

Management 698: Healthcare Finance, Economics, and Policy

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Time: Mondays and Wednesdays, 10:00 AM – 11:20 AM
Room: A46

Objectives:

- To provide students with a functional understanding of the financing of healthcare delivery in America
- To understand the possibilities and implications for healthcare reform
- To understand the underlying economic principles, and their effects, with regard to healthcare delivery
- To identify the opportunities for private and public sector involvement in improving healthcare
- To develop skills in industry and company analysis, as a primer for financial valuation of example companies

Prerequisites: None for SOM students. Non-SOM students must receive direct permission from the course director. Econ 115, or equivalent, is highly recommended.

Format: The class size is intended to allow for discussion, and all students should be prepared to participate. Each class will be structured around readings directed at a given topic. The first 24 sessions will be primarily didactic with guest lecturers covering special topics. The final 3 sessions will have group presentations related to the final project. A quiz will be given on Wednesday, March 5, 2008, testing the material covered in class. Relevant material from the textbook may appear on the exam, but only if it is covering classroom lecture material. Guest lecture material will be tested. The default final version of the syllabus will always be the one that is linked to the course website.

Requirements:

- 1. Participation:** The course is taught in a small lecture format and thus interchange and discussion are expected. Each student should bring their name-card to every class to facilitate discussion. Each lecture will have both assigned and optional reading from the textbook as well as recent articles and chapters. Please look to the ClassesV2 website for the most up-to-date information on reading assignments.
- 2. Project Team:** During the second class session, a list of industries will be introduced. Everyone will submit their background and industry preferences to determine their team assignment. At the fourth class session, each student will be assigned to a team of 4 - 6 members according to the following criteria.

Each team will have *at least*:

- One SOM student
- One undergraduate student
- One student with a health background (either from job experience, or as a joint degree candidate from EPH or YSM)

No team should have *more than*:

- One medical student/physician
- Two undergraduates
- Three SOM students
- Six students total

Once assigned, teams will choose a company in their assigned industry for their final project. Dr. Forman should approve the company before the group proceeds.

- 3. Individual Competitive Strategy Paper:** Each team member will evaluate the assigned industry from the perspective of one of Michael Porter's five forces. For those unfamiliar with the Porter Forces, the reference text is available at most bookstores and on-line retailers. The reference textbook is not required but reading it will facilitate work on this portion of the project. There are also many websites with fairly good coverage of this theme. For groups with six members, Government & Regulation can be considered the sixth force in the industry.

The paper should be roughly 1000 words. The paper need not be heavily referenced, but references should be made when appropriate. Prior to handing in the paper, the group must meet and make certain that there is no inappropriate duplication of material. *While each paper is an individual assignment, the cohesiveness of the sum must be apparent and will become more relevant during completion of the final project.* Each paper, however, will be graded on an individual basis. This paper will be due on **February 25, 2008**.

- 4. Final Project:** Each group will submit a final presentation on their chosen company within their assigned industry; the company must be approved by Dr. Forman. The project will consist of:
- A final presentation given to the class, as outlined below
 - A one-page executive summary of the group's findings and proposals
 - An annotated version of the group's presentation slides, submitted in hard-copy using PowerPoint Notes. This may include a small number of appendices for financial models, background information, etc.
 - References, as appropriate, submitted at the time of the slide deck.

Your project should address the following topics:

- A summary of the **competitive analysis** presented in the mid-term paper.
- A **strategic analysis** of the company including an analysis of management, mission, vision, marketing strategies, and operational considerations.
- A **financial analysis** of the company including a discussion of current and projected earnings, cash flow, and financing needs.

- A series of **recommendations** regarding the prudence of investing in this entity, as well as recommendations to management regarding the necessary next steps to be successful.

The written portion of the final project will be due at the time of the group's presentation. Groups will also be asked to submit records of group meetings with attendance over the course of the project. At the time of the final presentation, groups will submit a statement of contribution and evaluation, which will detail each student's contributions to the whole and attest to each individual's ownership of the full product.

- 5. Final Presentation:** The final project will be presented during the last three sessions of the class, with all members of the team participating. The talk should be treated as a professional business presentation, and professional attire is appropriate. Groups will have 30 minutes to present their slides, with 10 minutes for discussion and questions. Timing is important, and the cohesiveness of the presentation is considered highly in grading.
- 6. Mid-term Quiz:** This will be a brief test of the course material with free-text answers. The quiz will be held during the regular class time on **March 5, 2008**.
- 7. Attendance:** Required—participation cannot occur in one's absence!
- 8. Grading:**
 - A. Classroom participation: 20%
 - B. Individual Paper: 15%
 - C. Group Project and Presentation: 45%
 - E. Quiz: 20%
- 9. Office Hours:** TA and professor office hours will be by appointment.
 - Office: Yale- New Haven Hospital Department of Diagnostic Radiology Chairman's Office, TE-2 (Tompkins Building). Call 785-5251 or 785-5252 if you need directions.
 - Office: School of Management; 55 Hillhouse Avenue, Garden Level; Call 203-432-0345 for directions.
 - Email: Howard.Forman@Yale.edu
 - TA: Alex Beale, MBA/MPH '08, email alexandra.beale@yale.edu
 - Office hours: Dr. Forman will hold regular office hours following each class on Mondays and Wednesdays, and also by appointment. Alex will hold office hours on Wednesdays from 6-7pm in the Hall of Mirrors at the School of Management.
- 10. Review Sessions:**
 - There will be two review sessions:
 - i. Competitive strategy review (prior to individual paper)
 - ii. Finance review (during project development)

Course Materials:

Books: There is one required text book:

[Johnson-Lans, Shirley. 2006. *A Health Economics Primer*. Boston: Addison Wesley.](#)

Readings from this textbook as well as a list of required articles will be distributed with the class schedule.

There are several supplementary books that are listed below:

[Understanding Health Policy, 4th ed. Bodenheimer TS, Grumbach, K. \(Lange, NY, 2005\).](#)

[The Economics of Health and Health Care, 5th ed. Folland S, Goodman AC, Stano M. \(Prentice Hall, NJ 2007\).](#)

[Essentials of Health Care Finance \(6th ed\); \(Jones and Bartlett, 2006\); William O. Cleverly and Andrew E. Cameron.](#) More about cost accounting than anything else, but still one of the few books to cover this.

[Handbook of Health Economics; AJ Culyer, JP Newhouse, editors; \(Elsevier, Amsterdam; 2000\).](#) This is probably the most complete and academically profound treatment of this topic. I would hasten to add that it is not a “handbook” by any stretch, unless you have acromegaly. It is a two-volume set. It is probably an essential first-reference for any paper that you might be inclined to write for this course.

[The Politics of Medicare, 2nd ed. Theodore R. Marmor; Hawthorne, NY; Aldine de Gruyter; 2000.](#)

[Economics of the Public Sector \(3rd edition; New York: Norton, 2000\); Stiglitz J.](#) This is the premier book in this field, in my opinion. I would recommend purchase by anyone who would like to work in public policy, health policy, health economics, healthcare finance, or healthcare, in general.

Handouts/Readings:

Readings and handouts will be posted as PDFs or weblinks on ClassesV2 website.

Slide handouts will be distributed at the beginning of each lecture and will also be posted on the course website. Additional handouts can be picked up at the instructor’s office.

Updates of all course materials will be available at the course website through ClassesV2.