

Department of Health Administration and Human Resources  
University of Scranton

HAD 501- Healthcare Financial Management 1  
Course Syllabus

Instructor: Robert J. Spinelli, MBA, MPH, DBA

Semester: Fall 2011

Place: McGurrin 402

Time: Monday 7:20-10:00 PM  
4:30-7:10 PM

E-mail: [spinellir2@scranton.edu](mailto:spinellir2@scranton.edu)

Telephone: 941-5872

Office Hours:

Monday 1:00 PM to 2:00 PM

Tuesday 12 Noon to 1:00PM

Thursday 2:30 PM – 4:30 PM

By Appointment

Course Description

HAD 501 provides a detailed understanding of health services financial management for decision-making with emphasis on third -party payers, financial statements, capital investments, debt and equity financing and capital budgeting. The course blends accounting and finance concepts to enhance the healthcare manager's decision-making skills. The course will enhance the student's decision-making skills by utilizing case studies and practical applications to real world situations.

Course Objectives

Upon successful completion of this course, the student will be able to:

1. Use specific knowledge of economic and healthcare finance concepts, terminology, classifications, methods and trends;
2. Interpret financial statements and evaluate organizational performance;
3. Understand the use of computer spreadsheets for financial analysis;
4. Understand the concepts and analytical tools used for capital investment and financing decisions.
5. Understand the importance of financial management for healthcare organizations in a rapidly changing medical delivery system.
6. Demonstrate written and oral communication skills through preparation and presentation of case studies.
7. Discuss key topics in healthcare finance and express opinions intelligently.
8. Demonstrate the ability to apply class discussion and theory to practical applications within the healthcare financial environment.

:

9. Understand and apply specific knowledge of economic and healthcare finance concepts, terminology, classifications, methods and trends;
10. Utilize financial information for decision-making and evaluate organizational performance;
11. Develop skills, competencies, values, and points of view needed for financial decision-making;
12. Discuss the concepts and analytical tools used for capital investment decisions
13. Demonstrate an understanding of payment methods used to reimburse health service providers and the role of health insurance in financing health services;
14. Relate financial decision-making to pressures from the external environment; Demonstrate an understanding of the function of the financial team and chief financing officer of health organizations;
15. Apply quantitative methods for decision-making;

### Required Text

1. Gapenski, Louis C. 2008. *Healthcare Finance: An Introduction to Accounting and Financial Management*. (4<sup>th</sup> ed). Chicago, IL: AUPHA.
2. Gapenski, Louis C. 2010. *Cases in Healthcare Finance*. (4<sup>th</sup> ed). Chicago, IL. AUPHA
3. A business calculator
4. A high-density diskette for assignments and case studies
5. Instructor Handouts

### Expected

1. Review on a weekly basis of current issues related to the US healthcare system, regulatory issues, finance and healthcare finance (the Wall Street Journal is helpful on this.)
2. Healthcare finance websites (e.g. [www.hfma.org](http://www.hfma.org), [www.hap.org](http://www.hap.org) and others)

### Teaching and Learning Methods

Within class, course objectives will be achieved through a combination of lecture, large and small group discussions, experiential exercises, and case studies. Individual student reflection, critical thinking, and learning will be demonstrated through a variety of written assignments, as well as the quality/quantity of class participation/presentations. . An essay examination will also be used to assess comprehension of course lectures and reading assignments. This course uses readings, lecture, discussion, group activity, student participation, case study, practical exercises, guest speakers, handouts, student presentations, test, and faculty research and faculty service as methods to enable students to achieve course objectives. Other learning activities and methods may be used.

### Class Lecture:

Class lectures will be used throughout the course. The professor will provide additional information, research findings and opinions of other specialists via class lecture and discussion. This material will supplement text reading assignments. Effective note taking is essential and important because lecture material will be incorporated into class discussion, exercises, class projects, and case study analysis.

