



HSA525-Health Financial Management

Prerequisite: None

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| Quarter | Fall 2008 |
| Meeting Days/Time | Tuesdays 6PM to 10 PM |
| Instructor | Dr. Bernice Roberts Kennedy |
| Instructor E-mail | Bern29044@aol.com |
| Instructor Office Hours/Location | By appointments |
| Instructor Phone Number | 803-353-2082 |
| Academic Office Phone Number | 803-750-2500 |

INSTRUCTIONAL MATERIAL (Including all mandatory software)

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| Gapenski, Louis (2007). <i>Healthcare Finance: An Introduction to Accounting and Financial Management</i> , Third Edition, AUPHA/Health Administration Press, Chicago, IL |
| Additional readings (articles, websites) as necessary handouts |

I. COURSE DESCRIPTION

The purpose of this course is to provide students with theory, tools, and practical experience in health care financial management. The course examines payment sources and reimbursement arrangements, the public and private financing of health care institutions from both a theoretical and practical perspective, and discusses emerging trends in health care industry that affect financial planning, operating revenues, working capital, resource allocation, and financial analysis of the industry. A case study method will be used to provide students with the opportunity to analyze a working health care organization.

II. EXPECTED WEEKLY LEARNING OUTCOMES

The following weekly learning outcomes will be addressed:

- a. Describe the components of important financial statements – income statement, balance sheet, and statement of cash flows – and explain how they relate both to each other and to the underlying sources of data
- b. Evaluate the financial statements and the financial position of health care institutions

- c. Explain the complexity of cost behaviors in health care organizations and describe how costs are classified according to their relationship with volume
- d. Develop a competence in making financial decisions using net present value, pertinent financial ratios, and break-even analysis.
- e. Describe the overall planning process and the key components of the financial plan.
- f. Explain why time value analysis is so important to health care financial managements
- g. Apply fundamental financial management skills and knowledge to health care organization

Week 1

- a. Define the term healthcare finance as it is used in this course
- b. Discuss the role of finance health services organizations and how this role has changed over time
- c. Describe the major player in health service industry
- d. Describe the organization of this course and the learning aids contained in each lesson
- e. Describe the alternative forms of business organization and ownership
- f. Explain why taxes are important to healthcare finance
- g. Briefly describe the third-party-payer system
- h. Explain the different types of payment methods use by payers
- i. Describe the incentives created by the different payment methods and their impact on provider risk

Week 2

- a. Explain why financial statements are so important both to managers and outside parties
- b. Describe the standard setting process, under which financial accounting information is created, and reported, as well as the underlying principles applied
- c. Describe the components of the income statement- revenues, expenses, and net income – and the relationship within and between these components
- d. Explain the difference between net income and cash flow
- e. Explain the purpose of the balance sheet
- f. Describe the contents for the balance sheet and its interrelationship with the income statement
- g. Explain the purpose of the statement of cash flows
- h. Describe the contents of the statement of cash flows and how it differs from the income statement
- i. Describe how a business's transactions affect its income statement and balance sheet

Week 3

- a. Describe the alternative current asset investment and financial polices
- b. Discuss in general terms how businesses manage cash and marketable securities
- c. Discuss key elements of receivables and inventory management
- d. Explain the alternatives available for short-term financing, including the use of security
- e. Explain the purposes of financial statement and operating analyses
- f. Describe the primary techniques use in financial statement and operation analysis
- g. Conduct basis financial statement and operating analyses to assess the financial condition of business
- h. Describe the problems associated with financial statement and operating indicator analyses
- i. Explain the meaning and use of Market Value Added (MVA) and Economic Value Added (EVA) performance measures

Week 4

- a. Explain the differences between financial and management accounting
- b. Describe how costs are classified according to their relationships with volume

- c. Conduct profit analyses to analyze the impact of input value changes on both profitability and breakeven points
- d. Explain the primary differences in profit analyses that arise when comparing fee-for-service reimbursement with capitation
- e. Explain why proper cost allocation is important to health services organizations
- f. Define a cost driver and explain the characteristics of a good driver as opposed to a poor one.
- g. Describe the primary methods used to allocate overhead cost among revenue producing departments
- h. Apply cost-allocation principles across a wide range of situations within health services organizations
- i. Describe the difference between providers as price setters and providers as price takers, and how this difference affects price setters and providers as price takers, and how this difference affects pricing and service decisions
- j. Explain how accounting and actuarial information are used to make pricing and service decisions
- k. Conduct basic analyses to set prices and determine service offerings under both fee-for-service and capitation

Week 5 Midterm Examination: No additional learning outcomes, mid-term examination administered.

