

HM707 Health Management Foundations II Fall 2018 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 and managerial accounting
- Basics of pricing, costing, planning, budgeting, and forecasting
- Time value analysis
- An introduction to capital structure and the cost of capital
- Basics of capital budgeting

INSTRUCTOR AND CONTACT INFORMATION

Trevor Chamberlain

Course Instructor / Course Coordinator

chambert@mcmaster.ca

Tel:(905) 525-9140 Ext. 23980

Jordan Fortino

Course Instructor

fortij@mcmaster.ca

Tel: (905) 525-9140, Ext. 23992

Sophia Perrelli, CPA, CA

Teaching Assistant

Program Manager: Michelle Benjamin

Email: mhm@mcmaster.ca

Phone: 905 525-9140, x27831

Program Administrative Assistant: Robyn Patchet

Email: patchetr@mcmaster.ca

Phone: 905 525-9140, x27059

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 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 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

REQUIRED COURSE MATERIALS AND READINGS

- Avenue registration for course content, assigned reading, problem and case assignments, <http://avenue.mcmaster.ca>
- Louis C. Gapenski, Healthcare Finance: An Introduction to Accounting and Financial Management, Fifth Edition. Chicago: Health Administration Press, 2012; **or**,
- Louis C. Gapenski and Kristen L. Reiter, Healthcare Finance: An Introduction to Accounting and Financial Management, Sixth Edition. Chicago: Health Administration Press, 2016; **and**,
- Louis C. Gapenski and George H. Pink, Cases in Healthcare Finance, Fifth Edition. Chicago: Health Administration Press, 2014; **or**,
- George H. Pink and Paula H. Song, Cases in Healthcare Finance, Sixth Edition. Chicago: Health Administration Press, 2018.

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.

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.

TECHNICAL REQUIREMENTS

Students require access to a computer that meets the course technical requirements and access to the Internet on a regular basis with a minimum speed of at least 33.3 kbps. Minimum computer memory required is at least 64 MB RAM (although higher is desirable). Students should be comfortable using a keyboard and have an active e-mail account and a web browser. The course will be delivered through the Avenue to Learn system at McMaster.

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. 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 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 14, 2018 at 5:00 pm. (30 marks).

Turnitin.com

All work that students submit must be their own work (original) and include proper citations when work is copied or paraphrased. A web-based service (Turnitin.com) to reveal originality will be used. Students will be expected to submit their work electronically to the Avenue to Learn Dropbox. Students who do not wish to have their work assessed through Turnitin.com must advise Trevor Chamberlain in writing in advance of the due date/time. These students must still submit their work along with all rough drafts as an appendix to the instructor via postal services or via e-mail using the McMaster e-mail system. No penalty will be assigned to a student who does not wish to have their work assessed through Turnitin.com. However, all submitted work is subject to normal verification that standards of academic integrity have been upheld (e.g., on-line search, etc.). To see the Turnitin.com Policy, please go to www.mcmaster.ca/academicintegrity.

Penalty for Late Submission

Late assignments will be penalized 10% for every 24 hours, or part thereof, if they are submitted past their due date and time. All work must be submitted to the Avenue to Learn Dropbox. If you anticipate being unable to complete the paper by the due date, please contact Trevor Chamberlain prior to that date. Requests for extensions will not be considered within 48 hours of the deadline except under extenuating circumstances.

Grade Conversion

At the end of the course your overall percentage grade will be converted to your 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

ACADEMIC DISHONESTY

It is the student's responsibility to understand what constitutes academic dishonesty. Please refer to the University Senate Academic Integrity Policy at the following URL:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicIntegrity.pdf>

This policy describes the responsibilities, procedures, and guidelines for students and faculty should a case of academic dishonesty arise. Academic dishonesty is defined as to act knowingly or to 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 in cases of academic dishonesty as well as general guidelines for penalties. For further information related to the policy, please refer to the Office of Academic Integrity at:

<http://www.mcmaster.ca/academicintegrity>

POTENTIAL MODIFICATIONS TO THE 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. It is the responsibility of the student to check their McMaster e-mail and course website weekly during the term and to note any changes.

