

New York University
Robert F. Wagner Graduate School of Public Service
Spring 2016

Course Number: SP16.HPAM-GP.2855.001
SP16.HPAM-GP.6855.001

Course Title: Institute in Budgeting for Health Professionals

Commitment Required:

This is a complete graduate level course condensed into 7 weeks. That means you will have to allocate twice as many hours per week as for other courses. Plan on 3 to 5 hours each week watching video lessons, plus 3 to 5 hours a week reading the required text, and up to 10 hours per week doing homework problems. Plan extra time to review for the midterm and final exams. Do not expect this to be a light course because it is online. Just the reverse is true. Plan accordingly.

Course Description and Objectives:

The focus of this course is on the budget process for health care organizations. Participants are exposed to specific techniques of health care budgeting and variance analysis. The objectives for this course are for participants to improve their understanding of the budget process as it applies to health care organizations and to learn valuable specific techniques of budgeting and variance analysis. This course accomplishes its objectives by covering a wide range of budgeting topics from introductory through advanced. The course is provided in an online format.

The course has six weeks of lessons, plus several days to prepare for the midterm and the same for the final, for a total of seven weeks. Each week there are approximately 3 hours of recorded lessons using video imaging, audio, and power point slides. Students watch and listen to these lessons online at their convenience via an “NYU Classes” website. During each week students participate in online WebEx discussions focusing on not only the lessons, but also readings and homework problem sets that are assigned for that week. Students taking the course for Graduate credit are required to email homework assignments each week.

Topics covered include an introduction and overview of health care budgeting covering basic definitions, purposes, and uses of budgets in health care, the long range plan, programming, operating budgets, capital budgets, and fixed and variable costs. A nursing unit operating budget is examined in detail. Additional topics covered include zero based budgeting, cost estimation and forecasting, break-even analysis, performance budgeting, flexible budget variance analysis and capital budgeting. Health care examples and applications are used throughout all parts of the organization.

Another objective of the course is to provide a basic working knowledge of the Excel computer software program to class participants who are not already conversant in Excel. Tutorial lessons

in Excel are provided covering the basic mechanics of Excel, Excel graphs (charts), and budgeting applications of Excel.

Times & Location:

The online course is held on NYU Classes, located under the Academics tab of NYU Home (<https://home.nyu.edu/academics>). The midterm and final exams are each approximately 2 hours long (exact length to be announced).

- The midterm may be taken anytime from **6 PM to 10 PM on Wednesday, April 13** or from **8 AM to Noon on Thursday, April 14**.
- The final exam may be taken anytime from **10 AM to 10PM on Tuesday, May 10**.

The class does **not** meet in person. All sessions are computer-based. Please make arrangements to have adequate time available to take the midterm and final on their **scheduled dates**, during their **scheduled times**. **EXAM MAKE-UPS ARE NOT AVAILABLE**. If you anticipate a conflict with the dates and hours of the exam, please take the course in a later semester. Students must submit homework each week **by the date and time due** as shown later in this syllabus. Solutions will be available online each week immediately after the date and time the assignment is due. Homework solutions should be reviewed prior to online class sessions.

Approximately 3 hours of online Lessons each week to be watched at your convenience.

Asynchronous online discussions operate continuously over 7 weeks. That is, you may post questions or comments at your convenience. This conversation will be conducted in the **Messages** tab section of the course’s website on NYU Classes. Participants in the course can post a message in this area at any time.

One-Hour Synchronous Online Discussions (Via WebEx):

Tuesday March 22	8-9 AM	Introduction to course
Tuesday April 5	8-9 AM	First third of course
Tuesday April 19	8-9 AM	Second third of course
Tuesday May 3	8-9 AM	Last third and course conclusion

All class members are expected to get together online for a group class discussion on the four dates above.

Exams: There will be an online midterm and final exam.

Faculty: Scott Taitel, Clinical Associate Professor
Email: staitel@nyu.edu

If you have questions about this syllabus or course, please contact Prof. Taitel via email.