### Course Requirements and Grading

Budget Project	15 points	
In Class Case Report Presentation	05 points	
Written Case Report Analysis	15 points	
Critical Analysis Report	15 points	(2) @ 7.5 each
Midterm Exam	20 points	
Final Exam	20 points	
Class Participation & Homework Assignments	10 points	
<b>Total</b>	<b>100 points</b>	

### Students are Responsible for:

- \* acting ethically and professionally, interacting appropriately in class.
- \* participating in class discussions, asking questions as needed.
- \* completing reading assignments prior to scheduled classes.
- \* attending (on time) and actively contributing to all classes.
- \* completing all course assignments and activities as scheduled.
- \* dressing appropriately for class and study tours.
- \* talking with the professor regarding questions or concerns about assignments, grades, class activities, or other aspects of the course.
- \* reading and following the university plagiarism policy.
- \* adhering to the "Academic Code of Honesty" standards.
- \* adhering to ACHE Code of Ethics.
- \* discussing problems in the course promptly with the professor.
- \* using APA Publication Manual and style in all written work.
- \* preparing all written work on computer using appropriate word processing.
- \* knowing how to access and use university resources.
- \* knowing how to use the library for research purposes.

## Attendance Policy

The instructor will assume that students will make every effort to attend class promptly and regularly. Excused absences are allowed for twice as many times as class meets per week (i.e. no more than two excused absences with notice to the instructor). Absences above this amount will result in a reduction of 5 points from your final grade for each additional class missed. If you have work-related or a personal situation that will result in problems complying with this attendance policy, it is your responsibility to inform the instructor as soon as possible.

## Description of Assignments

1. **Class Discussions & Homework assignments:** In each class, there will be discussion about the class lecture and/or readings assigned. Students are encouraged to ask questions, generate relevant discussions and be able to draw conclusions from readings. Weekly homework assignments will be assigned by the instructor.
2. **Case Study Analysis:** Each student group, which will consist of two or three students, will present one case from the Gapenski casebook. Group and case assignments will be made early in the semester. Each group should plan for a formal presentation.
3. **Written Case Report and Presentation:** Students will prepare a written case report that deals with some area of financial analysis, financial management or financial administrative issue. (See Appendix B)
4. **Critical Analysis Reports:** Each student is required to complete two (2) critical analysis reports from professional articles written in appropriate journals. Please refer to attachment. Articles must be taken from referred journals and not from trade magazines. Subject to approval by the professor, participants may elect to use chapters in a professional text. Readings should focus on financial management. Each student will present one critical analysis report to the class. (See Appendix A)
5. **Budget Project:** Throughout the semester the class will prepare an actual budget for a hypothetical hospital. The budget project will be done in student groups of 4 to 5 students depending on the size of the class. At the end of the semester each group will be required to hand in a copy of the completed budget project. The details of this project will be presented in the first class session.
6. **Class Assignments:** To get the most out of this class, students should read the material assigned prior to coming to class and complete any assignments which will be collected in class.
7. **Examinations:** Midterm and final examinations will be given in class and will consist of multiple choice, short problems and essay questions.

### HLA Competency Model

#### Adopted MHA Program Course Specific Core Competencies

#### Domain #1: Communication and Relationship Management

##### *Competency*

- A. Apply principles of communication and demonstrate specific applications
- B. Present results of data analysis to decision makers
- C. Use factual data to produce and deliver credible and understandable results
- D. Facilitate group dynamics, process, meetings, and discussion

- E. Utilize effective interpersonal skills

## **Domain #2: Leadership**

### *Competency*

- A. Explain potential impacts and consequences of decision making in situations both internal and external
- C. Gain physician buy-in to accept risk and support new business ventures
- D. Accurately assess individual strengths and weaknesses

## **Domain # 3: Professionalism**

### *Competency*

- B. Uphold and act upon ethical and professional standards
- C. Demonstrate professional norms and behaviors
- D. Engage in continued professional development including reflection and self-directed learning

## **Domain # 4: Knowledge of the Healthcare Environment**

### *Competency*

- A. Assess the interrelationships among access, quality, cost, resource allocation, accountability, and community
- B. Prepare projects that are credible to governmental, regulatory, professional and accreditation agencies

## **Domain # 5: Business Skills and Knowledge**

### *Competency*

- A. Integrate information from various sources to make decisions and recommendations
- B. Demonstrate critical thinking, analysis, and problem solving
- C. Apply basic financial management and analysis principles
- D. Apply reimbursement principles, ramifications and techniques including rate setting and contracts
- E. Apply principles of operating, project, and capital budgeting