Note: Instructor may introduce the remaining major topic areas in the course as a preview or use this period to review previous topics.

Week 6

- a. Describe the overall planning process and the key components of the financial plan. Discuss briefly the format and use of several types of budgets
- b. Explain the difference between a static budget and flexible budget
- c. Create a simple operation budget
- d. Use a variance analysis to assess financial performance and identify operational areas of concern
- e. Explain the construction and use of cash budget
- f. Explain why time value analysis is so important to healthcare financial management.
- g. Explain the purpose of the statement of cash flow
- h. Describe the contents of the statement of cash flow and how it differs from the income statement
- i. Find the present and future values for lump sums, annuities, and uneven cash flow streams
- j. Solve for interest rate and number of periods
- k. Explain and apply the opportunity cost principle
- l. Measure the financial return on an investment in both dollar and percentage terms
- m. Create an amortization table
- n. Describe and apply stated, periodic, and effective annual interest rates

Week 7

- a. Explain the general terms and the concept of financial risk
- b. Define and differentiate between stand-alone risk and portfolio risk
- c. Define and differentiate between corporate risk and market risk
- d. Explain the CAPM relationship between risk and required rate of return
- e. Use the CAPM to determine required returns
- f. Describe how interest rates are set in the economy
- g. Discuss the various types of long-term care debt instruments and their features
- h. Discuss the components that make up the interest rate on a debt security
- i. Value debt securities
- j. Describe the key features associated with equity financing
- k. Discuss the investment banking process
- l. Explain the concepts of market equilibrium and efficiency

Week 8

- a. Explain the effects of debt financing on a business's risk and return
- b. Discuss the factors that influence the choice between debt and equity financing
- c. Describe the general process for estimating a business's corporate cost of capital
- d. Estimate the component cost as well as the overall cost of capital for an healthcare business
- e. Explain the economic interpretation of the corporate cost of capital and how it is used in capital investment decisions
- f. Discuss the role of financial analysis in health services capital budget decisions
- g. Discuss the key elements of cash flow estimation, breakeven analysis, and profitability analysis
- h. Conduct basic capital budgeting analyses
- i. **Grant Proposal Due**

Week 9

- a. Describe the three types of risk relevant to capital budgeting decisions
- b. Discuss the techniques use in project risk assessment
- c. Conduct a project risk assessment
- d. Explain how risk is incorporated into the capital budgeting process
- e. Describe the two primary types of leases
- f. Explain how leasing financing affects both financial statements and taxes
- g. Discuss the factors that create value in lease transactions
- h. Explain in general terms how businesses are valued
- i. Conduct a business valuation using both discounted cash flow and market multiple approaches

Week 10

Final Examination will be administered

III. COURSE OUTLINE

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| October 7, 2008 | Chapter 1 Chapter 2 | Introduction to Healthcare Finance The Financial Environment |
| October 14, 2008 | Chapter 3 Chapter 4 | Financial Accounting Basics and the Income Statement The Balance Sheet and Statement of Cash Flows |
| October 21, 2008 Assignment Due: Article Critique 1 | Chapter 16 Chapter 17 Chapter 5 | Current Asset Management and Financing Analyzing Financial Performance Managing Accounting Basics, Cost Behavior, and Profit Analysis |
| October 28, 2008 | Chapter 6 Chapter 7 | Cost Allocation Pricing and Service Decision |
| November 4, 2008 | Midterm Examination | |
| November 11, 2008 Assignment Due: Article Critique 2 | Chapter 8 Chapter 9 Chapter 10 | Planning and budgeting Time Value Analysis Financial Risk and Required Return |
| November 18, 2008 | Chapter 11 Chapter 12 Chapter 13 | Long-Term Debt Financing Equity Financing Capital Structure and the Cost of Capital |
| November 25, 2008 Assignment Due: Group Grant Proposal | Chapter 14 Chapter 15 Chapter 18 | The Basic of Capital Budgeting Project Risk Assessment and Incorporation Lease Financing and Business Valuation |
| December 2, 2008 | | Final Exam |
| December 9, 2008 | | Team Presentations |

