case: Southeastern Homecare – Case 18 |
| 11 Nov 21 | Capital Budgeting | Ch14, Ch15 | Problems: P14.1, P15.1, P15.2 Case: Coral Bay Hospital – Case 21 |
| 12 Nov 28 | Leasing | Provided by instructors | Problems: P18.1, P18.2 Case: Seattle Cancer Center – Case 17 |
| 13 Dec 05 | Working Capital Management | Ch16 | Problems: P16.4, P16.5 Case: Foster Pharmaceuticals – Case 28 |

* Chapter and problem references refer to Reiter and Song, Seventh Edition (2021). The cases are drawn from Pink and Song, Seventh Edition (2018).

** October 10 is Thanksgiving Day. There will be no assignments during the week of October 10 to give students an opportunity to start working on their term papers.

TEAM CASE ASSIGNMENTS

The class has been divided into five groups (four in week 13) comprising five to seven teams each for case discussion purposes. The composition of the groups (but not the teams) will change from week to week so that everyone will have an opportunity to interact with everyone else over the course of the term. The first team listed in each group (bold print) will be responsible for leading the group discussion and writing up the case report for their group in the week indicated.

| WEEK | GROUP A | GROUP B | GROUP C | GROUP D | GROUP E |
|------|--------------------------|--------------------------|-------------------------|---------------------|-------------------------|
| 3 | 1 , 6-9 | 2 , 10-13 | 3 , 14-18 | 4 , 19-22 | 5 , 23-27 |
| 4 | 6 , 11-14 | 7 , 15-19 | 8 , 20-23 | 9 , 1, 24-27 | 10 , 2-5 |
| 5 | 11 , 16-20 | 12 , 21-24 | 13 , 1, 2, 25-27 | 14 , 3-6 | 15 , 7-10 |
| 6 | 16 , 21-25 | 17 , 1, 2, 26, 27 | 18 , 3-6 | 19 , 7-10 | 20 , 11-15 |
| 7 | 21 , 1, 2, 26, 27 | 22 , 3-7 | 23 , 8-11 | 24 , 12-15 | 25 , 16-20 |
| 8 | 26 , 4-8 | 27 , 9-12 | 1 , 13-16 | 2 , 17-20 | 3 , 21-25 |
| 9 | 4 , 9-13 | 5 , 14-17 | 6 , 18-21 | 7 , 22-26 | 8 , 1-3, 27 |
| 10 | 9 , 3-7 | 10 , 8, 14-16 | 11 , 17-20 | 12 , 21-24 | 13 , 1, 2, 25-27 |
| 11 | 14 , 19-22 | 15 , 23-26 | 16 , 1-3, 27 | 17 , 4-8 | 18 , 9-13 |
| 12 | 19 , 24-27 | 20 , 1-4 | 21 , 5-8 | 22 , 9-13 | 23 , 14-18 |
| 13 | 24 , 1-6 | 25 , 7-12 | 26 , 13-17 | 27 , 18-23 | |

Case Teams

| Student ID | Last Name | First Name | Group Number |
|------------|---------------|---------------|--------------|
| 001427079 | Abdulaziz | Walid | 1 |
| 400487253 | Alabi | Oluwole | 1 |
| 400409895 | Alibhai | Abbas | 1 |
| 400396486 | Batmanabane | Vaishnavi | 2 |
| 400014677 | Battaglia | Laura | 2 |
| 400397837 | Biggs | Dwight | 2 |
| 400385881 | Brady | Deanna | 3 |
| 000340015 | Collier | Carrie | 3 |
| 400397833 | Curtis | Krista | 4 |
| 400412055 | Davis | Jenna | 4 |
| 000749096 | Devine | Emily | 4 |
| 400397577 | Falkiner | Michelle | 5 |
| 001029440 | Gilleland | Jonathan | 5 |
| 400405184 | Gorczyca Abel | Barbara | 5 |
| 009208945 | Gouchie | Shannon | 6 |
| 000143640 | Guile | Carly | 6 |
| 000542600 | Hanson | Melissa | 7 |
| 400268121 | Hare | Ravnit | 7 |
| 001334129 | Hollingham | Zach | 8 |
| 400487312 | Houben | Julie | 8 |
| 400338756 | Khan | Zainab | 9 |
| 000259617 | Kinney | Breanne | 9 |
| 400378683 | Law | Candy | 10 |
| 400410141 | Law | Geoffrey | 10 |
| 400039472 | Lee | Maureen | 11 |
| 400006913 | Leung | Alicia | 11 |
| 400487100 | Leung | Nancy Lok Sze | 12 |
| 400406195 | MacLean | Heather | 12 |
| 400044704 | Malik | Fizza | 13 |
| 400406219 | Marafi | Mariam | 13 |

| Student ID | Last Name | First Name | Group Number |
|------------|----------------|------------|--------------|
| 400413298 | Morrow-Maalouf | Ashley | 14 |
| 200001736 | McCaughan | Magda | 14 |
| 000802108 | Moradi | Jasmin | 14 |
| 400374987 | Muc | Lisa | 15 |
| 009518180 | Nieson | Elizabeth | 15 |
| 400387626 | Osei | Eugenia | 16 |
| 009316759 | Parks-Quinn | Sarah | 16 |
| 400014852 | Patel | Jinal | 17 |
| 400356398 | Pigott | Abigail | 17 |
| 400487575 | Powless | Skylar | 18 |
| 400405994 | Quinn | Patrick | 18 |
| 400225997 | Reid | Kristin | 19 |
| 400375680 | Rhebergen | Karl | 19 |
| 400413375 | Rinne | Allison | 20 |
| 400052912 | Sabzvari | Tara | 20 |
| 400121305 | Sandhu | Puneet | 21 |
| 400487321 | Sandiford | Christine | 21 |
| 001179552 | Sawh | Sonja | 22 |
| 400413961 | Sivananthan | Suren | 22 |
| 009550077 | Smith | Wendy | 23 |
| 400487242 | Tahoun | Ghada | 23 |
| 400361048 | Tarini | Erin | 24 |
| 400361037 | Thiyagalingam | Shanojan | 24 |
| 400487054 | Truong | Wing Ting | 25 |
| 400487648 | Ward | Kathryn | 25 |
| 400376253 | Warren | Leslie | 26 |
| 400413892 | White | Lindsey | 26 |
| 400487105 | Henderson | Mikhaila | 27 |
| 400487240 | Hamad | Mohamed | 27 |