

## PPD 510B: FINANCIAL MANAGEMENT OF HEALTH SERVICES

Spring 2025, VPD 110, 2-units



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The mission of the USC Sol Price School of Public Policy is to improve the quality of life for people and their communities, here and abroad. We achieve this mission through education and research that promote innovative solutions to the most critical issues facing society.

My goal for this class and every class I teach is to prepare you to get a great job and have a successful career as a leader in healthcare. This is not a theoretical class. Finance is the single most important function of the business if you want to lead. I have extensive experience in corporate finance and wealth management, managing profit and loss (p/l) for DaVita, Healthcare Partners and Optum. I am currently a financial advisor and wealth manager for Merrill Lynch on a team managing over \$4 billion in assets. This is an elective class, so we will look at high level concepts, and not do much calculations or financial math. We will use concepts from the book to create and build financial strategy as leaders in healthcare through assignments and a final project.

Class Date	Time	Room
Friday – February 7, 2025	2:00 p.m. – 7:00 p.m.	VPD 110
Saturday – February 8, 2025	9:00 a.m. – 3:00 p.m.	VPD 110
Friday – March 7, 2025	2:00 p.m. – 7:00 p.m.	VPD 110
Saturday – March 8, 2025	9:00 a.m. – 3:00 p.m.	VPD 110
Saturday – April 5, 2025	9:00 a.m. – 3:00 p.m.	VPD 110

### COURSE DESCRIPTION

THERE ARE NO PREREQUISITES FOR 510B – IT IS NOT A CONTINUATION OF 510A. We will review any material needed for this course in the class. Finance is the single most important function of business for leaders in healthcare. We will take what you learned in your other finance classes and apply the concepts to managing a healthcare department or company. This class is more strategic than practical and is designed for students who do not have a deep financial background. We will not do a ton of math. Instead, we will concentrate on applying financial strategies to the decision-making process of the healthcare leader – how do we buy a new piece of equipment? Do we even need the new equipment? Should we grow? How do we grow – through mergers/acquisitions or organically? How do we scale our business or business unit?

This course provides students with an overall understanding of best practices in financial management and addresses current topics and issues facing healthcare executives today. The course will present an orientation to various principles and concepts critical to the effective financial management of healthcare organizations.

Lectures and case studies will be incorporated to provide a basic understanding of these topics and to provide a common language and approach to the financial issues that healthcare organizations must address to be successful.

### LEARNING OBJECTIVES

1. Using Bloom's Taxonomy in developing course learning objectives.

Course Learning Objectives	Cognitive / Affective	Level
1. Given the challenges in this highly evolving and competitive business, use the tools and techniques necessary to ensure that healthcare executives understand how the mission and vision of healthcare organizations can be fulfilled through sound business principles and practices.	Affective	Organizing

2. Demonstrate an ability to apply a common language critical for financial and non- financial managers, providers, and trustees of all types of healthcare organizations to be effective participants and leaders in understanding the principles of financial management.	Cognitive	Application
3. Expose students to contemporary financial issues facing healthcare organizations today and require the application of methodologies to support critical analysis and strategic decision making.	Cognitive	Syntheses

- a. There are three main domains of learning. These domains are **cognitive** (thinking), **affective** (emotion/feeling), and psychomotor (physical/kinesthetic).
  - b. The taxonomy of the Affective Domain used in this course is **Organizing**.
    - i. **Organizing**: This refers to the learner’s internalization of values and beliefs involving (1) the conceptualization of values; and (2) the organization of a value system. As values or beliefs become internalized, the learner organizes them according to priority.
  - c. Taxonomies of the Cognitive Domain used in this course are:
    - i. **Application**: The ability to use learned material, or to implement material in new and concrete situations.
    - ii. **Synthesis**: The ability to put parts together to form a coherent or unique new whole.
2. Graduates of the USC Price MHA program will demonstrate 15 core competencies, organized by 6 domains. The main purpose of this competency-based curriculum is to help faculty and students focus on the key knowledge, skills and abilities that students need to develop overall and within each course while they are enrolled in the MHA program so they can succeed in the workforce once they graduate.

The following competency levels indicate what is expected of students to achieve for the competencies this course emphasizes.