IV. COURSE REQUIREMENTS AND TEACHING STRATEGIES

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The course will be conducted by a combination of lecture via PowerPoint, discussions, case studies, and student team presentations using PowerPoint technology group assignments. Students are expected to participate in all discussions, read all materials and complete assignments. Further, students should demonstrate their knowledge and facilitate learning for the entire class. Course requirements include a midterm and final examination, team case study, two article critiques reviews, a research paper and weekly discussions.

Midterm and Final Examinations: Each exam will be a combination of objective, short answer and essay questions. Questions may come from the textbook, presentations, as well as materials distributed and covered during threaded discussions.

Team Presentation and Grant Proposal: Student will be assigned to a small group to develop a grant proposal. Each proposal should be minimal of 10 pages including a need statement, proposal, budget, and evaluation. Each grant should include 7-10 PowerPoint slides. More details about the grant proposal will be provided during the third week of class.

Article Critique Review: Student will be required to read and summarize one article related to health finance during the quarter.

Current Events: Each week students are responsible for bringing in some media (video, newspaper article, etc.) related to health care management and/or health service delivery to present in class.

V. COURSE POLICIES AND PROCEDURES:

Attendance and class participation: Due to the nature of the course content, students are expected to attend class meeting and actively participate in class discussions. Students are expected to read all assignment readings prior to class and should begin to read health finance periodicals to stay abreast of current trends and enhance class discussions.

Late Assignments: Do not wait for the last minute to do your assignments. Students are responsible for getting the course work to the instructor on time. Late assignments will be accepted only in case of emergency where the student notifies the instructor ahead of time and the instructor approves the submission of late work. Please note the assignment will be penalized 10 % each day late (Up to a maximum of 2 days).

Graduate Assignments: Please complete all coursework in Microsoft Word 2003.

Incomplete Assignments: Incomplete assignments will be considered late. Please refer to the late assignment policy.

APA: Strayer University uses the APA (American Psychological Association) style. The 5th edition of APA will be used as the “gold standard” for writing your assignments and papers. Purchase of the 5th edition APA Manual is highly recommended for this course. There are several common errors that are made in formal writing that you will need to avoid. You may also want APA’s website at www.apa.org.

APA Website Resource:

<http://owl.english.purdue.edu/owl/resource/560/01/>

Writing Assignments

The objective of graduate level writing assignments is to promote attitudes and skills that will improve a student’s ability to communicate in writing, develop research skills and documentation techniques, and encourage critical analysis of data and conclusions.

All graduate courses must include assignments totaling a minimum of ten pages of writing. The writing requirement may be fulfilled through one long research paper or several shorter writing projects such as journal reports, journal entries, book or article reviews, class projects or essay examinations as deemed by the instructor to be appropriate for the discipline.

Instruction and evaluation methods will vary by teacher and course, but some general guidelines apply. Students should be given clear task objectives and expectations for each writing assignment. In-class discussion of sample work and collaborative writing projects can provide guidance in addition to written feedback from instructors. When evaluating work, instructors should assess students’ adherence to the assigned writing objectives, clear organization and presentation of their ideas, evidence of original thought and critical analysis, etc.

American Psychological Association (APA) Style

All written work submitted by students in this course must conform to the most recent APA guidelines for referencing, in text citations, appendices, and/or any means of crediting an outside source.

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E-mail policies and procedures: When sending e-mails please be sure to include the following: Last name, Class ID number (section), and name of the assignment (if applicable). Additionally, I need for you to search out the answer to your question from the syllabus, from previous announcements, and instructions provided in the units, I will answer our emails in a timely manner within 24 hours. If you have not heard from me within 24 hours, please resent your e-mail or call me at 893-353-2082.

