COURSE OBJECTIVES AND DESCRIPTION

This is a required course for all Wagner students in the health management and health care financial management specializations. It is taught during the first half of the fall semester, beginning on Thursday, September 8\textsuperscript{th} and concluding on Thursday, October 20\textsuperscript{th}.

Course focus: The focus of this course is on enhancing students’ ability to

- synthesize the technical literature and apply statistical, financial, economic and cost-effectiveness tools/techniques in organizational analysis, and
- understand and manage alternative arrangements for health care financing.

Relevant content: This course will also include content related to the students’ ability to:

- use information systems and evidence-based management principles for problem-solving, strategic planning and decision-making, implementing and measuring.

Key competencies: The key competencies that this course will address are:

- the ability to understand the factors affecting the financial status of health care organizations;
- the ability to synthesize findings from financial analyses to assess the financial status of health care organizations;
- the ability to integrate planning and budgeting processes as effective management tools;
- the ability to understand different approaches to accounting for health care costs across operating units and over time; and
- the ability to communicate financial information clearly and correctly in support of the strategic management process.

Learning objectives: Upon completion of this course, students will be prepared to:

- create and assess pro forma financial statements (statement of financial position, statement of activities) given financial data and assumptions;
- calculate and analyze financial ratios to assess relative strengths and weaknesses across organizations and/or for one organization over a period of time;
- discuss the circumstances under which one vs. another type of budget framework is most appropriate/practical, and analyze reports tracking budgeted vs. actual income and expense;
- examine fixed vs. variable costs and conduct breakeven analyses to determine whether or not to proceed with a proposed project; and
• describe alternative approaches to accounting for health care costs and note the circumstances under which a specific approach might or might not make sense.

The course includes lectures, class discussions, problem solving, and a final exam. Students should be prepared to discuss assigned problems and readings in class. The course integrates academic and practical approaches to understanding and addressing issues in the financial management of health care organizations.

This course is linked to and followed by HPAM-GP 4841 Financial Management of Health Care Organizations: Advanced Issues, which is taught during the second half of the fall semester and explores the application of concepts and techniques learned in this first class to the management of working capital, capital planning and budgeting, third party rate-setting and health reform initiatives, and compliance and reporting.

INSTRUCTOR

Caroline D. Greene
email: cdg2009@nyu.edu
Office hours: before or after class and by appointment

PREREQUISITES

Students should have taken and passed both CORE-GP.1018 and CORE-GP.1021 or the equivalent before taking this course. The topics covered in this course build upon the concepts addressed in the core financial management course, and lectures and assignments assume basic competency in the use of computer spreadsheet applications.

REQUIRED TEXTBOOK and OTHER READINGS


Additional readings will be assigned and made available on Blackboard (see below).

COMMUNICATIONS

Students can email me directly at cdg2009@nyu.org or can email the entire class using the Blackboard system. I will use email to distribute announcements and clarify assignments, if/as necessary, and I will assume that students will be checking emails on a regular basis.

All students with active email accounts at NYU will be automatically enrolled in the Blackboard system, a web-based system that allows students to correspond with faculty, get class handouts, and check on assignments. As noted above, I will use this system to communicate with you regarding course assignments and announcements, and I will use it to post certain additional readings not listed on this syllabus. If you have not already done so, please be sure to activate your NYU email account.
immediately. As you know, if the NYU email account is not your primary email account, you can arrange to have your mail forwarded automatically from your NYU account to your primary email account/address.

**COURSE REQUIREMENTS and IMPORTANT GROUND-RULES**

Please keep up with the readings and problems assigned for each class, and be sure to allow sufficient time to complete your assignments and turn them in on time as our schedule is such that there can be no ‘extra credit’ or ‘do-overs’ in this course. Homework assignments should be typed, with pages stapled and submitted in class on the date due; please DO NOT submit homework via email.

Plagiarism is a serious academic offense and it is not tolerated at the Wagner School. Please refer to [http://wagner.nyu.edu//current/policies/](http://wagner.nyu.edu//current/policies/) for information on Wagner’s policies regarding academic integrity as well as other resources in order to ensure that you understand what constitutes plagiarism.

Grades will be determined as follows:

- Final exam – 50%
- Homework assignments – 35%
- Class participation – 15%

*Note that there may be additional readings and/or assignments posted as the course progresses.*

**Class 1, September 8th – INTRODUCTION TO COURSE AND HEALTH CARE FINANCE; HEALTH CARE FINANCIAL STATEMENTS**

**Topics:** Review of syllabus and key course requirements; introduction to health care finance; unrestricted, temporarily restricted and permanently restricted net assets; elements of financial statements that are unique to health care organizations

**Class readings:**
- Zelman, Chapter 1 (and begin Chapter 2…)
- United Hospital Fund, *Hospital Watch Vital Signs* (May 2010)

**Assignments:** Please complete the student bio form (in class). Please identify a health care organization that you would like to study and obtain a copy of that organization’s audited financial statements (for a relatively recent year-end).

**Class 2, September 15th – HEALTH CARE FINANCIAL STATEMENTS (continued)**

**Topics:** Accounting principles and practices as applied to the development of financial statements; importance of accrual based accounting; construction and use of financial statements

**Class reading:** Zelman, Chapters 2 (*through page 56 only*) and 3

**Assignments:** Zelman, questions #1-6, #1-10 and #2-10; problems #2-11, #2-21 and #3-16
Class 3, September 22nd – HEALTH CARE FINANCIAL STATEMENTS (continued)

Topics: Analyzing financial statements; calculating and understanding financial ratios; exploring what can – and what cannot – be discerned from financial statements

Class readings:
- Zelman, Chapter 4
- Fitch Ratings, 2010 Median Ratios for Nonprofit Hospitals and Healthcare Systems (July 2010)

Assignments: Zelman, problems #4-13 and #4-20. Review the audited financial statements for ‘your’ health care organization and begin to examine ‘current’ vs. prior year information.

Class 4, September 29th – COST ANALYSIS AND SPECIAL DECISIONS

Topics: Understanding fixed vs. variable costs; key factors in setting prices for health care services; use of breakeven analysis; make/buy, service expansion and other special decisions.

Class reading: Zelman, Chapter 9

Assignments: Using comparative information from the audited financial statements for ‘your’ health care organization, calculate and discuss your interpretation of two (2) liquidity ratios and two (2) revenue, expense and profitability ratios. Please include the definition of the ratios (i.e., the elements included in the calculation) in your response.

Class 5, October 6th – PLANNING AND BUDGETING

Topics: The budget as a tool for planning and control; forecasting techniques; budget development; analyzing budgeted vs. actual results; Organizational units within health care organizations; concepts of responsibility, accountability and control;

Class reading: Zelman, Chapters 10 and 11

Assignments: Zelman, problems #9-8, #9-11, #10-19 and #10-22

Class 6, October 13th – ACCOUNTING FOR HEALTH CARE COSTS

Topics: cost allocation methods; performance measurement; review and recap

Class reading: Zelman, Chapter 12

Assignments: Zelman, question #11-6; problems #10-19, #10-22 and #11-18, #12-9 and #12-11
Problems #12-9 and #12-11 should be prepared and turned in at the beginning of class on October 20th.

Class 7, October 20th – EXAM (in class)