### **Course Requirements/Assessment:**

Symbol Designation

Domain = D1-5, Competency = A-Z, Week = W1-15,

Cognitive Domain Level = cd1-6, Affective Domain Level = ad1-6

### **Activity**

Class Discussion and Homework

Case Study Analysis

Written Case Report/Presentations

Critical Article Analysis

Budget Report

Class Assignments

Examinations

### **Domain/Competency**

D1A-E, D2CD, D3B-D, D4A,  
D5A-D

D1A-E, D2AD, D3B-D, D4A,  
D5A-C

D1A-E, D2AC, D3B-D, D4A,  
D5A-D

D1AD, D2A, D3CD, D4A, D5B

D1A-E, D2ACD, D3B-D, D4AB,  
D5A-E

D1A-E, D2CD, D3B-D, D4A,  
D5A-D

D1A, D2AD, D3B-D, D4A, D5BC

**Course Objectives****Domain/Competency/Level**

- |   |  |
|---|--|
| 1. Use specific knowledge of economic and healthcare finance concepts, terminology, classifications, methods and trends;                                      | (D1ABCDE,cd1,2)(D2A-D,cd1,2)(D3C,cd1,2)(D4,cd2), (D5A-E,cd1,2,3)                           |
| 2. Interpret financial statements and evaluate organizational performance;  | (D1ABCcd1-4)(D2A,cd2) (D3CD,cd1,2)(D4A,cd1-4)(D5ABC, cd1-4)                                |
| 3. Understand the use of computer spreadsheets for financial analysis;  | (D1ABC,cd1,2)(D5ABDE,cd1,2)  |
| 4. Understand the concepts and analytical tools used for capital investment and financing decisions;  | (D1ABC,cd1,2)(D2ACD,cd1,2) (D3BC,cd1,2,ad1,2) (D4A,cd1,2)(D5A-E, cd1,2)                    |
| 5. Understand the importance of financial management for healthcare organizations in a rapidly changing medical delivery system.                              | (D1ABC,cd1,2)(D2ACD,cd1,2) (D3BC,cd1,2,af1,2) (D4A,cd1,2)(D5A-E cd1,2)                     |
| 6. Demonstrate written and oral communication skills through preparation and presentation of case studies;  | (D1A-E,cd1-5)(D2AD,cd1-5) (D3B-D,cd1,2,ad1,2)(D4A,cd4) (D5A-E,cd1-5)                       |
| 7. Discuss key topics in healthcare finance and express opinions intelligently;   | (D1A-E,cd1-5)(D2ACD,cd1,2) (D4A,cd1,2)(D5A-E,cd1,2)  |
| 8. Demonstrate the ability to apply class discussion and theory to practical applications within the healthcare financial environment;                        | (D1A-E,cd1-3)(D2ACD, cd1-3) (D4AB,cd1-3)(D5A-E,cd1-5)                                      |
| 9. Apply specific knowledge of economic and healthcare finance concepts, terminology, classifications, methods and trends;                                    | (D1ABCDE,cd1-3)(D2A-D,cd1,2)(D3C,cd1,2)(D4,cd2), (D5A-E,cd1,2,3)                           |
| 10.Utilize financial information for decision-making and analyze organizational performance;  | (D1A-E,cd1-5)(D2ACD,cd1-5) (D3D,cd1)(D4A,cd4)(D5A-E,cd 1-4)                                |
| 11.Develop skills, competencies, values, and points of view needed for financial decision-making;   | (D1A-E,cd1,2,ad1,2) (D2AD,cd1,2, af1,2)(D3B-D,cd1,2,ad1,2)(D4AB, cd1-4)(D5A-E,cd1-3,ad1-3) |
| 12. Discuss the concepts and analytical tools used for capital investment decisions;  | (D1A,cd1,2)(D2AC,cd1,2)(D4B,cd2 (D5B, cd1,2)   |
| 13. Demonstrate an understanding of payment methods used to reimburse health service providers and the role of health insurance in financing health services; | (D1A-E,cd1,2)(D4AB,cd1-2)(D5A-E,cd1-3)   |
| 14. Relate financial decision-making to pressures from the external environment;  | (D1A,cd1)(D2AD,cd1,2) (D5AB,cd1,2)   |
| 15. Demonstrate an understanding of the function of the financial team and chief financing officer of health organizations;                                   | (D1ADE,cd1,2)(D2ACD,cd1,2) (D3C,cd2,ad2)   |
| 16. Apply quantitative methods for decision-making;   | (D1ABC,cd1-3)(D4A,cd4)(D5A-E,cd1-3)  |

