NEW YORK UNIVERSITY
ROBERT F. WAGNER GRADUATE SCHOOL OF PUBLIC SERVICE

HPAM-GP 4841 Financial Management of Health Care Organizations: Advanced Issues

Fall Semester 2011, October 27<sup>th</sup> – December 22<sup>nd</sup>
Thursdays, 6:45pm – 8:25pm
Silver Building, Room 408

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 second half of the fall semester, beginning on Thursday, October 27<sup>th</sup> and continuing through Thursday, December 15<sup>th</sup> (exam week ends on December 22<sup>nd</sup>).

Course focus: The focus of this course is on the application of financial analysis, management and reporting concepts and techniques to the management of health care organizations.

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 health of health care organizations;
- the ability to integrate planning and budgeting 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:

- understand accounts payable and accounts receivable, analyze revenue cycle metrics and identify opportunities for improvement in the management of working capital;
- analyze current reform initiatives in the context of the evolution of rate setting and payment methodologies and examine the impact of alternative approaches on key stakeholder, taking into consideration both private and public funding issues;
- apply net present value and discount rate assumptions to the assessment of alternative health care investment decisions and understand the framework for capital planning and budgeting, including the role of CON and other regulatory forces in discouraging and/or encouraging capital investment;
- discuss the reasons for and key mechanisms used to enhance transparency and disclosure as one means by which to ensure both compliance with applicable laws, rules and regulations governing the provision of health care services, and achievement of ‘best practices’ in corporate governance and stewardship;
- understand and be able to interpret a health care organization’s IRS Form 990;
• debate the merits and possible application of performance-based management and ‘scorecards’ as means by which to enhance accountability and improve outcomes in health services delivery.

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 follows *HPAM-GP 4840 Financial Management of Health Care Organizations: Principles*, which is a prerequisite.

**INSTRUCTOR**

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

**PREREQUISITES**

Students should have taken HPAM-GP 4840 Financial Management of Health Care Organizations: Principles. 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**


**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. Blackboard at [http://classes.nyu.edu](http://classes.nyu.edu) is a web-based system that allows students to correspond with faculty, get class handouts, and check on grades. As noted above, I will use this system to communicate with you regarding course assignments and announcements. 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.

Plagiarism is a serious academic offense and it is not tolerated at the Wagner School. Please refer to 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%

Class 1, October 27th – INTRODUCTION, WORKING CAPITAL MANAGEMENT

Topics: Course overview; understanding the role and component parts of working capital in the financial management of health care organizations; revenue cycle metrics and strategies used to manage accounts receivable and accounts payable to enhance financial performance; strategies to increase efficiency and/or decrease costs

Class reading:
- Zelman, Chapter 5

Assignment / problems: none

Class 2, November 3rd – RATE SETTING AND PAYMENT METHODOLOGIES

Topics: Strategies used by providers and insurers, including Medicaid and Medicare, to minimize and control financial risk; the ongoing evolution of health care payment systems and reimbursement methodology; the impact of different approaches to health care financial management on major stakeholders.

Class readings:
- Zelman, Chapter 13
- “Revisioning Medicaid as Part of NY’s Coverage Continuum,” D. Bachrach et al, United Hospital Fund, January 7, 2011
- “State of the State – Medicaid Redesign Team,” GNYHA Skyline News, January 2011
- “Redesigning the New York State Medicaid Program,” http://www.health.state.ny.us/health_care/medicaid/redesign/
• “Meaningful Use: The Final Rule for Stage One of EHR Incentive Funding,” McGladrey White Paper, July 2010
• “The Advantages and Disadvantages of CMS’ Bundled Payment Initiative: 8 Responses,” Bob Herman, Becker Hospital Review, October 7, 2011

Assignment / Problems: Zelman, problems #5-29, #5-31, #5-36, #5-38

Class 3, November 10th – CAPITAL PLANNING AND BUDGETING

Topics: Capital planning issues and framework; capital budget development process; discount rate assumptions and calculating net present value; internal rate of return; multi-year investment decisions; NY Prudent Management of Institutional Funds Act (NYPMIFA)

Class reading:
• Zelman, Chapters 6 and 7
• Summary of Amendments to New York State CON Process, June 25, 2010
• Memo to the NY State Hospital Review and Planning Council from NYSDOH re: Coler-Goldwater CON Application, November 17, 2010
• Letter from Commissioner of Health to NY State Hospital Review and Planning Council re: Ambulatory Surgery Center CON Applications, June 2, 2009
• CON Application, Schedule 9 – Plan for Financing

Assignment / problems:
• Zelman, #13-18
• Check the New York State Medicaid Redesign Team (MRT)’s website for the list of initiatives proposed by the Payment and Quality Measurement Work Group. Review the presentation from the October 18, 2011 meeting, focusing on “potential recommendation 3” concerning funding to offset the costs of providing services to indigent patients. Comment (no more than one page) on the extent to which the five “draft principles for revising NYS DSH / indigent care program” are or are not likely to encourage meaningful reform as per the discussion in session 2.
• IRS Form 990 (http://www.irs.gov/pub/irs-pdf/f990.pdf)
• Form 990 Instructions (http://www.irs.gov/pub/irs-pdf/i990.pdf)
• additional readings to be assigned

Assignment / problems:
• Zelman, problems #6-16, #6-17, #6-20, #6-35, #7-13 and #7-20

** There will be NO CLASS on November 24th – Thanksgiving Holiday **

Class 5, December 1st – FRAUD & ABUSE, HEALTH REFORM AGENDA

Topics: Fraud and abuse; regulatory oversight; confidentiality concerns; disclosing potential conflicts of interest

Class reading:
• “Health Law Changes Rules for Docs With In-House Imaging Machines – Physicians Must Disclose If They Own CT, MRI or Pet Scanners,” Kaiser Health News, August 23, 2010
• “From Disclosure to Transparency,” Archives of Internal Medicine, September 2010
• additional readings to be assigned

Assignment / problems: none

Class 6, December 8th – PERFORMANCE BASED MANAGEMENT AND SCORERCARDS

Topics: Trends in donor and public demands for accountability; performance measurement and reporting

Class reading: readings to be posted
Assignment / problems: to be determined

Class 7, December 15th – DISTRIBUTION AND DISCUSSION OF FINAL EXAM

Topics: Review of final exam, due back by Thursday, December 22nd