- **Beginning (B)** - Recall facts and basic concepts and be able to explain their meaning.
- **Intermediate (I)** - Integrate ideas and draw connections between them. Use information in new situations.
- **Advanced (A)** - Justify a decision or position and produce new or original work.

MHA Competency	Level (B/I/A)	Course Objective(s)	Assessment Methods
<b>Domain 1: Knowledge of Health Care Environment</b>			
1.1 Apply complex concepts, develop creative and innovative solutions, and adapt previous solutions in new ways.	Intermediate	1-2	Case Study, Math Problems, Final Exam, Group Project
<b>Domain 2: Critical Thinking and Analysis</b>			
2.1 Demonstrate the ability to consider the business, demographic, ethnocultural, political, and regulatory implications of decisions, and to develop strategies that improve the long-term success and viability of the organization.	Intermediate	1-3	Case Study, Final Exam, Peer Evaluation
<b>Domain 3: Business and Management Knowledge</b>			
3.1 Understand and use the formal and informal decision-making structures in healthcare organizations and the healthcare industry and demonstrate ability to analyze and improve an organization’s processes.	Beginning	2-3	Case Study, Final Exam, Peer Evaluation, Group Project
<b>Domain 4: Policy and Community Advocacy</b>			
4.1 Align one’s own and the organization’s priorities with the needs and values of the community.	Intermediate	2-3	Case Study, Peer Evaluation, Group Project

Domain 5: Communication			
5.1 Demonstrates the ability to persuade others to support a point of view, position, or recommendation, while assessing and responding to the feelings and concerns of others	Beginning	1-3	Case Study, Math Problems, Peer Evaluation, Group Project
Domain 6: Leadership			
6.1 Understand how to establish a compelling organizational vision and goals for an organization	Advanced	1-2	Case Study, Final Exam, Peer Evaluation

### REQUIRED TEXT

- Thomas K. Ross, *Baker's Health Care Finance: Basic Tools for Nonfinancial Managers*, 6<sup>th</sup> edition (Jones & Bartlett Learning, 2023)

### COURSE REQUIREMENTS AND FINAL GRADE DETERMINATION

ASSIGNMENT	DUE DATE	% OF GRADE
Homework Assignments	Weekly	25%
Midterm	Feb 24-Mar 2	25%
Financial Statement Project	April 5, 2025	25%
Final Exam	Apr 14-20	25%
<b>TOTAL</b>		<b>100%</b>

**Class Preparation and Participation:** Class discussions by all students contribute to the overall learning experience. The quality of these discussions is based upon each student's preparation prior to class and active engagement in the exchange of thoughts, concepts and ideas. Each student is expected to have completed all readings and assignments prior to each scheduled class. Full class attendance is expected. Attendance will count towards participation grades.

**Homework:** You will be assigned discussion questions at the back of your chapters for some weeks during semester. You will have the full week to read chapters and complete the assignment. Post answers to questions on Brightspace by midnight on Sunday of week the assignment is due. No late work will be accepted – you have the entire week to complete the assignment.

**Financial Statement Project:** Details for this assignment will be added to syllabus later. This will be a group project with a short presentation.

### PPD 510B COURSE OUTLINE

WEEK	READINGS AND HOMEWORK
<b>Week 1:</b> Jan 13-19	<b>Part I: Healthcare Finance Overview</b> Use this week to go over syllabus, familiarize yourself with the textbook. <ul style="list-style-type: none"> <li>• <b>Read: Ch. 1 – Intro to Healthcare Finance, Ch. 2 – 5 Things the Healthcare Manager Needs to Know, Ch. 3 – Using Excel</b></li> </ul>
<b>Week 2:</b> Jan 20-26	<b>Part II: Assets, Liabilities, Revenues, and Expenses</b> <ul style="list-style-type: none"> <li>• <b>Read: Ch. 4 – Assets, Liabilities, and Net Worth, Ch. 5 – Revenues, Ch. 6 - Expenses</b></li> <li>• <b>Assignment: Ch.5 (Pg. 66) Discussion Questions 1-4, Problems 1-3, Ch.6 (Pg. 77) Discussion Questions 1-3, Problems 1-2</b></li> </ul>