Prerequisites: None

Course Outcomes:

Upon successful completion of this course the student will be able to:

1. define *budget* and identify the major benefits of budgeting for health care organizations;
2. describe the budget process for a health care organization;
3. distinguish among the cash, operating, and capital budget as used by hospitals and other types of health care organizations;
4. explain the difference between *average and marginal cost* and the role of each, and explain which cost is more appropriate for decisions such as negotiations with an HMO;
5. explain how regression analysis can be used to estimate future costs of health care organizations at varying patient volumes;
6. explain the use of forecasting software for improved forecasting results, and how this might help a health care manager make more effective decisions;
7. prepare a nursing unit operating budget;
8. prepare a breakeven analysis for a proposed new program, project, or venture for a health care organization;
9. discuss the use and advantages of a performance budget for a health care organization, focusing on outcomes rather than inputs;
10. utilize variance analysis to control operating results for health care organizations;
11. discuss the use of process improvement techniques such as zero-based budgeting;
12. explain the purpose of capital budgeting, and the importance of the time value of money in capital budgeting decisions by health care organizations;
13. be able to create an excel spreadsheet and apply it to budgeting problems; and
14. be able to create excel charts and graphs.

Examples:

The course focuses on the application of budgeting concepts specifically to nursing units of health care organizations. Many examples use hospital settings, but the material is widely applicable to health care organizations and some other types of organizations are also discussed. Examples include preparing operating budgets for nursing units, evaluation of a proposed cardiac surgery service, HMO/PPO negotiations, cost analysis for an outpatient surgery center, cost estimation for an operating room, forecasting supply use for an endoscopy lab, performance budgeting for a cardiac cath lab, variance analysis for hospital nursing units, clinical supplies, nursing labor, patient acuity, and patient volume.

Teaching/Learning Strategies:

1. Didactic online Lessons using power points.
2. Text reading.
3. Completion of homework discussion questions, numerical, and Excel problems.
4. Review of solutions to homework problems.
5. Asynchronous online discussions continuously throughout the six week session.
6. Synchronous online discussions when the class meets online together via WebEx.

Grading Policy and Evaluation Methods for Graduate Credit:

1. 18% of course grade is based on submitting all required homework problem sets on time.
2. 40% of the course grade is based on the midterm exam.
3. 42% of the course grade is based on the final exam.
4. Students with an average grade of 70% or better will pass the course. Occasionally a lower percentage grade may be passing, depending on the course curve, but there is no guarantee of that.
5. To view your grades in NYU Classes, go to the Gradebook area.

Course Assignment/Outcome Measures:

1. There will be **six** weekly homework sets. Submitted homework assignments will each receive full credit of 3% if it appears an honest effort was made to complete the work. They will not be graded for the correctness of the solutions. A few things about homework submissions:
 - A. When you submit your homework, you must remember to attach the file in order to get credit.
 - B. Submit your homework on NYU Classes in the **Assignments** area.
 - C. **You MUST submit your homework on time to get any credit.** If you are running late, it is better to submit something on time, and get part credit, than to submit it late. **You will get no credit for a late submission.** Submit your homework on time.
 - D. Submit the Practice Assignment by **March 24**, to make sure that you are able to submit homework files without trouble.
 - E. The homework assignments are an extremely important learning tool. In the past, students who have not made a good effort to complete and submit all of the homework assignments on time have been more likely to fail the course than students who do.
2. The midterm and final exam will be multiple-choice and fill-in-the-blank, but will require numerical calculations to find the correct solutions. The exams are computer graded. Be careful on the exam, and avoid careless errors.
3. Students must attest to the fact that they took the exams on their own without any collaboration or assistance from other individuals.

Required Text:

Finkler, Steven A. and Mary L. McHugh, *Budgeting Concepts for Nurse Managers*, 4th Edition, W.B. Saunders Company, New York, 2008. These are available at the NYU Bookstore (726 Broadway), or online (*Amazon.com*, *BN.com*).

Required Internet sites:

1. All students must have an active email account.
2. The course will rely HEAVILY on NYU Classes. The site may be found at <https://home.nyu.edu/academics>.
3. Excel tutorials located on YouTube will also be assigned.
4. You will also have access to WebEx conferencing via NYU Classes. It is preferred for you to participate with a webcam, but not required.

Required Software:

1. You must have internet access.
2. You should download the Google Chrome or Mozilla Firefox network browser and use it for the course. Internet Explorer does not work well with the exams for this course. NYU Computer Help at **212 998-3333** can help you download the browser if you need help.
3. You need to have Adobe Acrobat Reader on your computer. This is free software that you probably already have. If not, you may download it from within <https://home.nyu.edu/>. Click on Ask ITS, then in the ITS Software section click on File Management.
4. You need to have a Flash Reader on your computer. This is free software that you probably already have. If not you may download it from within <https://home.nyu.edu/>. Click on Ask ITS, then in the ITS Software section click on File Management, and then look under the MultiMedia heading.
5. You must have access to the Microsoft Excel software program. NYU computer labs have Excel available if it is not on your personal or work computer.
6. You will need to be able to access Excel's regression analysis. **Only the most recent Apple version of Excel (Office 2016) has regression analysis.** You may do that part of the coursework at one of the NYU computer labs or by downloading an add-on for the Mac version.

