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.

**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**

<table>
<thead>
<tr>
<th>Program Competency</th>
<th>Corresponding Course Learning Objective</th>
<th>Corresponding Assignment Title</th>
<th>Level of Competency Expected to Achieve via the Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ability to synthesize evidence, and apply statistical, financial, economic and cost effectiveness methods in organizational analysis</td>
<td>1, 2, 3, 4, 5, 6</td>
<td>Homework 1-6; Quizzes 1-6; Final Exam</td>
<td>2</td>
</tr>
<tr>
<td>The ability to use information systems and evidence-based management principles for problem-solving, strategic planning and decision-making, and measuring change</td>
<td>2, 3, 4, 5, 6</td>
<td>Homework 2-6; Quizzes 2-6; Final Exam</td>
<td>2</td>
</tr>
<tr>
<td>The ability to hold people accountable to standards of performance and assure organizational, professional and ethical compliance</td>
<td>2, 3, 4, 5, 6</td>
<td>Homework 2-5; Quizzes 2-5; Final Exam</td>
<td>2</td>
</tr>
<tr>
<td>The ability to draw implications and conclusions to develop an evolving vision that leads to organizational viability</td>
<td>1, 2, 4, 5, 6</td>
<td>Homework 1-6; Quizzes 1-6; Final Exam</td>
<td>2</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>An understanding of healthcare financing and the ability to use financial analysis as a tool for organizational control</td>
<td>1, 2, 3, 4, 5, 6</td>
<td>Homework 1-6; Quizzes 1-6; Final Exam</td>
<td>2</td>
</tr>
</tbody>
</table>

**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) [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 (40% take home, 20% “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 us 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

<table>
<thead>
<tr>
<th>Tuesdays, 4:55-6:35 pm</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 1 – Class 1</td>
</tr>
<tr>
<td>November 8 – Class 2</td>
</tr>
<tr>
<td>November 15 – Class 3</td>
</tr>
<tr>
<td>November 22 – Class 4</td>
</tr>
<tr>
<td>November 29 – Class 5</td>
</tr>
<tr>
<td>December 6 – Class 6</td>
</tr>
<tr>
<td>December 13 – Class 7</td>
</tr>
<tr>
<td>December 20 – Final</td>
</tr>
</tbody>
</table>
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. There are no extra credit assignments.

3. The final exam will be administered through Brightspace. Students may take the exam from any location. The exam will be available for several days and students will complete and upload the answers via Brightspace. 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.

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 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.
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 Reiter and Song Chapter 9, and the TVM Review posted 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: Course Overview, and Financial Risk and Reward
We will discuss the overall structure of the course. 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: Reiter and Song, Chapter 10
Assignment #1: 10.1, 10.5, 10.6 (on pages 402-403).

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: Reiter and Song, Chapters 11
Assignment #2: 11.1, 11.2, 11.5, 11.7 (on pages 442-444)

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: Reiter and Song, Chapter 12
Assignment #3: 12.2, 12.3, 12.4, 12.6, 12.7 (on pages 481-482)

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: Reiter and Song, Chapter 13
Assignment #4: 13.1, 13.3, 13.4, 13.7 (on pages 532-534)

Due: Assignment #3

Class 5: Capital Budgeting
We will discuss capital budgeting analyses and decision making. Of great importance, we will discuss cash flow estimation in detail.

Read before class: Reiter and Song, Chapter 14
Assignment #5: 14.1, 14.2, 14.4, 14.5, 14.7 (on pages 576-578)

Due: Assignment #4

Class 6: Project Risk Analysis
We will expand our understanding of capital budgeting by discussing sensitivity and scenario analyses.

Read before class: Reiter and Song, Chapter 15
Assignment #6: 15.1, 15.2 (on pages 617-618)

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