<p><b>Week 3:</b> Jan 27-Feb 2</p>	<p><b>Part III: Understanding Costs and Managing Expenses</b></p> <ul style="list-style-type: none"> <li>• <b>Read: Ch. 7 – Direct and Indirect Costs, Ch. 8 – Cost Behavior and Break-Even Analysis</b></li> <li>• <b>Assignment:</b> Ch. 8 (Pg. 66) Discussion Questions 1-5, Problems 1-6</li> </ul>
<p><b>Week 4:</b> Feb 3-9</p>	<ul style="list-style-type: none"> <li>• <b>Read: Ch. 9 – Managing Staffing and Salaries: Methods, Operations, and Regulations, Ch.10 – Managing Supplies, Equipment and Facilities</b></li> <li>• <b>Assignment:</b> Ch.9 (Pg. 125) Discussion Questions 1-4, Problems 1-4, <b>Assign groups</b></li> </ul>
<p><b>Week 4:</b> Feb 3-9 In-Class Session <b>Feb 7</b> 2pm–7pm Classroom: <b>VPD 110</b></p>	<p><b>First In-Class Session will include:</b></p> <ul style="list-style-type: none"> <li>• Introduction to the course, learning objectives, class culture</li> <li>• Student introductions and discussion of your finance experience – what do you want out of this course?</li> <li>• Understanding finance is imperative to leading in healthcare</li> <li>• Healthcare Finance Overview</li> <li>• Assets, Liabilities, Revenues, and Expenses</li> </ul>
<p><b>Week 4:</b> Feb 3-9 In-Class Session <b>Feb 7</b> 2pm–7pm Classroom: <b>VPD 110</b></p>	<p><b>Second In-Class Session will include:</b></p> <ul style="list-style-type: none"> <li>• <b>Discuss quizzes, midterm and final</b></li> <li>• Understanding Costs and Managing Expenses</li> <li>• Direct and Indirect Costs</li> <li>• Break-Even Analysis</li> <li>• Managing Staffing and Salaries</li> <li>• Managing Supplies and Inventory</li> <li>• Reporting and Measuring Financial Performance</li> <li>• Financial Statements</li> <li>• Financial Ratios</li> <li>• Trend Analysis and Common Sizing</li> <li>• Working session - start final project discussions</li> </ul>
<p><b>Week 5:</b> Feb 10-16</p>	<p><b>Part IV: Reporting and Measuring Financial Performance</b> If you can't measure it... It doesn't exist!</p> <ul style="list-style-type: none"> <li>• <b>Read: Ch. 11 – Financial Statements, Reporting Organizational Financial Performance, Ch. 12 – Financial Ratios and Operating Indicators, Assessing Financial Performance, Ch. 13 – Common Sizing, Trend Analysis, Compound Growth Rates, and Counts Versus Rates</b></li> <li>• <b>Assignment:</b> Ch. 21 (Pg. 303-304) Discussion Questions 1-4, Problems 1-4</li> </ul>
<p><b>Week 6:</b> Feb 17-23</p>	<p><b>Part VI: Evaluating Capital Investments</b></p> <ul style="list-style-type: none"> <li>• <b>Read: Ch. 20 – Investing, Borrowing, and Statistics, Ch. 21 – Business Loans and Financing Costs, Ch. 22 – Purchasing Versus Leasing</b></li> <li>• <b>Assignment:</b> Study and Prepare for Midterm</li> </ul>
<p><b>Week 7:</b> Feb 24-Mar 2</p>	<p><b>MIDTERM - (Chapters 1-13, 20-22) – Date TBD – will open for 24 hours – test will be timed.</b></p> <ul style="list-style-type: none"> <li>• <b>Assignment:</b> Meet with groups to brainstorm final projects</li> </ul>
<p><b>Week 8:</b> Mar 3-9</p>	<p><b>Part V: Constructing and Evaluating Budgets</b></p> <ul style="list-style-type: none"> <li>• <b>Read: Ch. 14 – Constructing an Operating Budget, Ch. 15 – Variance Analysis and Sensitivity Analysis, Ch. 16 – Benchmarking, Estimates, and Measurement Tools</b></li> <li>• <b>Assignment:</b> Study and Prepare for Midterm</li> </ul>
<p><b>Week 8:</b> Mar 3-9 In-Class Session <b>Mar 7</b> 2pm–7pm Classroom: <b>VPD 110</b></p>	<p><b>Third In-Class Session will include:</b></p> <ul style="list-style-type: none"> <li>• Evaluating Capital Investments</li> <li>• Investing and Borrowing</li> <li>• Business Loans and Financial Costs</li> <li>• Constructing and Evaluating Budgets</li> <li>• Variance &amp; Sensitivity Analysis</li> <li>• Benchmarking &amp; Measurement Tools</li> </ul> <p><b>Presentation tips</b></p> <ul style="list-style-type: none"> <li>• <b>Working session – final projects</b></li> <li>• <b>Team Project – we will spend time planning and answering questions for the team project – role, audience, feedback, success - groups of 6 (each group will get 12 minutes to present)</b></li> </ul>

