



NYU

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

HPAM-GP-4840

**Financial Management for
Health Care Organizations I:
Financial Management and
Budgeting**

Fall 2022

Instructor: Thad Calabrese

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Office Hours: Thursdays, 12 – 2 pm (via Zoom: [Schedule Here](#))

Class Date and Time: Tuesdays, 4:55-6:35 pm

Location: 19 West 4th Street, Room C-20

COURSE DESCRIPTION

This is a required course for all Wagner students in the health management and health care financial management specializations. The topics are 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;
7. 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

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	2, 3, 4, 5, 6	Homework 2-4; Quizzes 1-3; 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 1-3; 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 4; Final Exam	2
The ability to draw implications and conclusions to develop an evolving vision that leads to organizational viability	1	Homework 1; Final Exam	2
An understanding of healthcare financing and the ability to use financial analysis as a tool for organizational control	1, 2, 3, 4, 5, 6	Homework 1-5; Quizzes 1-3; Final Exam	2

COURSE MATERIALS

The required text for this course is Kristin L. Reiter and Paula H Song, **Gapenski’s Healthcare Finance: An Introduction to Accounting and Financial Management, 7th Edition** (Chicago, IL: Health Administration Press), 2021. Throughout the syllabus, this text is referred to as “Reiter and Song.” Page numbers referenced in the syllabus refer to the paper bound version and not the e-book. Older editions are likely sufficient for materials, but students should verify that homework problems are the correct ones.

The text may be purchased from the New York University bookstore. It is also on reserve at the library. It may be accessed remotely through the library (see the Brightspace site for the link).

GRADING

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

4 Quizzes (2% each, 8% total)

1 Exam (47% take home, 25% “in class”)

HOMEWORK

1. Assignments are due prior to the beginning of the class. Solutions will be made available after class on Brightspace.
2. Homework should be submitted through the Brightspace course site. 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. 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.

QUIZZES

Each week, students will complete a quiz on Brightspace based on basic concepts from the week's reading. The intent is to ensure students complete the weekly readings and are understanding key concepts. The quiz is due before class begins and cannot be completed once class begins.

SCHEDULE

Tuesdays, 4:55-6:35 pm
September 6 – Class 1
September 13 – Class 2
September 20 – Class 3
September 27 – Class 4
October 4 – Class 5
October 18 – Class 6
October 25 – Class 7

COURSE RULES AND REQUIREMENTS

1. This is an intermediate level graduate course. The material builds cumulatively, so do not fall behind. Please complete readings BEFORE class.
2. There are no extra credit assignments.
3. The in-class final exam will be administered through Brightspace. Students may take the exam from any location. The problem portion of the exam will be available for several days and students will complete and upload the answers via Brightspace by class time. While you may discuss problems and approaches with other students, you are expected to complete your own work. This means that you must complete all the problems yourself.
4. 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.

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. You will not be tested on financial accounting concepts. I have included the material in Class 1 but we will not cover the material in-class (although I am happy to answer any questions). Students who are comfortable with this material can skip or skim that material at their own discretion. If you wish to review these concepts, you should read Reiter and Song Chapters 3 and 4 in addition to the material on Brightspace.

Each class has a PowerPoint. These are not intended to substitute for reading, but to highlight the most important concepts. Students should read the textbook and review the PowerPoints in advance of class. We will not review every slide in class. There are also videos for some of the classes posted to Brightspace. These are intended to provide supplemental material that should be helpful for students or demonstrate specific technical concepts in Excel.

Class 1: Healthcare Financial Environment, and Cost Behavior and Profit Analysis at the Organizational Level

We will 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: Reiter and Song, Chapters 1, 2, and 5, including Chapter 5 Supplement (Optional: Chapters 3 and 4)

Complete before class: Nothing

Assignment #1: 5.4, 5.6, 5.8 (on pages 201-203).

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: Reiter and Song, Chapter 6, including Chapter 6 Supplement

Complete before class: Quiz 1 (on Brightspace)

Assignment #2: 6.4, 6.5, 6.6 (on pages 240-241).

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: Reiter and Song, Chapter 7, including Chapter 7 Supplement

Complete before class: Quiz 2 (on Brightspace)

Assignment #3: 7.2, 7.8a, 7.8b (on pages 274-278)

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. The cost of using trade credit is addressed as well.

Read before class: Reiter and Song, Chapter 16

Complete before class: Quiz 3 (on Brightspace)

Assignment #4: 16.3, 16.4, 16.5, 16.6 (on pages 663-664)

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: Reiter and Song, Chapter 17

Complete before class: Quiz 4 (on Brightspace)

Assignment #5: 17.4, 17.5, 17.6 (on pages 703-706)

Due: Assignment #4

Class 6: Review

Due: Assignment #5

Class 7: Final Exam (exam due by class time of Class 7)

Students will submit the completed problems from the week and complete remotely the timed concepts section of the exam during normal class time.

Students with Disabilities

Academic accommodations are available for students with disabilities. Please visit the Moses Center for Students with Disabilities (CSD) website at www.nyu.edu/csd and click on the Reasonable Accommodations and How to Register tab or call or e-mail CSD at [\(212-998-4980\)](tel: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.