



NYU

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

HPAM-GP 4841: Financial Management for Health Care Organizations II

Fall 2019

Course Description

This is a required course for all Wagner students in the health care financial management and management specializations. However, the topics are important and relevant for students wishing to expand their financial management skills. The course focuses on long-term financing, capital investment, and corporate finance as applied specifically to health care organizations. The course spends significant time incorporating risk into organizational decision-making. Students will learn and practice these skills through lectures, problem solving, and quizzes. 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 long-term solvency of health care organizations (broadly defined). The long-term prospects of health care organizations are intimately tied up with the manner in which services are financed in this sector, and so we will examine how the financial environment affects solvency. 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 financial risks facing health care organizations;
2. Understand the use of long-term debt and equity in financial management;
3. Calculate an organization's cost of capital;
4. Construct a capital budget;
5. Assess project risk;
6. Conduct sensitivity and scenario analyses for proposed projects;
7. Analyze leases using appropriate financial techniques.

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

Program Competency	Corresponding Course Learning Objective	Corresponding Assignment Title	Level of Competency Expected to Achieve via the Assignment
The ability to synthesize evidence, and apply statistical, financial, economic and cost effectiveness methods in organizational analysis	1, 2, 3, 4, 5, 6, 7	Homework 1-6; Quizzes 1-6; 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, 7	Homework 2-6; Quizzes 2-6; Final Exam	2
The ability to hold people accountable to standards of performance and assure organizational, professional and ethical compliance	2, 3, 4, 5, 6	Homework 2-5; Quizzes 2-5; Final Exam	2

The ability to draw implications and conclusions to develop an evolving vision that leads to organizational viability	1, 2, 4, 5, 6, 7	Homework 1-6; Quizzes 1-6; 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*, 6th Edition (Chicago, IL: Health Administration Press), 2016. Throughout the syllabus, this text is referred to as “Gapenski and Reiter.”

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) [Note: there are 6 homework assignments; students may drop the lowest homework, skip one, or drop the lowest quiz]

5 Quizzes (4% each, 20% total)

1 Exam (60%)

Homework

1. Assignments are due at the beginning of the class. There are no extensions for homework Assignments
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. 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

October 28 – Class 1
November 4 – Class 2
November 11 – Class 3
November 18 – Class 4
November 25 – Class 5
December 2 – Class 6
December 9 – Class 7
December 16 – Class 8

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

Location: Silver, 411

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) 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.

Course Outline

NOTE: It is expected that students understand time value of money concepts and can complete problems in Excel or some other spreadsheet program. If you need to review these concepts, please read Gapenski and Reiter Chapter 9, and the notes posted on NYU Classes.

Class 1: Course Overview, and Financial Risk and Reward

We will discuss the overall structure of the course and introduce ourselves. In this class we will apply the corporate finance concepts of financial risk and reward to health care organizations and projects. We will discuss the capital asset pricing model theory, but focus primarily on its application.

Read before class: Gapenski and Reiter, Chapter 10

Assignment #1: 10.1, 10.5, 10.6 (on pages 387-389).

Class 2: Long-Term Financing - Debt

We will discuss the use of long-term debt and review how to value debt instruments. We will also discuss the factors that affect an organization's cost of money.

Read before class: Gapenski and Reiter, Chapters 11

Assignment #2: 11.1, 11.2, 11.5, 11.7 (on pages 425-427)

Due: Assignment #1

Class 3: Long-Term Financing - Equity

In this class we will expand our discussion of long-term financing to include equity financing. We will focus on valuing equity in this class.

Read before class: Gapenski and Reiter, Chapter 12

Assignment #3: 12.2, 12.3, 12.4, 12.6, 12.7 (on pages 464-465)

Due: Assignment #2

Class 4: Cost of Capital and Capital Structure

We will discuss how the debt and equity choices of an organization affect its business risk and return. We will spend considerable time examining an organization's cost of capital.

Read before class: Gapenski and Reiter, Chapter 13

Assignment #4: 13.1, 13.3, 13.4, 13.7 (on pages 512-514)

Due: Assignment #3

Class 5: Capital Budgeting

We will discuss capital budgeting analyses. Of great importance, we will discuss cash flow estimation in detail.

Read before class: Gapenski and Reiter, Chapter 14

Assignment #5: 14.1, 14.2, 14.4, 14.5, 14.7 (on pages 554-557)

Due: Assignment #4

Class 6: Project Risk Analysis and Lease Financing

We will expand our understanding of capital budgeting by discussing sensitivity and scenario analyses. We will also discuss leasing, an alternative to long-term financing.

Read before class: Gapenski and Reiter, 15 and Chapter 18 (available on NYU Classes) pages e1-e20 only.

Assignment #6: 15.1, 15.2 (on pages 592-593) and 18.1 (on page e29)

Due: Assignment #5

Class 7: Review

We will also have time to review concepts from the beginning of the course.

Due: Assignment #6

Class 8: Final Exam (will not include Lease Financing)