## Class Policies

1. Class members are expected to attend classes although not compulsory and are responsible for all course material covered on the day(s) missed. Class members should obtain the missed course information from another student.
2. Notice to instructor of late submissions is required. Failure to notify the instructor of a problem concerning an assignment when it is due will result in a 10% reduction in grade for each day the assignment is late. After 9 days, the grade for the assignment will be a zero.
3. Ordinarily, no extra credit assignments will be given.
4. Ordinarily, incomplete grades are not given.
5. All written assignments will be evaluated on professional aspects of writing such as grammar, spelling, context, neatness, organization, and overall readability.
6. All written assignments must utilize the APA editorial style. All references must be appropriately cited and plagiarism in any form will result in course failure. Class members are required to read and adhere to the University Code of Honesty.

## Instructional Assistance

The professor will be available to answer questions and help participants before, during and after class. Individual appointments are available upon request. Participants are encouraged to talk with the professor if there are unique problems or questions requiring further discussion or clarification. The professor can be reached by telephone at work (941-5872) or during regular office hours.

Participants who wish to explore other possible ways of achieving a desired grade in this course are invited to arrange for an appointment with the professor to further discuss this possibility.

If a participant would like to adopt course assignments to their work setting, such arrangements require an appointment with the professor to finalize topics and modifications to the course requirements.

## Reasonable Accommodation

Students with disabilities need to be registered with the Office of Equity and Diversity at least one to three months prior to or the onset of the academic year if they anticipate needing disability-related accommodations and/or support services. In order to register with the office, the student must self-disclose the presence of a specific disability and provide the appropriate documentation complete with diagnosis and specific limitations. The Office of Equity and Diversity will determine appropriate, legal documentation needs. If the documentation is incomplete, the student may be asked to seek additional diagnosis documentation. Students with disabilities who are requesting reasonable accommodations should contact the University of Scranton's Equity and Diversity Office at 570-941-6645. Students are encouraged to set an appointment early in the semester to discuss any needs for accommodations

### Grading Scale

A = 100-95	B- = 85-83
A- = 94-92	C+ = 82-80
B+ = 91-89	C = 79-74
B = 88-86	F = Below 74

Prior to Class, After Class or By Appointment



## **Appendix A**

### ***CRITICAL ANALYSIS REPORT***

#### **A. Introduction:**

A critical analysis report is a thorough review of a written work and a personal reaction to this analysis. Experience in making critiques of written works is required for the following reasons:

1. Extensive critical reading helps the student achieve a more comprehensive understanding of the concepts included in the course.
2. Critical analysis of what is read aids one in becoming a more discerning consumer of the literature in the field.
3. Evaluations of what is read assist the student in the comprehension of the implications of the reading content of his particular course of interest and concerns.
4. The written critique helps the student develop the art of effective communication.
5. The analysis helps the student develop appropriate reference citations for professional opinions on health care issues.
6. Would it serve as a sound reference source for others in health services administration?

#### **B. General Requirements:**

Each student is required to review two (2) articles from professional health related journals. The article must focus on relevant aspects of Healthcare Finance and Planning. Article must be published within last 2 years.

#### **C. Guidelines for Review Format:**

1. All papers are to be typed and double spaced. The paper is to be clear and concise; does not contain errors in spelling, punctuation, or syntax.
2. All papers are to be submitted on time to meet specific due dates.
3. At the top of the first page, and on a 3x5 inch index card, the following information must be provided using the listed headings in sequence:
  - a. Applicable General Topic:
  - b. Title of Article:
  - c. Authors Name:
  - d. Name of Journal:
  - e. Date of Journal:
  - f. Volume:
  - g. Number:
  - h. Pages (on which article appears):
  - i. Publisher of Journal

**NOTE:** A copy of the article must be submitted with the written report

4. Synopsis and Summary:

100-200 word description of the articles basic content.