Leaving Voice Messages: Please remember when you leave voice message to speak clearly and slowly leaving your name, course number, how can you be reached (telephone number, email address, pager number, etc.) repeat the information, and briefly the nature of the issue you are calling about. The most important part is to speak **slowly and clearly!!**

APA Considerations/General “Rules” for Writing

1. Chapter 2: Expressing Ideas and Reducing Bias in Writing in the 5th Edition of the APA Manual is written to assist the writer in achieving clear communication. Chapter 3: APA Editorial Style provides an overview of the rules and/or guidelines to assist in clear, consistent presentation of the printed word. Use this a guideline in producing papers that are of highest quality.
2. Title page. Please utilize the Title Page as indicated in the APA Manual.
3. All assignments must have an introductory paragraph, which **INTRODUCES** the topic and **CONTAINS** some reference to the purpose of the paper. The introduction should “grab” the reader’s attention and encourage them to read further.
4. Citing a reference in text indicates that you have read the material from the primary source and have paraphrased it into the body of your paragraph. Each sentence in a paragraph does not necessarily need a citation, however, be sure that each group of content is referenced, to some source. Unless you have more than one author with the surname of Smith (for example), there is no reason to repeat the date of the article each time in a paragraph that the work is cited.
5. Clarity of sentences is vital to the full expression of your ideas. Awkward wording, incomplete sentences, dangling participates; unclear meaning or referent (unclear where you are referring reader), run on sentences, etc. will be addressed in this number.
6. Grammatical errors significant detract from the quality of your submission. When composing in Microsoft Word, use Spell and Grammar check. . However, not all spelling errors can be detected using spell check such as form or from, both are correctly spelled but in context their meanings are quite different. Contractions such as let’s couldn’t are not generally not good writing practices. Generally, articles from prior to 2004 should be referred to the past tense, example: Johnson (2008) wrote, not writes
7. Beginning and ending sentences appropriately is a vital aspect good writing. **AVOID** beginning sentences with It, This, and That. You can strengthen your writing by beginning sentences with nouns. Ending sentences with prepositions is **NEVER** a good practice.
8. Using headings to structure your paper is good practice. Headings assist you in flow of content, assuring that you have addressed all required aspects of the grading guidelines, etc., refer to page 111 of the current edition of APA for a dull description of how to use headings.
9. Most papers in the graduate programs are to be written in third person. **AVOID** all use of :I”, “me”, “my, “we”, “us”, etc. **First Person** is **ONLY** appropriate when specifically directed by course faculty.
10. Punctuations are another area of concern. Please refresh your skills related to the important aspect of writing, pages 78-88 in the APA manual may assist you.
11. Lists fragment in your paper. **AVOID** listing within a formal paper whenever possible. If a list is essential to make a point, follow APA guidelines starting on page 115.
12. Direct quotes should be limited. Graduate students should be able to critique the literature and paraphrase an author’s meaning or context. Lengthy direct quotes must conform to APA guidelines but should be use

SPARINGLY!!! In a single assignment a good rule of thumb is that your paraphrased items should FAR outnumber your direct quotes.

13. All submission should have a summary of conclusion paragraph that address all major points of the paper. **NO** new material is to be included in this paragraph. A reader should be able to read the introduction and the summary paragraph and glean the critical aspect of the paper.
14. A significant proportion of the APA manual addresses the appropriate use, citation, and documentation of references material. The references list itself is addressed on pages 215-281. Commit these pages memory. Do not rely on a proofreader, peer, or an editor. The responsibility for appropriate citation of references rest with you.

All Graduate Courses:

Writing Assignment

The objective of the writing assignment is to promote attitudes and skills that will improve student's ability to communicate in writing and to develop research skills, documentation techniques, and critical analysis of data and conclusions.

All graduate courses must include assignment totaling a minimum of ten pages of writing. The writing requirement may be fulfilled through one long research paper or several short writing projects such as journal reports, journal entries, books, or article reviews, class projects or essays examinations as deemed by the instructor to be appropriate for the discipline.

Instruction evaluation methods will vary by teacher and course, but some general guidelines apply. Students should be given clear task objectives and expectations for each writing assignment. In-class discussion of sample work and collaborative writing projects can provided guidance in addition to written feedback from instructors. When evaluating work, instructors should assess student's adherence to the assigned writing objectives, clear organization and presentation of their ideas, evidence of original thought and critical analysis etc.