HM707

Health Management Foundations II

Fall 2018 Course Schedule

WEEK	TOPIC DESCRIPTION	READINGS	ASSIGNMENTS*
1 Sept 10	Introduction to Finance and Accounting in Healthcare Organizations	5 th Ed. – Ch1; Ch2, pp 27-56 6 th Ed. – Ch1, pp 1-23; Ch2, pp 39-49, 52-56	Introductory video to course Excel Tutorial
2 Sept 17	Financial Accounting	Ch3, Ch4	Problems: P3.2, P3.3, P.4.1, P4.2, P4.5
3 Sept 24	Cost Behaviour and Profit Analysis	Ch5	Problems: P5.4, P5.6 Case: Tulsa Memorial Hospital – 5 th Ed: Case 6; 6 th Ed: Case 4
4 Oct 1	Cost Allocation	5 th Ed. – Ch6 6 th Ed. – Ch6; Ch7, pp 238-243	Problems: P6.1, P6.2, plus: P6.7 (5 th Ed.), P7.7 (6 th Ed.) Case: Big Bend Medical Center – 5 th Ed: Case 3; 6 th Ed: Case 6
5 Oct 8	Pricing, Planning, and Budgeting	5 th Ed. – Ch7, Ch8 6 th Ed. – Ch7, except pp 238-243; Ch8	Problems: P7.1, P7.3, P8.1 Case: Cascades Health Centre – 5 th Ed: Case 7; 6 th Ed: Case 10
6 Oct 15	Analyzing Financial Performance	Ch17	Problems: P17.1, P17.4 Case: River Community Hospital (A) – 5 th Ed: Case 1; 6 th Ed: Case 24
7 Oct 22	Time Value Analysis	Ch9	Problems: P9.1 to P9.4, P9.8, P9.11 Case: Gulf Shores Surgery Centers – 5 th Ed: Case 12; 6 th Ed: Case 11
8 Oct 29	Risk and Required Return	Ch10	Problems: P10.1, P10.2, P10.7 Case: Mid-Atlantic Specialty Inc. – 5 th Ed: Case 13; 6 th Ed: Case 12
9 Nov 05	Long-term Debt and Equity Financing	Ch11, Ch12	Problems: P11.1, P11.2, P12.4, P12.9 Case: Pacific Healthcare (A) – 5 th Ed: Case 14; 6 th Ed: Case 13
10 Nov 12	Capital Structure and the Cost of Capital	Ch13	Problems: P13.3 to P13.5 Case: Southeastern Homecare – 5 th Ed: Case 18; 6 th Ed: Case 17
11 Nov 19	Capital Budgeting	Ch14, Ch15	Problems: P14.1, P15.1, P15.2 Case: Coral Bay Hospital – 5 th Ed: Case 20; 6 th Ed: Case 20
12 Nov 26	Leasing	5 th Ed. – Ch18, pp 647-665; 6 th Ed. – provided by instructors	Problems: P18.1, P18.2 Case: Seattle Cancer Centre – 5 th Ed: Case 17; 6 th Ed: Case 16
13 Dec 03	Working Capital Management	Ch16	Problems: P16.4, P16.5 Case: Foster Pharmaceuticals – 5 th Ed: Case 28; 6 th Ed: Case 27

* Chapter and problem references refer to Gapenski Fifth Edition (2012) and Gapenski and Reiter Sixth Edition (2016). The cases are drawn from Gapenski and Pink, Fifth Edition (2016) and Pink

and Song, Sixth Edition (2018). Chapter topics and problem numbers are the same in both textbook editions, except where indicated. The cases are the same except that, with one exception, they are numbered differently.

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

Last Name	First Name	Group
Britton	Cathryn	1
Carter	Diana N	1
Velauthapillai	Suja	1
Chan	Hannah	2
Dumoulin	Jessica	2
Tough	Kelly	2
Givens	Sarah	3
Hanna	Michael	3
Hayhoe	Rosemary	4
Maddix	Kerry-Ann	4
Okwuonu	Grace	5
Perinpanayagam	Ronald	5
Solis	Deliana	6
Storry	Gillian	6
Vlahos	Jacqueline	6
Theodore	Josh	7
Thrasher	Erin	7
Urbanski	Tawnie	8
Willis	Rebecca	8

Last Name	First Name	Group
Gorthy	Doris	9
King	Ashley	9
Zuniga Lara	Benjamin	9
Aldoroty	Melissa	10
Mathews	Tanya	10
Alexander	Michelle	11
Allen	Griffin	11
Camp	Lisa	12
Chaudry	Shafa	12
Chung	Stanley	13
Corbin	Abigail	13
Diaz Rodriguez	Adriana	14
Dunford	Christine	14
Fife	Jennifer	15
Hesson	Noor	15
Hyvarinen	Ryan	16
Jack	Keisha	16
Kapuscinski	Lee	17
Krisman	Danielle	17

Last Name	First Name	Group
Kuriya	Anita	18
Leung	Brian	18
Madden	Karen	19
Maric	Antonia	19
Mark	Laura	20
Mills	Rebekah	20
Murphy	Angela	21
Persico Patino	Federico	21
Pollmann	Dylan	22
Ralevski	Georgina	22
Pulak	Lisa	23
Saab	Joanne	23
Salsman	Gayle	24
Santhanarasa	Piratheep	24
Boisvenue	Meagen	25
Sheehan	Laura	25
Sheffer	Mary	26
Sidhy	Amanjot	26
Singh	Ronald	27
Siu	Gary	27
Stefantschitsch	Victoria	27