

SYLLABUS

Financial Management, Strategy, & Budgetary Considerations in Non-profit Health Care Organizations

OST 803 Summer 2013

COURSE OVERVIEW

Healthcare Finance is at the core of issues surrounding Quality Healthcare Delivery and Reform. It involves wisely balancing the need to manage/control costs while simultaneously investing in strategic opportunities. This course will present and allow you, as a group, to discuss the major issues involved in finance, budgeting and strategic planning. It is designed to help you understand the basic concepts of finance and financial management. The objective is to have you become knowledgeable of how organizations organize and report financial data and use that data to make decisions.

The course will focus initially on the conceptual framework of basic accounting techniques such as the preparation of financial reports, annual and capital budgeting, cost accounting and analysis of financial statements. The course is also designed to provide you with a working knowledge of vocabulary, concepts in financial management and strategy that will help you be prepared to plan, create, implement and monitor strategic initiatives within your organization. Finally, successful completion of this course should equip you with the tools necessary to be able to effectively communicate with the finance professionals in your organization regarding financial decisions being made in your organization.

INSTRUCTOR

Kevin McMahon MBA

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This course is taught by a seasoned professional who has thirty years of experience in health care administration. He was the chief financial officer for a 900 doctor medical group at the University of Wisconsin as well as an Executive Dean for administration at Michigan State University. He has worked at three big ten Universities (Michigan, Wisconsin and Michigan State). During his time in Wisconsin he oversaw the financial merger of a private practice group and the academic group. He also oversaw the development of physician compensation plans and implementation of new financial systems.

COURSE OBJECTIVES

This course examines the interactions between financial management and budgetary considerations with an emphasis on their relationship within the non-profit business sector and health professions education. The readings and assignments in this course are designed to:

- Provide an opportunity for course participants to read, reflect and synthesize various topics related to fiscal matters.
- Develop an understanding of fiscal, budgetary and planning issues as they pertain to the health professions, health professionals and non-profit organizations.
- Apply the aforementioned acquired knowledge to problem-solving and practical and personal situations.
- Develop an understanding of the value of finance within the area of organizational effectiveness based on readings, discussions, and experiential exercises.
- Guide the student through the process of meeting with a financial leader and reviewing and analyzing budgets.
- Describe, analyze, synthesize and evaluate various finance scenarios discussed in the readings and thru class discussions and understand and describe how they play a part in your personal definition of leadership.

COURSE DESCRIPTION

This course is designed to provide students with an introduction to the field of finance and accounting.

COURSE OUTLINE

Week 1: Orientation & Introduction

May 13 Reading assignment *Fundamentals of Healthcare Finance*
Chapters 1, 11 and 12 -

Weeks 2-3: **Introduction to Accounting & Finance Concepts**
May 20-31

Objectives: To gain an understanding of:

- Definition of terms, including understanding basic accounting concepts.
- Discuss and understand accounting standards for non-profit organizations, including Generally Accepted Accounting Principles (GAAP) and how they apply to the preparation and presentation of corporate financial information.
- Management responsibility
- Income Statements

- Balance Sheets
- Cash Flow Statements
- Cash vs. Accrual Accounting
- Finance Accounting vs. Managerial Accounting
- Financial organization

Week 4: Health Care Financing

June 3-7

Reading assignment *Fundamentals of Healthcare Finance* Chapter 3

Objective: to gain an understanding of:

- How providers and hospital are paid
 - Fee for Service
 - Inpatient and outpatient reimbursement
 - Billing Issues
 - Medicare/ Medicaid

Week 5-6: Financial Analysis and Performance Monitoring

June 10-21

Reading Assignment *Fundamentals of Healthcare Finance* Chapter 7 and 13

Objective: to gain an understanding of:

- Financial analysis
- Financial Ratios
- Breakeven analysis
- Financial Dashboards
- Variance Reporting

Week 7-8: Budgeting

June 24-July 5

Reading Assignment *Fundamentals of Healthcare Finance* Chapter 6

Objective: to gain an understanding of:

- Mission Vision Statement
- Strategic Plan and the Financial Plan
- Developing the budget process
- Forecasting
- Revenue and Expense Projections

