

**HEALTH SYSTEMS MANAGEMENT: ECONOMIC ASPECTS (PA 5120)**  
**Spring 2006**

**Credit hours:** This is a required course worth four credit hours.

**Prerequisites:** None

**Instructor:** Kenneth W. Schafermeyer, Ph.D.  
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**Class times:** Monday and Wednesday 11:00 AM -12:50 PM  
and Tuesday 4:30 – 5:20 PM

**Office hours:** Monday and Wednesday, 2:30 – 3:30 PM  
Tuesday and Thursday 10:30 – 11:30 AM  
and by appointment

**Purpose:** To introduce students to the basic financial, economic, administrative and managerial tools that are essential to successful practice of pharmacy in a changing health care environment.

**Consistency with College mission:** This course is designed to contribute towards accomplishing the following part of the College's mission statement:  
“While emphasizing the knowledge and skills to practice pharmacy, we encourage  
-- an understanding of self, life and culture,  
-- an appreciation of the complexity of the world and the environment...”

**Outcomes:**

The College has established a number of institutional outcomes that students are expected to achieve by the time they graduate. This course is designed to contribute toward your achievement of at least three of these institutional outcomes:

Thinking and Decision Making: The student can find, understand, analyze, and synthesize information and make informed, rational, and responsible decisions.

Communication Abilities: The student can read and listen with understanding and can communicate with various audiences for a variety of purposes.

Mathematical Competence: The student is proficient in the expression of quantitative relationships and can perform the needed mathematical operations to infer their consequences.

These three general institutional outcomes are addressed in this course on several different levels as described in your handout titled “Ability-Based Education in the Economic Aspects of Health Systems Management.” This handout will give you a clear idea of activities, assignments and

assessments that you will participate in this semester. Read this material carefully and ask the instructor to clarify any information that may be unclear to you.

**Objectives:** The successful student will:

1. Interpret basic financial statements for a pharmacy or pharmacy department.
2. Be able to conduct a basic financial analysis to diagnose financial and management problems.
3. Calculate the cost of dispensing a prescription and break-even points for a pharmacy department.
4. Apply the decision-making model to diagnose and solve problems presented in case studies.
5. Explain the needs of managed care organizations and how pharmacists can provide pharmaceutical care and enhance their professional and economic opportunities by meeting these needs.
6. Evaluate a managed care contract and determine the impact that either accepting or rejecting the contract will have on a pharmacy practice.
7. Apply basic concepts of risk management in order to make rational decisions regarding insurance protection.
8. Apply basic pharmacoeconomic analyses such as cost-benefit and cost-effectiveness in case studies.
9. Use basic financial analysis and inventory control concepts to solve inventory control problems in case studies.
10. Apply basic outcomes management concepts to solve case studies.

**Required learning resources:**

1. Carroll NV, *Financial Management for Pharmacists: A Decision-Making Approach, Second Edition* (Baltimore MD: Williams & Wilkins, 1998).
2. McCarthy RL and Schafermeyer KW (eds.), *Introduction to Health Care Delivery: A Primer for Pharmacists, 3rd Edition* (Sudbury, MA: Jones and Bartlett Publishers, 2004).
3. Notes and handouts available on WebCT.

**Grading policies:**

There will be four exams, including a final comprehensive exam. Each of the exams will comprise 25 percent of the overall grade.

Grades will be earned as follows: A (100-93), A- (92-90), B+ (89-87), B (86-83), B- (82-80), C+ (79-77), C (76-73), C- (72-70), D+ (69-67), D (66-63), D- (62-60), F (below 60).

**Methods of instruction:**

The objectives of this course will be accomplished through (1) assigned readings, (2) lectures, (3) discussion, (4) analysis of case studies, (5) in-class writing assignments, (6) computer-based self-study modules, and (7) self-assessment of in-class exercises.

**Exams:**

Students who miss one of the first three exams will be allowed to take the exam at a later time for self assessment purposes only--a grade will not be recorded. If an exam is missed, the make-up exam (essay) will be given at the time of the final examination. If the final exam is missed, it will result in an incomplete grade being assigned which must be made up in the beginning of the following semester in accordance with College policy. Exceptions will be made only for extraordinary circumstances.

Students should bring #2 pencils to the exam. If a seating chart is posted for an exam, you must sit in the assigned seat. (Students needing a left-hand desk should notify the instructor prior to the first exam.) No one will be admitted to an exam after the first student has finished and left the room. If the College is on a snow schedule or closed on an exam day, the exam will be rescheduled for the next scheduled class period. Since the course continues to build upon itself, some exam material may be cumulative.

Exams will consist of multiple choice, problem solving and short answer questions. Sample questions will be given as in-class exercises before exams.

Academic dishonesty, as defined by the Student Code, will not be tolerated. Offending students will be subject to failure in the course and possibly dismissal from the College. Programmable calculators or any type of computer may not be used during any exam. Cell phones and pagers must be turned off and put where they cannot be seen by the student.

