



**NYU**

**ROBERT F. WAGNER GRADUATE  
SCHOOL OF PUBLIC SERVICE**

# **HPAM-GP 4840: Financial Management for Health Care Organizations I**

## **Fall 2019**

### **Course Description**

This is a required course for all Wagner students in the health management and health care financial management specializations. The topics are important and relevant, however, for any student wishing to expand his or her financial management skills. The course focuses on the related topics of planning and financial decision making as applied to health care organizations. This course will build from the skills students have acquired in the core financial management course (1021); specifically, we will in many cases review topics already familiar to students, apply them specifically to health care organizations, discuss more advanced features of these topics, and apply them to professional situations. Students will learn and practice these skills through lectures, problem solving, and a final cumulative exam. The course is structured to integrate both academic and practical approaches and perspectives on current health care financial issues.

### **Course and Learning Objectives**

The primary goal of this course is to familiarize students with the tools to effectively manage, plan, and analyze the current operations of health care organizations (broadly defined). This includes a basic understanding of the unique financial environment health care organizations operate within. Another goal of the course is to reinforce the spreadsheet and quantitative skills that are essential in the financial management process. A final goal of this course is to help students learn how to communicate financial concepts clearly and effectively.

At the end of this course you should be able to:

1. Discuss the financial environment of health care organizations, including such concepts as managed care, third-party payers, and insurance concepts;
2. Perform profit and breakeven analyses that account for discounted fee-for-services and capitation;
3. Conduct cost allocations using multiple techniques;
4. Set prices for a health care organization;
5. Manage the short-term resources of a health care organization;
6. Analyze the financial condition of health care organizations;

Incorporate these topics into the financial planning and budgeting of your organization.

## Key Competencies Addressed in This Course

Assignments in this course will be used to assess progress against the competencies listed below. No student will receive a B or higher without demonstrating satisfactory progress toward mastery of each competency. The level of competency expected to be achieved is denoted in brackets according to the following key:

- [1] = Basic: Foundational understanding of knowledge/skill/competency;
- [2] = Intermediate: Student demonstrates greater depth of understanding of this knowledge/skill/competency and can use this ability to analyze a problem;
- [3] = Advanced: Student demonstrates expertise in this knowledge/skill/competency and can use this ability to evaluate, judge, and synthesize information.

### Learning Assessment Table

<b>Program Competency</b>	<b>Corresponding Course Learning Objective</b>	<b>Corresponding Assignment Title</b>	<b>Level of Competency Expected to Achieve via the Assignment</b>
The ability to synthesize evidence, and apply statistical, financial, economic and cost effectiveness methods in organizational analysis	2, 3, 4, 5, 6	Homework 2-4; Quizzes 2-4; Final Exam	2
The ability to use information systems and evidence-based management principles for problem-solving, strategic planning and decision-making, and measuring change	2, 3, 4, 5, 6	Homework 2-4; Quizzes 2-4; Final Exam	2
The ability to hold people accountable to standards of performance and assure organizational, professional and ethical compliance	6, 7	Homework 5; Quiz 5; Final Exam	2

The ability to draw implications and conclusions to develop an evolving vision that leads to organizational viability	1	Homework 1; Quiz 1; Final Exam	2
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## Course Materials

The required text for this course is Louis C. Gapenski and Kristin L. Reiter, **Healthcare Finance: An Introduction to Accounting and Financial Management, 6<sup>th</sup> Edition** (Chicago, IL: Health Administration Press), 2016. Throughout the syllabus, this text is referred to as “Gapenski and Reiter.” Page numbers referenced in the syllabus refer to the paper bound version and not an e-book.

The text may be purchased from the New York University bookstore. It is also on reserve at the library.

## Grading

5 Homework Assignments (4% each, 20% total)

5 Quizzes (4% each, 20% total)

1 Exam (60%)

## Homework

1. Assignments are due at the beginning of the class.
2. Homework should be submitted through NYU Classes. Students are responsible for ensuring that they submit the homework on-time, that they have completed the assigned problems, and that they turn in the correct file. Assignments emailed to the professor are not acceptable.
3. Hand-written assignments will not receive credit. Students are encouraged to use Excel to complete the assignments.
4. Students will receive credit for making a good-faith effort. This means that all assigned problems are attempted. You may discuss questions with me prior to the due date. I will post solutions at the end of each class, and can answer questions in the brief time available. Students can also ask questions to the teaching colleague during the recitation. I will also post solutions to NYU Classes.

## Quizzes

Each week, students will complete a quiz on NYU Classes based on basic concepts from the week's reading. The quiz is due before class begins.