<p><b>Week 8:</b> Mar 3-9 In-Class Session Mar 8 9am-3pm Classroom: <b>VPD 110</b></p>	<p><b>Fourth In-Class Session will include:</b></p> <ul style="list-style-type: none"> <li>Using Lean Six Sigma to Improve Performance</li> <li>Time Value of Money</li> <li>Constructing the Capital Budget</li> <li>Data Analytics, Planning and Payment Systems</li> <li>Strategic Planning for the Healthcare Manager</li> <li>Creating a Business Plan</li> </ul> <p><b>Guest Speaker –</b></p> <p><b>Finding a job in post-Covid-19 world – experience hunting in 2007/2008</b></p> <ul style="list-style-type: none"> <li>Using LinkedIn – we will look at accounts and discuss how to use effectively</li> <li>Networking for Dummies – MOST IMPORTANT SKILL PERIOD!</li> <li>Leveraging USC – the best network on the planet</li> <li><b>How finance will set you apart from other candidates</b></li> </ul>
<p><b>Week 9:</b> Mar 10-16</p>	<ul style="list-style-type: none"> <li><b>Read: Ch. 17 – Using Lean Six Sigma to Improve Financial Performance, Ch. 18 – The Time Value of Money, Ch. 19 – Constructing a Capital Budget</b></li> <li><b>Assignment:</b> Schedule group meeting with me this week to approve project ideas</li> </ul>
<p><b>Week 10:</b> Mar 17-23</p>	<p><b>SPRING RECESS</b></p>
<p><b>Week 11:</b> Mar 24-30</p>	<p><b>Part VII: Data Analytics, Planning, and Payment Systems</b></p> <ul style="list-style-type: none"> <li><b>Read: Ch. 23 – Understanding the Impact of Data Analytics and Big Data, Ch. 24 – Strategic Planning and the Healthcare Financial Manager, Ch. 25 – Creating a Business Plan, Ch. 26 – Healthcare Delivery Systems, Finance, and Reimbursement</b></li> <li><b>Assignment: Ch.24</b> (Pg. 332) Discussion Questions 1-4, <b>Ch. 25</b> (Pg. 342) Discussion Questions 1-4</li> </ul>
<p><b>Week 12:</b> Mar 31-Apr 6</p>	<ul style="list-style-type: none"> <li><b>Read: Ch. 27 – Value-Based Health Care and Its Financial and Digital Outcomes, Ch. 28 – New Payment Methods: MIPS and APM, Ch. 29 – Standardizing Measures and Payment in Post-Acute Care, Ch. 30 – ICD-10: Finance and Strategic Challenges</b></li> <li><b>Assignment: Ch.26</b> (Pg. 353) Discussion Questions 1-4</li> </ul>
<p><b>Week 12:</b> Mar 31-Apr 6 In-Class Session <b>Apr 5</b> 9am-3pm Classroom: <b>TBD</b></p>	<p><b>Final In-Class Weekend Session will include:</b></p> <ul style="list-style-type: none"> <li>Start with final project presentations</li> <li>Healthcare Delivery Systems</li> <li>Value-Based Care and Digital Outcomes</li> <li>New Payment Methods</li> <li>ICD-10 – Finance and Strategic Challenges</li> <li>Discuss final case-study chapters</li> <li><b>Personal finance, wealth management, investing</b></li> <li>Walmart Fish Wars</li> </ul>
<p><b>Week 13:</b> Apr 7-13</p>	<ul style="list-style-type: none"> <li><b>Read: Pick one case study – chapters 31-35</b></li> <li><b>Assignment:</b> Turn in Deliverables at the end of chapter. Study for Final</li> </ul>
<p><b>Week 14:</b> Apr 14-20</p>	<p><b>FINAL EXAM (Chapters 14-19, 23-30) – Date TBD – will open for 24 hours – test will be timed.</b></p>