5. General Theme:

A brief statement about what you felt was the author's general theme of the article.

6. Point of View:

A brief statement about what you felt concerning the author's point of view. Was the presentation objective and factual or was the presentation subjective and lacking of facts? Explain your opinion.

7. Issue Analysis:

Provide a list of the issues presented in the article.

8. Conclusions and Recommendations:

List of author's conclusions and/or recommendations.

9. Agreement or Disagreement:

Based on the author's conclusions and/or recommendations, do you agree or disagree; provide a brief justification regarding your opinion concerning your agreements and disagreements.

10. Professional Projections:

A 50-75 word statement on what you learned from the article and how you may apply this experience (negative or positive) in your professional future career.

D. Guide to Grading of the Critical Analysis Report:

The critique will be graded on the following:

- a. Appropriate article
- b. Identifying information on first page and 3x5 index cards
- c. Synopsis and Summary
- d. General theme stated
- e. Point of view stated
- f. Issue analysis stated
- g. Conclusions and recommendation stated
- h. Agreement or disagreement stated
- i. Professional projections stated

NOTE: Submit copy of journal article with your report

E. Specific Requirements:

- The two (2) reviews are to be selected from two (2) separate healthcare finance/planning topics. Articles selected must be from refereed journals.

F. Penalties:

Failure to submit reviews on specific due dates may result in the deduction of one full grade for each successive class period that the review is not submitted. Failure to submit one or more reviews may result in an 'incomplete' given at the time of final grades.

Special circumstances requiring an extension of the due dates will be handled on an individual basis via written justification explanation and/or request stating the particulars and forwarded to the instructor for approval and appropriate determination.

Special circumstances requiring an extension of the due dates will be handled on an individual basis via written justification explanation and/or request stating the particulars and forwarded to the instructor for approval and appropriate determination.

## **Appendix B**

### **GUIDELINES FOR PREPARATION OF THE CASE REPORT**

#### **A. Definition**

Each student is asked to develop a case report which is a written account of an actual financial administration problem encountered in an applied setting related to health services administrative/financial experience, academic research, or community health and welfare affairs experience. The report identifies a real problem, incorporates the decisions made, and the results. The paper embraces these elements:

1. An analysis of the specific administrative/financial problem.
2. A review of the various approaches considered to solve it
3. An analysis of the administrative /financial decisions and actions actually taken.
4. An explanation of the reasons for these decisions and actions.
5. An analysis of the results of the administrative/financial action taken.

#### **B. Purpose**

The project will enable the student to:

1. Recognize an administrative/financial problem,
2. Develop a logical solution to the problem,
3. Analyze the results of administrative/financial decisions/actions,
4. Organize a problem solving process and reduce this to writing,
5. Reference the health care literature in solving an existing problem,
6. Acquire general knowledge in health service administration/financial management

#### **C. Approval Process**

The subject of the case report must be approved by the Instructor before the student proceeds with the project. The topic must be submitted in writing and include the following information:

1. Precise title of the case report.
2. Descriptive statement of a few sentences explaining the area of inquiry,
3. Explanation of the administrative/financial functions to be examined in the report.
4. Statement of reasons for selecting the topic.

#### **D. Selection of Subject**

The selection of the subject matter is the responsibility of the student. Present or prior working experience in the health services/financial field provides the resources for the report. In considering an administrative/financial problem, the student should keep the following factors in mind:

1. Is it an administrative/financial problem of some significance?

2. Is it a problem frequently encountered in the field of health services administration/financial administration?
3. Does the problem involve basic administrative functions, such as planning, organization, coordination, staffing, control or evaluation and ?or basic financial analysis issues.
4. Does the problem offer relevant learning opportunities for other class members?
5. Does its resolution involve original or creative thinking?

The case report must deal with administrative/financial concepts and is not a “How to do it” report.

\*\* The intention of this assignment is to report on a real life administrative /financial situation that the student has participated in or has a great deal of “real situation” information. If the student does not have access to this information then a researched “administrative situation” will be utilized with permission from the instructor.

#### **E. Case Report Format**

The case report must clearly identify the following elements:

##### 1. TITLE

The title should be brief but specific enough to identify the problem it reports.