Recommended Optional Text for DNP Students:

Financial and Business Management for the Doctor of Nursing Practice by KT Waxman, Springer Publishing, 2013.

Recommended Journal Articles:

Those listed at the end of each of the assigned chapters from the required text.

Academic Integrity & Professional Behavior Policies:

You are referred to <https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/academic-integrity-for-students-at-nyu.html>.

Content Outline

PLEASE NOTE: These lessons were originally recorded to run for about 90 minutes each. That turned out to create significant downloading problems. Therefore the lectures have been subdivided into parts. I have done my best to find reasonable breaking points. Even with these smaller files, please be aware that it may take several minutes or longer for some of the lectures to download to your computer, even if you are using cable or DSL.

WEEK/DATE	Online Lessons/Topic	Required Reading/Assignments Due/Exam Dates
<p>Week 1. Tuesday, Mar. 22 to Monday, Mar. 28</p>	<p>Welcome and Introduction <i>[Brief Video Intro]</i></p> <p>Lesson 1 – Overview and Definitions <i>[Parts I and II]</i></p> <p>Lesson 2 – Cost Analysis <i>[Parts I, II, III, and IV]</i></p> <p>Excel Tutorial.html</p> <p>Additional Excel Lessons – Required for Excel Novices</p> <p><i>[Welcome and Intro, Lesson 1, Lesson 2, and Excel Lessons – Total Running Time: 4 hours, 25 minutes]</i></p>	<p>Text: Chapters 1, 2, and 4 <i>(up to middle of page 58)</i></p> <p>Excel Notes.pdf <i>(available online in Lessons area)</i></p> <p>Homework to Submit: Problem Set 1 from the Assignments section of NYU Classes.</p> <p>Homework is due by late Monday night Mar. 28 (specifically, by 3:00 AM very early Tuesday morning, Mar. 29).</p>
<p>Week 2. Tuesday, Mar. 29 to Monday, Apr. 4</p>	<p>Lesson 3 – Preparing an Operating Budget – Foundations <i>[Parts I, II, and III]</i></p> <p>Lesson 4 – Preparing an Operating Budget – Calculations <i>[Parts I, II, III, and IV]</i></p> <p><i>[Lessons 3 and 4 – Total Running Time: 2 hours, 39 minutes]</i></p>	<p>Text: Chapter 8</p> <p>Optional: Excel Notes for Online Course Part II revised <i>(in Lessons area)</i>.</p> <p>Homework to Submit: Problem Set 2 from the Assignments section of NYU Classes.</p> <p>Homework is due by late Monday night Apr. 4 (specifically, by 3:00 AM Tuesday morning, Apr. 5).</p>

WEEK/DATE	Online Lessons/Topic	Required Reading/Assignments Due/Exam Dates
<p align="center">Week 3. Tuesday, Apr. 5 to Monday, Apr. 11</p>	<p align="center">Lesson 5 – Cost Estimation <i>[Parts I, II, and III]</i></p> <p align="center">Lesson 6 – Forecasting <i>[Parts I, II, III, and IV]</i></p> <p align="center"><i>[Lessons 5 and 6 – Total Running Time: 3 hours, 35 minutes]</i></p>	<p>Text: Chapter 4 (<i>middle of page 58, up to Break-Even Analysis on page 68</i>), and Chapter 6</p> <p>Excel Notes for Online Course Part IIIA revised and Excel Notes for Online Course Part IIIB (<i>available in Lessons area</i>).</p> <p>Homework to Submit: Problem Set 3 from the Assignments section of NYU Classes.</p> <p>Homework is due by late Monday night Apr. 11 (specifically, by 3:00AM Tuesday morning, Apr. 12)</p>