## Schedule

September 9 – Class 1
September 16 – Class 2
September 23 – Class 3
September 30 – Class 4
October 7 – Class 5
October 15 (Tuesday) – Class 6
October 21 – Class 7

## Course Rules And Requirements

1. This is an intermediate level graduate course. As such, you need to devote significant time to this course. The material builds cumulatively, so do not fall behind. Please complete readings BEFORE class.
2. If you need to miss class, you are responsible for finding out what you missed, including any announcements made in class.
3. There are no extra credit assignments.
4. The final exam date is not negotiable. However, the final exam will be administered through NYU Classes. Students may take the exam from any location.
5. Academic dishonesty is unacceptable and will not be tolerated. Cheating, forgery, plagiarism, and collusion in dishonest acts undermine Wagner's educational mission and your own personal and intellectual growth. You are expected to bear individual responsibility for your work and to uphold the ideal of academic integrity. Any student who attempts to compromise or devalue the academic process will be reported to the administration and subject to disciplinary action.

## Recitation

In addition to the lectures, there is an optional one-hour recitation session.

Teaching Colleague: Anu Gupta

Time: Mondays, 8:45 – 9:45 pm (except week 6, when held Tuesday)

## **Course Outline**

**NOTE:** It is assumed that students know how to read financial statements and are familiar with basic financial terms. Both of these skills should have been acquired in CORE-GP.1021. If you wish to review these concepts, you should read Gapenski and Reiter Chapters 3 and 4 and also review the Power Point slides posted on NYU Classes.

### **Class 1: Course Overview**

#### **Introduction to the Health Care Financial Environment, and Cost Behavior and Profit Analysis at the Organizational Level**

We will discuss the overall structure of the course. We will then review healthcare insurance and reimbursement methods and, more importantly, how different reimbursement structures influence provider incentives. We will then build off the breakeven analysis concepts students learned in 1021 and apply them specifically to health care organizations, with special attention paid to the effects of multiple products/services, discounted fee-for-services, and capitation have on the analysis. We will also discuss cost classifications.

Read before class: Gapenski and Reiter, Chapters 1, 2, and 5, including Chapter Supplement  
Complete before class: Quiz 1 (on NYU Classes)  
Assignment #1: 5.3 (not part d), 5.4, 5.6, 5.8 (on pages 191-193).

### **Class 2: Departmental Costing and Cost Allocation**

We will discuss different cost allocation techniques, with special attention paid to why cost allocation is essential for health care organizations because of third-party payers and capitation and departmental managers.

Read before class: Gapenski and Reiter, Chapter 6, including Chapter Supplement  
Complete before class: Quiz 2 (on NYU Classes)  
Assignment #2: 6.3, 6.4, 6.5, 6.6 (on pages 226-227).  
Due: Assignment #1

### **Class 3: Service Line Pricing, Costing, and Decisions**

We will discuss how health care organizations cost individual services, and then methods providers can use to determine prices for these services. We will also discuss how capitation and third-party payers complicate this determination.

Read before class: Gapenski and Reiter, Chapter 7, including Chapter Supplement  
Complete before class: Quiz 3 (on NYU Classes)  
Assignment #3: 7.2, 7.3, 7.7, 7.8a, 7.8b (on pages 257-261)  
Due: Assignment #2

## **Class 4: Revenue Cycle and Current Asset Management**

We will discuss cash budgeting and revenue cycle management, which has become an increasingly crucial aspect of successful financial management in healthcare especially since the implementation of the ACA.

Read before class: Gapenski and Reiter, Chapter 16

Complete before class: Quiz 4 (on NYU Classes)

Assignment #4: 16.3, 16.4, 16.5, 16.6 (on pages 634-635)

Due: Assignment #3

## **Class 5: Financial Condition Analysis**

We will discuss how to use the data presented in financial statements to analyze the financial position and performance of health care organizations. We will also discuss problems with this type of analysis, and the use of dashboards to monitor organization fiscal health.

Read before class: Gapenski and Reiter, Chapter 17, including Chapter Supplement

Complete before class: Quiz 5 (on NYU Classes)

Assignment #5: 17.4, 17.5, 17.6 (on pages 671-675)

Due: Assignment #4

## **Class 6: Review**

Due: Assignment #5

## **Class 7: Final Exam**

## **Students with Disabilities**

Academic accommodations are available for students with disabilities. Please visit the [Moses Center for Students with Disabilities \(CSD\) website](#) and click on the Reasonable Accommodations and How to Register tab or call or email CSD at (212-998-4980 or [mosescsd@nyu.edu](mailto:mosescsd@nyu.edu)) for information.

Students who are requesting academic accommodations are strongly advised to reach out to the Moses Center as early as possible in the semester for assistance.

## **NYU's Calendar Policy on Religious Holidays**

[NYU's Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Please notify me in advance of religious holidays that might coincide with exams to schedule mutually acceptable alternatives.