##### 2. ORGANIZATION INFORMATION

The case report should include the following:

- A. Size of organization.
- B. Type of organization.
- C. Type of ownership and control.
- D. Number of years in operation.
- E. Type and size of city and surrounding area served.
- F. Number, size and type of other health facilities, services, programs, or agencies in the same area.

NOTE: Do not identify hospitals or organizations by name.

##### 3. GIST OF THE PROBLEM

The case report should include a brief statement-one, two or three sentences will be satisfactory of the problem which confronted the student and which precipitated the administrative/financial action to resolve it. Do not include details, decisions, or philosophical discussion in this summary statement.

##### 4. DESCRIPTION: THE PROBLEM

A statement of pertinent facts about the problem, including such information-where applicable as the following:

- A. Background
- B. Evolving complexity of the situation.
- C. Persons or groups involved and their roles.
- D. Local or historical factors contributing to the situation
- E. Other appropriate data inherent in the case problem

##### 5. ADMINISTRATIVE/FINANCIAL MANAGEMENT DECISION

A concise statement of the conclusions reached and the action taken to resolve the problem. Explain the selected course of action in full. Alternatives to the solution also should be examined, with reasons delineated for not following them. Report all special obstacles encountered in arriving at a solution.

## 6. THE RESULTS

Document the results which followed the selected administrative /financial action and decision. Indicate, where possible, the following:

- A. Length of time between attempted solution of a problem and an evaluation of its results.
- B. Length of time results of administrative decisions were observed.
- C. Comment where, in the opinion of the case reporter, the solution “withstood” the test of time.”

## 7. SOURCE MATERIAL

Indicate specifically all source materials (texts, magazine articles, recommendations of colleagues or consultants, etc.) used in resolving the problem. This information may be embodied in the case report or listed at the end of the manuscript.

Studies, reports, legal opinions, or legislation may be used to support the premise of decision making; but, if used, they should be quoted and identified. Consultants’ reports should not be used as part of the main body of the manuscript, but may be used as an addendum.

## 8. REFERENCES

Include a minimum of six (6) references from reputable journals or books.

### F. Manuscript Format

All case reports should be cleanly typed. The paper is to be clear and concise; does not contain errors in spelling, punctuation, or syntax. In typing, the following should be observed.

1. The original and one copy should be clearly legible.
2. Double space all copy.
3. Leave 1 ¼” to 1 ½” margins on both sides and on the top and bottom of each manuscript sheet.
4. Use standard - 8 ½”x11” - stationery for the manuscript. The original copy should be good quality photocopies.
5. Number all pages of the manuscript.
6. It should be edited carefully paying attention to punctuation, grammar, sentence structure and spelling.

### G. Length of Report

Well organized and thoroughly-developed case reports average 1,400-3,000 words.

## Course Outline

Date:

Topic:

8/29

Introduction to the Course and Instructor  
Meet Classmates  
Introduction to Healthcare Finance  
Review of Basic Accounting Concepts and Fundamentals  
The Role of Financial Management in the Health Services Industry  
Alternative Forms of Business Organizations  
Organizational Structures  
Health Services Settings  
Third Party Payers  
Managed Care Plans  
Tax Laws  
Review case study methodology  
Review critical analysis format and style  
Compare theories, models, and applications pertaining to health finance  
Understand roles and responsibilities of health finance personnel  
Describe the components of the income statement, balance sheet, and statement of cash flows and perform analytical applications  
Explain the difference between net income and cash flow  
Explain the difference between gross charges, net revenue, and net income  
Confirm presentation dates

Reading: Gapenski, Chapter 1& 2 Instructor Handouts

Focus on: Introduction to accounting concepts, basic finance concepts, Forms of business organizations.

