

**Course Description:** Explores financial management issues, including: reimbursement, costs, budgeting, financial and statistical reports and evaluation methods for services and responsibilities. Financial requirements by regulatory agencies.

**Class dates:** Tuesday 3/13, 3/27, 4/3, 4/10, 4/17, 4/24, 5/1 and 5/8

**Spring Break:** 3/20

**Class times:** 5:30-8:30p

**Room:**

Course Objectives:

1. Identify issues in health care organizations' financial management
2. Apply basic accounting skills to organizational financial issues
3. Evaluate financial market issues
4. Apply financial planning principles to health care organizations
5. Identify economic principles in health care applications
6. Identify the impact of regulatory agencies on the economic issues in health care

Competencies:

Writing of evaluative papers

Computer skills, including: word processing, Internet utilization, power point use and spread sheets

Development and utilization of research skills

**Required Texts:**

Baker, Judith J. and R.W. Baker (2000). *Health Care Finance, Basic Tools for Nonfinancial Managers*. Maryland: Aspen Publication. ISBN: 0-8342-1206-4

References: References appropriate to the units will be supplied with the course guide, in relation to the specific unit/chapter.

Methodologies: Classes will include lecture, presentations, interaction and group work.

**Class Participation:** This is a vital part of learning. You are expected to come to class prepared and ready to participate. This means that you need to read assignments **prior to class**. A lack of participation will reflect on your ability to assimilate and utilize the materials presented.

**Grades:** Grading will be done on the following percentages

100-95%	A	67-69%	D+
90-94%	A-	64-66%	D
87-89%	B+	60-63%	D-
84-86%	B	59%	F
80-83%	B-		
77-79%	C+		
74-76%	C		
70-73%	C-		

Grades are determined on a cumulative score.

Grading Criteria: Tests: 2/3 Project: 1/3

**Tests:**

Tests will consist of narrative and calculations. They may be in any of the following formats: essay, multiple choice, true-false, fill in the blank.

Test questions may be taken from the lecture materials, reading materials and/or the Internet sites listed.

**Attendance:**

Students are expected to attend all workshops in their entirety. A passing grade cannot be received if a student misses 2 workshops.

**Assignments:**

No late assignments will be accepted unless prior approval has been obtained from the instructor. No make-up exams administered without prior approval of instructor. Students are to be fully prepared for each class.

**Class Cancellation:**

Due to the limited number of classes, any canceled class will have to be rescheduled.

**Academic Honesty:**

Academic honesty is expected. Dishonesty will result in failure on the assignment, failure of the course, and possible dismissal. All sources must be documented properly in written reports using APA style. Plagiarism is a very serious offense. Take the time to prepare yourself on the guidelines for citations. When in doubt, cite it!!!!!!

**Disabilities:**

Students with documented disabilities who may need classroom academic adjustments or auxiliary aids and services are required to notify the Academic Development Office. The instructor must be apprised of the modifications needed by the student by the second class meeting. The student may either contact the instructor after the first class or during office hours.

**Make-up Exams and Presentations:**

Make-ups will only be granted if the instructor is notified prior to the exam or presentation and the absence is approved; or a bona fide and documented emergency exists.

**Disruptive and Unprofessional Behavior:**

Students engaging in any behavior that disrupts the learning environment for the other students will be given notice of that behavior. If a second notice has to be given the student will be asked to leave the workshop and not allowed to return that evening. The student will be allowed to return for the next workshop but will be dismissed immediately if similar behavior is again exhibited. Disruptive behavior includes name-calling, verbal abuse, cursing or other behavior that causes discomfort for the other students or the professor.

**Time Expectations:**

Because of the accelerated in-class time, a significant amount of work is to be performed outside the classroom. Between 16-20 hours of study time should be performed outside the class per week.

**Project:** Specifics will be announced in the first class.

You will develop the following:

- Table of organization
- Staffing patterns (reference regulatory requirements)
- Operating budget and justification
  - Projected expenditures
  - Projected revenues (reference sources for revenues)
- Capital budget and justification
  - Equipment, furniture, etc.
  - Building/renovation costs
- Cost/patient day
  - Include hidden costs (i.e. preparation for inspections, JCAHO fees, etc)
- Breakeven point (3-5 years maximum)
  - Projected length of accounts receivable and payable
- Cost of employee turnover
  - Training costs
  - Orientation time
  - Recruitment
- Benefit costs

Due date:

1. Written document on **Week 7**
2. Presentation last class

**Presentation:**

As a group, you will be expected to provide a complete “sales” presentation of your business plan. You should consider power point and graphics. The presentation should be viewed as if you were presenting your proposal to the CEO of a major health care organization.

**Project grading criteria**

Both the written project and the presentation will be based on instructor’s grading (70%) and on grading by classmates (30%).