VI. EVALUATION METHODS

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| Mid-Term Examination | 20 % |
| Final Examination | 20 % |
| Class Presentation (2@10%) | 20 % |
| Article Review | 5% |
| Team Research Project /Proposal Grant | 20% |
| Current Events (5 @ 3% each) | 15% |

NOTE TO INSTRUCTOR: This section outlines key objectives or assignments upon which a student's grade will be

based. Instructors should explain how students will be assessed and the grading criteria (including but not limited to exams, group exercises, individual assignments, etc.).

Grading Scale

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| 90-100 | A |
| 80-89 | B |
| 70-79 | C |
| Below 70 | F |

VII. UNIVERSITY NOTICES

Honor Pledge

All work submitted for this course is subject to the University's Academic Integrity Policy available in the Student Handbook and the University's Honor Pledge, printed below:

I have read and understand Strayer University's Academic Integrity Policy. I promise to conduct myself with integrity in the submission of all academic work to the University and will not give or receive unauthorized assistance for the completion of assignments, research papers, examinations or other work. I understand that violations of the Academic Integrity Policy will lead to disciplinary action against me, up to and including suspension or expulsion from the University. I understand that all students play a role in preserving the academic integrity of the University and have an obligation to report violations of the Academic Integrity Policy committed by other students.

Academic Integrity

Strayer University holds its students to high standards of academic integrity and will not tolerate acts of falsification, misrepresentation or deception. Such acts of intellectual dishonesty include, but are not limited to, cheating or copying, fabricating data or citations, stealing examinations, the unauthorized use of instructor editions of textbooks, taking an exam for another student or having another student take an exam intended for oneself, tampering with the academic work of another student, submitting another's work as one's own, facilitating other students' acts of academic dishonesty, using internet sources without citation and plagiarizing.

Plagiarism

Plagiarism means the act of passing off the work or ideas of another person as one's own. Plagiarism can be either intentional (for example, downloading a research paper from the Internet and submitting it as one's original work), or unintentional (for example, the single improper citation of another person's statement). Both forms of plagiarism are unacceptable at Strayer University, but the penalties may vary with the type and seriousness of the infraction.

Resources for Student to avoid Plagiarism

Virtual Academic Integrity Lab

<http://-app.muc.edu/forums/pageshow.php?pagepage=guides&forumid=3>

Avoid Plagiarism, Purdue Writing Lab 9 with handouts)

http://owl.english.purdue.edu/handouts/research/r_plagiar.html

Course Participation Guidelines for Students

The University encourages open discussion within its courses and often asks students to draw from personal experience in their responses to course assignments. Though such information should be used only for educational purposes, the University cannot guarantee that such information will remain confidential. Students are responsible for knowing the applicable policies of their employers and others with regard to the sharing of confidential information and using appropriate discretion. Additional care should be used when posting to online discussion boards where written comments are preserved. The University is not legally responsible for any inappropriate postings through its online discussion boards (i.e. those that violate University policy, defame another person, etc.). In order to preserve an open discussion within the classroom environment, students may choose to not specifically

identify their current or previous employers by name or withhold other similar identifying information. Questions or concerns regarding this policy should be directed to the course instructor or the applicable Campus Dean, Strayer University Online Dean of Students or the Dean of Student Affairs.

Attendance Policy

Students are expected to attend all regularly scheduled classes. Should absences be necessary, students are responsible for the material covered during the absences. Faculty cannot grant requests for excessive amounts of make-up material, and they may request written documentation detailing the reason for the absences.

Excessive absences make it almost impossible for a student to meet the academic objectives of a course; they frequently cause a student to receive a lower grade, even though, the absences were unavoidable.

Strayer University requires all faculty members to take attendance during each class period and to records it accurately on their permanent roster. This data is available for verification of attendance by the appropriate governmental agencies and educational accrediting organizations.

A student, who is absent from four consecutive class meetings, excluding holidays and emergency cancellation of classes, will be withdrawn automatically from that course. A student will be withdrawn automatically from a mini-session course when he/she misses two consecutively scheduled class meetings.