9/05

**LABOR DAY NO CLASS**

9/12

Financial Accounting Basics and The Income Statement

The balance sheet and Financial statement analysis.  
Basic Accounting Methods  
Describe the components of the income statement, balance sheet, and statement of cash flows and perform analytical applications. Explain the difference between net income and cash flow Explain the differences between gross charges, net revenue and net income  
Begin discussion of the budgeting process  
Budget Project Discussion

Regulations and standards in Financial Accounting  
Statement of Cash Flows  
Reading the Financial Statement

Reading: Gapenski, Chapter 3 & 4 Instructor Handouts,  
Financial Accounting Tutorial

Focus on: Structure of the balance sheet, income statement, cash flow  
**Introduction of Budgeting Case Study**

9/19

Planning and Budgeting

Describe the Budgeting Process  
Define Strategic Planning  
Describe, define and discuss the steps in the Budgeting and Planning process

Reading: Gapenski, Chapter 8, Instructor Handouts

Focus on: Importance of planning and the budget process  
Strategic Planning  
Introduction to Budgeting  
Budget Types  
Constructing an Operating Budget  
Operating & Financial Plans  
Revenue Forecasts  
Creating Forecasted Financial Statements  
Real-World Forecasting  
Computerized Financial Planning Models  
Financial Controls  
Variance Analysis  
The Cash Budget

**CAR #1 DUE**

**Case Study – Budgeting**

9/26

Planning and Budgeting Continued

In Class Preparation of Budget Project  
Group workshops  
Planning a Budget



## Units of Service and Volume Projections

### **Case Study – Budgeting Critical Analysis Presentations**

10/03

#### The Basics of Capital Budgeting

Preparing a Capital Budget  
Analytical Applications of Capital Budgeting  
Political and Practical Applications  
Return on Investment

Reading: Gapenski, Chapter 14, Instructor Handouts

Focus on: Making capital purchase decisions in today's healthcare  
Environment  
Importance of Capital Budgeting  
Project Classification  
The Role of Financial Analysis in Capital Budgeting  
Cash Flow Estimation  
Breakeven Analysis  
Using Capital Budgeting Techniques

Guest Speaker  
**Critical Analysis Presentations  
Case Study-Budgeting**

10/10

#### Analyzing Financial Performance

The Statement of Cash Flows  
Explain and discuss Ratio Analysis  
Define Benchmarking  
Operating Indicator Analysis  
Demonstrate advanced financial analysis  
Limitations of Financial Performance analysis  
Explain and Discuss Market and economic analysis  
Financial Reporting in Health Services Industry

Reading: Gapenski, Chapter 17, Instructor Handouts

Focus on: Purpose of financial statement and operating analyses  
Review for Mid-Term  
**Budgeting Case Study  
Critical Analysis Presentation**

10/17 **FALL BREAK – NO CLASS**

10/24 **Midterm Examination in Class**

10/31 Third Party Payment Systems

Define Payor Mix  
Describe how policy issues can impact reimbursement rates  
Insurance Concepts  
Generic Reimbursement Methods  
Major Health Insurers  
Managed Care  
Public Insurance  
Private Insurance  
Reimbursement Methodologies

Reading: Instructor Handouts

Focus on: Principles of risk and insurance  
**Case Study - Budgeting**

11/07 Managerial Accounting

The Basics of Managerial Accounting  
Cost Classifications  
Cost Behavior and Profit Analysis  
Cost Classifications  
Direct vs Indirect Costs  
Sunk Cost  
Operating Leverage  
Demonstrate how contribution margin is used in financial decision making  
Cost Allocation Basics  
Cost Allocation Methods  
Healthcare Providers and the Power to Set Prices  
Making the Service Decision

Reading: Gapenski, Chapters 5, 6 & 7  
Instructor Handouts

Focus on: Cost Behaviors, profit analysis, cost allocation and pricing decisions

**Critical Analysis Presentations**  
**Case Presentations**  
**Case Study - Budgeting**

11/14

Financial Performance of Alternative Healthcare Organizations:  
Long Term Care Facilities and Medical Group Practice Management

Long Term Care Industry Review

LTC Financial Methodologies

Explain the continuum of LTC and different reimbursement regulations

Describe how LTC facilities are reimbursed

Medicare beds vs. Medicaid beds

Case mix index

Medical Data Set

Medicare reimbursement in LTC

Physician Practice Settings

How are Physicians Paid

Physician Management Models

Physician Role in Hospital Payment Systems

Relative Value Units – RVU Coding and its impact on reimbursement

Reading: Instructor Handouts

Focus on: Nursing homes, group practice management, payor mix,  
revenue generation, financial statement analysis