## ACADEMIC INTEGRITY

The University of Southern California is foremost a learning community committed to fostering successful scholars and researchers dedicated to the pursuit of knowledge and the transmission of ideas. Academic misconduct is in contrast to the university's mission to educate students through a broad array of first-rank academic, professional, and extracurricular programs and includes any act of dishonesty in the submission of academic work (either in draft or final form).

This course will follow the expectations for academic integrity as stated in the [USC Student Handbook](#). All students are expected to submit assignments that are original work and prepared specifically for the course/section in this academic term. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission

from the instructor(s). Students suspected of engaging in academic misconduct will be reported to the Office of Academic Integrity.

Other violations of academic misconduct include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

Academic dishonesty has a far-reaching impact and is considered a serious offense against the university. Violations will result in a grade penalty, such as a failing grade on the assignment or in the course, and disciplinary action from the university itself, such as suspension or even expulsion.

For more information about academic integrity see the [student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment or what information requires citation and/or attribution.

### **ARTIFICIAL INTELLIGENCE (AI)**

I expect you to use AI (e.g., ChatGPT and image generation tools) in this class. Learning to use AI is an emerging skill, and I welcome the opportunity to meet with you to provide guidance with these tools during office hours or after class. Keep in mind the following:

- AI tools are permitted to help you brainstorm topics or revise work you have already written.
- If you provide minimum-effort prompts, you will get low-quality results. You will need to refine your prompts to get good outcomes. This will take work.
- Proceed with caution when using AI tools and do not assume the information provided is accurate or trustworthy. If it gives you a number or fact, assume it is incorrect unless you either know the correct answer or can verify its accuracy with another source. You will be responsible for any errors or omissions provided by the tool. It works best for topics you understand.
- AI is a tool, but one that you need to acknowledge using. Please include a paragraph at the end of any assignment that uses AI explaining how (and why) you used AI and indicate/specify the prompts you used to obtain the results and what prompts you used to get the results. Failure to do so is a violation of academic integrity policies.
- Be thoughtful about when AI is useful. Consider its appropriateness for each assignment or circumstance. The use of AI tools requires attribution. You are expected to clearly attribute any material generated by the tool used.

### **STATEMENT ON UNIVERSITY ACADEMIC AND SUPPORT SYSTEMS**

#### **Students and Disability Accommodations:**

USC welcomes students with disabilities into all of the University's educational programs. [The Office of Student Accessibility Services \(OSAS\)](#) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at [osas.usc.edu](https://osas.usc.edu). You may contact OSAS at (213) 740-0776 or via email at [osasfrontdesk@usc.edu](mailto:osasfrontdesk@usc.edu).

#### **Student Financial Aid and Satisfactory Academic Progress:**

To be eligible for certain kinds of financial aid, students are required to maintain Satisfactory Academic Progress (SAP) toward their degree objectives. Visit the [Financial Aid Office webpage](#) for [undergraduate](#)- and [graduate-level](#) SAP eligibility requirements and the appeals process.

#### **Support Systems:**

[Counseling and Mental Health](#) - (213) 740-9355 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

[988 Suicide and Crisis Lifeline](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline consists of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

[Reporting Incidents of Bias or Harassment](#) - (213) 740-2500

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

[The Office of Student Accessibility Services \(OSAS\)](#) - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

[USC Campus Support and Intervention](#) - (213) 740-0411

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

[Diversity, Equity and Inclusion](#) - (213) 740-2101

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

[USC Emergency](#) - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

[USC Department of Public Safety](#) - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call

Non-emergency assistance or information.

[Office of the Ombuds](#) - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

[Occupational Therapy Faculty Practice](#) - (323) 442-2850 or [otfp@med.usc.edu](mailto:otfp@med.usc.edu)

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.