Attendance in an online asynchronous course is automatically recorded by the system. Even though accessing an online asynchronous course only once a week is sufficient for a student for attendance purposes, an active participation by the student helps the student's performance and overall grade. Each week runs from Monday through Sunday (midnight) Eastern Time. In a Synchronous course, the Instructor takes attendance during each live session.

APA Style (if essay/research paper requirements present in the course)

Strayer University uses the APA (American Psychological Association) Writing Style in all its courses, which require a Paper or Essay. Instructors provide information on some useful resources in the course.

Grade Dispute Policy

If you have questions with regard to the grading policies in this course, please contact the instructor for clarification. Questions on the final grades received in this course should be directed to the instructor of the course. In the event you still seek to dispute the final grades after contacting the instructor, please go to the Online Help Center to record your grievance and requesting an action on it. For further information, please see the Student Handbook.

Inclement Weather Policy

In the event of inclement weather, consult the Strayer University student website at <http://studentserver.strayer.edu> for information on University closings and delays.

VIII. UNIVERSITY SERVICES

Learning Resources/Library

A variety of learning resources designed to help students succeed academically is available through the Strayer University Library or Learning Resources Center (LRC). Each campus LRC offers print resources, books, and periodicals for research. Circulating books located at any LRC may be requested for use through the LRC Manager.

Library resources are also available online, and can be accessed from any computer connected to Internet through the Resource tab located on the e-College course web pages. The Library's online databases and other research resources can be accessed through the University's website at <http://online.strayer.edu/lrs/resourcecenter/home.htm>. These web pages provide thousands of full text periodicals, over 50,000 electronic books, radio and TV transcripts, the complete Encyclopedia Britannica, access to the Strayer University Library catalog, online tutorials, and useful links to Internet resources. A tour, if possible, of the LRC is highly recommended and can be scheduled through your LRC Specialist.

Tutoring Services

Tutoring is offered for undergraduate level courses in subject areas such as English, writing skills development, mathematics, accounting and computer information systems. All students have access to these free tutoring

services-whether they are taking classes at a brick-and-mortar campus or via Strayer Online. Tutoring services are provided by either a full-time or part-time faculty member with a strong background in the subject area in which he or she is tutoring.

Campus based tutoring schedules vary slightly, but typically tutoring services are available Monday through Friday in the late afternoon and Saturday mornings in order to accommodate the needs of our student body. Students should check with their Academics Office for a tutoring schedule and information on how to schedule an appointment.

Notice to Students with Disabilities

Strayer University welcomes students with disabilities and provides reasonable accommodations and auxiliary aids and services in accordance with applicable law. A disabled student is not required to disclose his/her disability to the University unless the student wishes the University to provide a reasonable accommodation. If you desire accommodation for a disability in this course and have not already contacted the office of the Dean of Student Affairs with your request, please do so immediately. Requests may be submitted to: 1133 Fifteenth Street, NW, Suite 300, Washington, D.C. 20005, Phone: (202) 419-0400, Fax: (202) 419-1423.

Security on Campus

Any person in immediate danger due to crime or emergency while on University property should contact local police immediately by dialing 911. When the emergency has subsided, the victim should also report the incident as soon as possible to the Campus Director of the location where the incident occurred. The University's Campus Security Report is available on the Strayer University student website at <http://studentserver.strayer.edu>.

Turnitin (if used in the course)

Due to Strayer University's firm belief in upholding academic integrity and honesty, a contract has been signed with "Turnitin", which is plagiarism detection software. Certain courses may include Essays/Research Papers as assessment items, which serve to evaluate not only the effectiveness of a student's writing skills, but also a student's research skills (including proper citations and use of sources/references), critical-thinking skills, and ability to provide strong argument to support and defend their point-of-view. In order to effectively (and fairly) measure these attributes in a student, it is important to know that the student has submitted an original work. This is where the Turnitin feature is utilized. Students are allowed to run their Essay/Research Paper through this software themselves to detect any unintentional (or, intentional) plagiarism and then make the necessary changes before making the final submission to their Instructor for grading. This opportunity allows the students to make corrections in their paper and submit an original work. The Instructor reserves the right to run the students' work through this utility again and, in the event of finding any level of plagiarism, may use his/her discretion to grade the students' work.