Guest Speaker – LTC

**Case Presentations**

**Case Study – Budgeting**

11/21

Basic Financial Analysis Concepts

Time Lines

Opportunity Costs

Solving for Interest Rate & Time

Time Value Analysis

The Many Faces of Financial Risk

Risk Aversion

Profitability Distributions

Reading: Gapenski, Chapters 9 & 10

Focus on: Time Value Analysis, Financial Risk & Required Return  
In Class Problems

**CAR # 2 DUE**

**Case Presentations**

**Case Study - Budgeting**

11/28	Review and Completion of Budget Project Presentation of Remaining <b>Critical Analysis Reports</b> <b>Case Presentations</b>
12/05	Review of Budgeting and Accounting Process Financial Management of Hospitals Reviewed Review for Final Exam <b>Critical Analysis Reports</b> <b>Case Presentations</b>  <b>Case Study – Budgeting Completed</b>
12/12	<b>Final Exam in Class</b>

### Case Study Content Evaluation

During the class session #1, the instructor will break the class participants into teams of four. Each team will select a case provided by the instructor and be responsible for solving and presenting the solution in a written and oral format. The content of the paper and oral presentation should focus on:

Introduction – Stating the purpose and the importance of the case and provide an overview of the case

Organization – Describe the type of financial environment the organization in the case is operating in using the relevant course terms, concepts, principles, theories and knowledge

Techniques, methods, tools, etc. - Explain and analyze the case problem by applying the relevant course concepts, principles, theories and knowledge

Accurate use of case information/lessons - apply the relevant course terms, concepts, principles, theories and knowledge to make informed recommendations for a solution and develop a team solution. Useful lessons learned for health managers from the case need to be identified

## Case Study/Oral Presentation Evaluation

Name(s):

Date:

---

Criteria

Points

Comments/Suggestions

### **Content**

Introduction  
(0-1)

Organization  
(0-2)

Techniques,  
Methods, tools, etc.  
(0-5)

Accurate use of  
information/Lessons  
(0-7)

**Original thinking**  
(0-10)

**Use of time**  
(0-1)

**Executive Delivery**  
(0-1)

**Visual materials,  
Handouts, etc.**  
(0-1)

**Questions to class**  
(0-2)

---

Total (0-30)

### Mid-term Evaluation

You are to individually demonstrate and present a financial application of a problem given by the instructor from class session #1 thru class session #6. The problem application will be evaluated based on:

Overall synopsis of course material:  
(0-5)

Discussion and articulation of key concepts, theories, principles, etc. and describe in detail:  
(0-5)

Practical application of the concepts and tools used in class to solve problem  
(0-5)

Conclusion listing and describing 3 overall health finance competencies learned from the problem and demonstration of mastery  
(0-5)

---

Total (0-20)

## References:

AICPA. 2003. *Audit and Accounting Guide*. New York: American Institute of Certified Public Accountants.

Barton, P.L. 2003. *Understanding the U.S. Health Services System*. Chicago: Health Administration Press: 2003.

Clarke, R. 2002. " CFOs to the Rescue, After Enron and AHERF, financial oversight is playing a far more pivotal role." *Modern Healthcare* (June) 17, 54.

Cleverley, William O. and Cameron, Andrew E. 2002. *Essentials of Healthcare Finance*. Gaithersburg, MD: Aspen Press: 2002.

Herkimer, A.G., Jr. 1988. *Understanding Health Care Budgeting*. Rockville, MD: Aspen.

Nowicki, Michael. 2001. *The Financial Management of Hospitals and Healthcare Organizations*. ACHE Press: 2001.

Sherman, B. 1990. " How Investors Evaluate Hospitals' Creditworthiness." *Healthcare Financial Management* 44(3),24-30.

Smith, B., and R.B. Hardaway. 2004. "Making Tough Choices for Cost Control." *Healthcare Financial Management* (July): 76-84.

Sunders, R. et al. 1993. "Strategic Capital Planning Scenarios for the Future." *Healthcare Financial Management* 48(4),50-53.

Zelman, William N., McCue, M.J., Millikan, Alan R. and Glick, Noah D. 2003. *Financial Management of Health Care Organizations*. Blackwel Publishers Ltd: 2003.

Zuckerman, A.M. 1998. *Healthcare Strategic Planning: Approaches for the 21<sup>st</sup> Century*. Chicago: Health Administration Press.