- Personnel budgets
- New programs and Capital requests
- Mission Based Budgeting
- GME and IME

Weeks 9-10: Cost Accounting

July 8 -19

Reading Assignment *Fundamentals of Healthcare Finance* Chapter 4 and 5

Objective: to gain an understanding of:

- Fixed vs. Variable costs
- Direct vs. indirect Costs
- Cost Allocations
- Cost Drivers
- Costs and volume
- Activity Based Costing
- Profit analysis
- Breakeven analysis – marginal analysis

Week 11-12: Capital Expenditures and Investment Decisions

July 22- Aug 2

Reading Assignment *Fundamentals of Healthcare Finance* Chapter 8, 9 and 10

Objectives:

Objective: to gain an understanding of:

- The role of financial analysis in healthcare capital expenditures
- Net present Value and discounted cash flows
- Internal rate of return
- Sensitivity analysis/scenario analysis
- Opportunity cost principle
- Types of debt

Week 13-14 Investments and Health Care Reform

Aug. 5-15

- Investments
- The state of Health Care
- How finance has been used to alter behavior
- Health care reform

Last day of class, August 15.

WEB SOURCES

The Healthcare Financial Management Association (www.hfma.org)

The Centers for Medicare and Medicaid Services (www.cms.hhs.gov)

National Alliance for Nonprofit Organizations, Inc. (<http://www.nanpoinc.org/nonprofit-accounting.html>)

Kahn Academy (<http://www.khanacademy.org/finance-economics/core-finance>)

TEXT BOOKS

- *Fundamentals of Healthcare Finance*: by Louis C. Gapenski, 2009

GUIDELINES FOR ALL WRITTEN ASSIGNMENTS

All papers must be typed and double-spaced with 1 inch margins on all sides.

- Papers should follow APA Guidelines.
- If answers are submitted on excel spreadsheets they should be ready to print
- Please use 12-point font.
- Include your name and page numbers in the header.
- Always *explicitly* cite your sources, parenthetically and on the reference page. Citations should also follow APA format.
- Citing your sources is a way to demonstrate to the reader how you came to know something.
- Please proofread all written work. Finished products should be spell-checked and grammatically correct.
- All assignments must be submitted on time. Exceptions may be granted in extenuating circumstances. These should be discussed with the instructors.
- You should submit/post your assignments/ attachments via the ANGEL course e-mail site or in a designated drop box. Your name should appear on the cover page of any word document you send or post. The name of the word document should include your name and the title of the document. Some examples are: **Lathrop Finance Issue Paper** or **Finance Issue Paper Leal**, etc. We do not want to have all documents named finance issue paper or something similar that keeps each person's document from being easily identified if we wish to print them for easier reading/review.

Six criteria are used to evaluate each assignment

- Construction/presentation
- Thoroughness/accuracy/evidence
- Analysis and argumentation
- Documentation/Citation- Relevance to literature reviewed in class and in the field

Grading

- 2 points for each chapter question (26 questions = 52 points)
- 5 points for each chapter problem (14 problems = 70 points)
- 10 points for the case study (3 case studies = 30 points)
- 10 points for final paper

162 points are possible in this course. Students need to obtain a 70% (114 points) to pass this course.

ACADEMIC INTEGRITY ADDENDUM

Article 2.3.3 of the MSU Academic Freedom Report states that "the student shares with the faculty the responsibility for maintaining the integrity of scholarship, grades, and professional standards." In addition, the College of Education adheres to the policies on academic honesty as specified in General Student Regulations 1.0, *Protection of Scholarship and Grades*; the all-University Policy on *Integrity of Scholarship and Grades*; and Ordinance 17.00, Examinations. (See *Spartan Life: Student Handbook and Resource Guide* and/or the MSU Web site: www.msu.edu.)

Therefore, unless authorized by the instructors, you are expected to complete all course assignments without assistance from any source. You are expected to develop original work for this course; therefore, you may not submit coursework you completed for another course to satisfy the requirements for this course. Students who violate MSU academic integrity rules may receive a penalty grade, which could include a failing grade on the assignment, in the course, or both. Contact the instructor if you are unsure about the appropriateness of your course work. (See also 23234 <http://www.msu.edu/unit/ombud/dishonestyFAQ.html>)