Written project:

- 20%- Grammar, spelling, layout for clarity, appearance (5 points each)
- 80%- Clarity and coverage of each of the eight (8) areas outlined (10 points each)
  - Use of charts, tables, etc.

Presentation:

- 30% -Use of visual aids
- 30%- Clarity of idea presentation
- 20%- Ease of presentation, verbal and visual
- 10%- Appearance, professional
- 10%-Transition of speakers, introduction, etc.

**HS420 Course Guide Calendar**

This course calendar is a guide. Dates and subjects may change. Notice of any changes will be given in class.

Lecture materials:

(McLean) McLean, Robert A. (1997). *Financial Management in Health Care Organizations*. Albany, NY: Delmar Publishers.

(Feldstein) Feldstein, Paul J. (1999). *Health Care Economics, Fifth Ed.* Albany, NY: Delmar Publishers.

Wolper, Lawrence F. (1999). *Health Care Administration*. Maryland: Aspen Publishers

Allen, James (1996). *Nursing Home Administration, Third Ed.*

Nowicki, Michael (2001). *The Financial Management of Hospitals and Healthcare Organizations*. Illinois: Health Administration Press.

Reading materials:

Baker, Judith J. and RW Baker (2000). *Health Care Finance: Basic Tools for Nonfinancial Managers*. Gaithersburg, Maryland: Aspen Publication.

References:

CMS - *Medicare & You 2001*

U.S. Department of Health and Human Services - *The 2000 HHS Poverty Guidelines*  
<http://aspe.hhs.gov/poverty/00poverty.htm>

**Week1**

- Lecture:
- Introduction to Healthcare Finance
  - “Health Care is Different/Health Care is the Same” (McLean)
  - Agency Problems and Agency Costs – Chapter 2 (McLean)
  - The Administrator’s Role as Financial Manager (Allen 3.1)

Reading: Chapter 1-3

**Week 2 Quiz: Class 1 materials and text readings**

Lecture: Accounting and Cash Flow Analysis (McLean)  
Cost Behavior (McLean)

Readings: Chapter 4-6

Internet Sites: <http://william-king.www.drexel.edu/top/prin/txt/Cost/Ch7ToC.html>

**Week 3 Quiz: Class 2 materials**

Lecture: Balance Sheets  
Organizational Diagnostics: Financial Statement Analysis (McLean)  
Nursing Home Administrator as Financial Manager (Allen)

Readings: Chapters 7, 12, 13

**Week 4 Quiz: Class 3 materials and text reading**

Lecture: Budgeting and Variance Analysis (McLean)  
Budgets and Budgeting (Allen)

Readings: Chapter 8-10

Internet sites: <http://www.webster.edu/~charngil/Narrative%20Balance%20Sheet.PDF>  
"Narrative Budget sheet"  
<http://www.webster.edu/~charngil/capsum.html>  
"Factors to Consider in Determining Capital Expenditures"  
<http://www.webster.edu/~charngil/handouts%20and%20articles.html>  
**Text Notes: Chapter 1, 3, 4, 9**

**Week 5 Quiz: Class 4 materials and text reading**

Lecture: Basics of Capital Budgeting (McLean)  
Time Value of Money

Readings: Chapters 11 and 14

Internet sites: <http://www.studyfinance.com/lessons/timevalue/index.html>

**Week 6 Quiz: Class 5 materials and text reading**

Lecture: Managed Care Contracting

1. [Managed Care Matters - How is an HMO Like a Drug Company? \(Hint: It's Not.\)](#) is a freelance journalist who writes extensively on managed care issues. **Drug Benefit Trends** 11(11):27-31, 1999. © 1999 Cliggott Publishing, Division of ... Journal Article, Drug Benefit Trends, November 1999 (Medscape)

2. [Articles - The Future of Health Care](#) system for the 21st century will require a greater focus on safe, quality medical **care**, says Kaiser Foundation **Health** Plan CEO David M. Lawrence, MD. ... Article, Medscape Business of Medicine, January 2000
3. <http://www.samhsa.gov/search/search.html> In the search area type in: managed care contracting (“A Guide for Providers of Mental Health and Addictive Disorder Services in Managed Care Contracting”)

**Week 7**      **Quiz: Class 6 materials and text readings**  
**Paper due**

Lecture:      Managed Care (Wolper and HCFA)

Internet Sites:    Managed Care (Umiker)  
                          Medicaid Under Welfare Reform  
                          Medicare & You Basics  
                          National Health Care Expenditures

[http://www.cms.hhs.gov/NationalHealthExpendData/03\\_NationalHealthAccountsProjected.asp#TopOfPage](http://www.cms.hhs.gov/NationalHealthExpendData/03_NationalHealthAccountsProjected.asp#TopOfPage)

**Week 8**      **Presentation**