<p align="center">REVIEW Tuesday and Wednesday April 12 – 13</p>	<p align="center">Review for Midterm Exam</p>
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<p>MIDTERM EXAM Wednesday Apr. 13 or Thursday Apr. 14</p>	<p>The Midterm exam will be fill-in-the-blank and multiple choice type questions. It will cover everything from the first three weeks of the course. The exam may be found in the Course Documents area of NYU Classes.</p>	<p>The Midterm will be held on Wednesday evening Apr. 13 and Thursday morning Apr. 14. You may take it anytime from 6 PM to 10 PM on Apr. 13 or 8 AM to Noon on Apr. 14. You have 2 hours for the exam.</p> <p>Note: Before taking the exam, reboot your computer and keep only essential programs open. If you are bounced off during the exam, exit NYU Classes and NYU and then reenter and continue the exam. You are STRONGLY advised to jot down your answers on a sheet of paper as you go.</p>
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WEEK/DATE	Online Lessons/Topic	Required Reading/Assignments Due/Exam Dates
<p align="center">Week 4. Tuesday, Apr. 12 to Monday, Apr. 18</p>	<p align="center">Lesson 7 – Breakeven Analysis <i>[Parts I and II]</i></p> <p align="center">Lesson 8 – Performance/Outcomes Budgeting <i>[Parts I, II, and III]</i></p> <p align="center">Lesson 9 – Zero-Base Budgeting <i>[Parts I and II]</i></p> <p align="center"><i>[Lessons 7, 8, and 9 total – Total Running Time: 2 hours, 53 minutes]</i></p>	<p>Text: Chapters 4 (<i>page 68 up to Activity Based Costing on page 77</i>), Chapter 11, and Chapter 7 <i>(from page 133 up to Business Plans on page 155)</i></p> <p>Excel Notes for Online Course Part IV revised (<i>available in Course Documents</i>)</p> <p>Homework to Submit: Problem Set 4 from the Assignments section of NYU Classes.</p> <p>Homework is due <u>by late Monday night Apr. 18</u> (specifically, by 3:00 AM Tuesday morning, Apr. 19).</p>

<p align="center">Week 5. Tuesday, Apr. 19 to Monday, Apr. 25</p>	<p align="center">Lesson 10 Variance Analysis – Part I: More than Numbers <i>[Parts I and II]</i></p> <p align="center">Lesson 11 Variance Analysis – Part II: Calculations <i>[Parts I, II, and III]</i></p> <p align="center"><i>[Lessons 10 and 11 – Total Running Time: 2 hours, 55 minutes]</i></p>	<p>Text: Chapters 3, 13, and 14</p> <p>Homework to Submit: Problem Set 5 from the Assignments section of NYU Classes.</p> <p>Excel Tutorial Part V (<i>in the Lessons area</i>).</p> <p>Excel Tutorial Lesson 4 located at: http://baycongroup.com/e10.htm</p> <p>Homework is due <u>by late Monday night Apr. 25</u> (specifically, by 3:00 AM Tuesday morning, Apr. 26).</p>
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WEEK/DATE	Online Lessons/Topic	Required Reading/Assignments Due/Exam Dates
<p align="center">Week 6. Tuesday, April 26 to Monday, May 2</p>	<p align="center">Lesson 12 – Capital Budgeting – Basics <i>[Parts I and II]</i></p> <p align="center">Lesson 13 – Capital Budgeting – Time Value of Money <i>[Parts I, II, and III]</i></p> <p align="center"><i>[Lessons 12 and 13 – Total Running Time: 2 hours, 29 minutes]</i></p>	<p>Text: Chapter 10 and Chapter 10 Appendix</p> <p>Using Spreadsheets for TVM (<i>in Lessons area</i>)</p> <p>Homework to Submit: Problem Set 6 from the Assignments section of NYU Classes.</p> <p>Homework is due by late Monday night May 2 (specifically, by 3:00 AM Tuesday morning, May 3).</p>

<p align="center">REVIEW Tuesday, May 3 to Monday, May 9</p>	<p align="center">Review for Final Exam</p>
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<p align="center">FINAL EXAM Tuesday, May 10</p>	<p>The Final Exam will be fill-in-the-blank and multiple choice type questions. It will cover everything from the last three weeks of the course. The exam may be found in the Course Documents area of NYU Classes.</p>	<p>The final will be on Tuesday, May 10. You will have 2 hours for the exam, and can take it anytime from 10 AM to 10 PM.</p> <p>Note: Before taking the exam, reboot your computer and keep only essential programs open. If you are bounced off during the exam, exit NYU Classes and NYU and then reenter and continue the exam. You are STRONGLY advised to jot down your answers on a sheet of paper as you go.</p>
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