**In-Class Exercises**

Quizzes, case studies and in-class writing exercises will be given as self-assessment exercises to encourage preparation for class and to help students assess their comprehension of the course material. In-class exercises will often cover material from assigned readings that have not yet been discussed in class. Assignments may be handed in to help the instructor assess class progress.

**Attendance:**

Class attendance is strongly encouraged and is important to obtain full benefit of the class. Although attendance may be taken occasionally by collecting in-class exercises, attendance is voluntary. Lack of attendance is not an excuse for: (1) failure to get adequate notes, (2) missing announcements regarding exam dates or changes in reading assignments, or (3) obtaining handouts. Extra copies of handouts may not be available after class; students missing class should photocopy another student's handouts.

Class will not be canceled unless you are officially notified. If the instructor is late, it does not mean that class is canceled unless you are notified accordingly.

**Responsibilities of the student:**

Students will be expected to learn much of the material on their own. It is expected that assignments will be read prior to class. This is important because class periods will be used to clarify difficult reading material and to supplement required readings. Class time will not be used to summarize readings. Class discussions and lectures may be difficult to follow unless the assigned material has been read prior to class.

When the course material seems unclear, please ask questions. If you don't understand something, chances are that other students don't either. If you prefer to remain anonymous, you may give the instructor a written question which will be answered at the next class period.

**Responsibilities of the instructor:**

It is my responsibility to facilitate and guide your learning of the course material--I cannot make you learn it without your active cooperation. It is my responsibility to evaluate your level of mastery of the course objectives (i.e., give feedback and course grades) in a fair and objective manner. Emphasis will be placed on understanding of important concepts as opposed to memorization of trivia. It is my responsibility to help you understand how your test responses could have been improved and, if necessary, to consider appeals of disputed questions according to an appeal procedure to be explained in class.

It is my responsibility to offer reasonable accessibility to students outside of class. I will be available in the classroom immediately before and after each class and during posted office hours (unless unforeseen circumstances intervene, such as a faculty meeting.) Tutors will be made available at specified times. If schedules allow, additional help sessions may be arranged for individuals and groups on request.

## **Tentative Schedule:**

<b><u>Topic</u></b>	<b><u>Assignment</u></b>
<b><u>BASIC FINANCIAL CONCEPTS</u></b>	
Business Structures	Handout on WebCT
Financial Statements	NVC Ch. 1, 2 & 4 Handout on WebCT
Financial Analysis	NVC Ch. 5 Handout on WebCT
Inventory Control	NVC Ch. 4 & 14 Handout on WebCT
<b><u>BASIC ECONOMIC CONCEPTS</u></b>	
Microeconomic Principles of Cost	Handout on WebCT
Break-Even Analysis	NVC Ch. 8 Handout on WebCT
Cost Allocation	NVC Ch. 9 Handout on WebCT
Pricing and Reimbursement	NVC Ch. 9 Handout on WebCT
<b><u>HEALTH ECONOMICS AND HEALTH CARE FINANCING</u></b>	
Basic Economic Principles Affecting Health Care	RLM/KWS Ch. 16 Handout on WebCT
Unique Aspects of Health Economics	RLM/KWS Ch. 17 Handout on WebCT
Health Care Delivery - Historical Perspective	RLM/KWS Ch. 1 Handout on WebCT
Government Involvement in Health Care	RLM/KWS Ch. 15
Private Health Insurance	RLM/KWS Ch. 19 Handout on WebCT

## MANAGED CARE CONCEPTS

Managed Care Rx Programs	RLM/KWS Ch. 22 Handout on WebCT
Demand Management, Formulary Management and Drug Utilization Review	Handouts on WebCT
Medicare	RLM/KWS Ch 20 Handout on WebCT
Medicaid	RLM/KWS Ch. 21 Handout on WebCT
Outcomes Management and Pharmacoeconomics	RLM/KWS Ch. 18 Handout on WebCT
International Health Care Concepts Health Care Reform	RLM/KWS Ch. 14 RLM/KWS Ch. 23 Handout on WebCT
Reimbursement for Services	Handout on WebCT
Marketing	Handout on WebCT

NVC = **Carroll NV, *Financial Management for Pharmacists: A Decision-Making Approach, Second Edition* (Baltimore MD: Williams & Wilkins, 1998).**

RLM/KWS = **McCarthy RL and Schafermeyer KW (eds.), *Introduction to Health Care Delivery: A Primer for Pharmacists, 3rd Edition* (Sudbury, MA: Jones and Bartlett Publishers, 2004).**

### **Tentative Exam Schedule:**

There will be four one-hour exams:

- Exam 1: Tuesday, February 21
- Exam 2: Tuesday, March 14
- Exam 3: Tuesday, April 4
- Final Exam: TBA