

Department of Health Administration and Human Resources  
University of Scranton

HAD 501- Healthcare Financial Management 1  
Course Syllabus

Instructor: Robert J. Spinelli, MBA, MPH, DBA

Semester: Fall 2019

Place: McGurrin 406

Time: Monday - 4:30-7:10 PM

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Telephone: 941-5872

Office Hours:

Monday 2:30 PM to 4:30 PM

Thursday 12:30 PM – 2:30 PM

By Appointment

**Course Description**

HAD 501 provides a detailed understanding of health services financial management for decision-making with emphasis on third -party payers, financial statements, capital investments, debt and equity financing and capital budgeting. The course blends accounting and finance concepts to enhance the healthcare manager's decision-making skills. The course will enhance the student's decision-making skills by utilizing case studies and practical applications to real world situations.

**Student Learning Outcomes**

1.

7. Develop skills and draw relevant conclusions, competencies, values, and points of view needed for financial decision making via projects, case study, case report, discussion questions and course readings.

### **Course Objectives**

- |     |   |        |
|-----|---|--------|
|     | insurance in financing health services;   |        |
| 14. | Relate financial decision-making to pressures from the external environment;  | 1,4,8  |
| 15. | Demonstrate an understanding of the function of the financial team and chief financing officer of health organizations; | 1,4,8  |
| 16. | Apply quantitative methods for decision-making;   | 1 to 8 |

### **Required Text**

1. Gapenski, Louis C. 2012. *Healthcare Finance: An Introduction to Accounting and Financial Management 6<sup>th</sup> ed*). \_Chicago, IL: AUPHA.
2. McKee, Thomas E., and McKee, Linda J.B. 2017. *Healthcare Applications: A Case book in Accounting and Financial Management*. Chicago, IL Health Administration Press.  
ISBN -13: 978-1567938258  
ISBN -10: 9781567938265
3. A business calculator
4. Instructor Handouts
5. Working knowledge of Microsoft Word and Excel

### **Suggested Readings Texts will be at the library on Reserve**

1. Steven Finkler, *Financial Management for Public Health and Non-Profit Organizations*,

### **Recommended Publications**

Journal of Health Affairs  
Journal of Healthcare Management  
Journal of Healthcare Finance  
Healthcare Executive  
Journal of Health Economics  
Modern Healthcare  
New England Journal of Medicine  
Applied Health Economics and Health Policy  
Harvard Business Review

### **Recommended Websites**

American College of Health Care Executives – [www.ache.org](http://www.ache.org)  
Healthcare Financial Management [www.hfma.org](http://www.hfma.org), [www.hap.org](http://www.hap.org)  
American Hospital Association – [www.aha.org](http://www.aha.org)  
American Public Health Association – [www.apha.org](http://www.apha.org)  
Centers for Disease and Control – [www.cdc.gov](http://www.cdc.gov)  
Institute for Health Improvement – [www.ihl.org](http://www.ihl.org)

## **Class Lecture**

Class lectures will be used throughout the course. The professor will provide additional information, research findings and opinions of other specialists via class lecture and discussion. This material will supplement text reading assignments. Effective note taking is essential and





- D. Apply reimbursement principles, ramifications and techniques including rate setting and contracts
- E. Apply principles of operating, project, and capital budgeting

**Course Requirements Assessment**

Symbol Designation



9. Apply specific knowledge of economic and healthcare finance concepts, terminology, classifications, methods and trends;

(D1ABCDE,cd1-3)(D2A-D,cd1,2)(D3C,cd1,2)(D4,cd2),  
(D5A-E,cd1,2,3)

10. Utilize financial information for decision-making and analyze organizational performance;

(D1A-E,cd1-5)(D2ACD,cd1-5)  
(D3D,cd1)(D4A,cd4)(D5A-E,cd 1-4)

**Quality of writing**

**Clarity of sentences and paragraphs**

**No errors and spelling,**

**grammar and use of English**

**Organization and coherence of ideas**

The paper is well written from start to finish, without spelling, grammar or use of English errors. The paper is well organized, clear and presents ideas in a coherent way.

The paper is well written for the most part, without spelling, grammar or use of English errors. The paper is for the most part well organized, clear and presents ideas in a coherent way.

The paper is not well written, and contains many spelling errors,

### Instructional Assistance

The professor will be available to answer questions and help participants before, during and after class. Individual appointments are available upon request. Participants are encouraged to talk with the professor if there are unique problems or questions requiring further discussion or clarification. The professor can be reached by telephone at work (941-5872) or during regular office hours.

Participants who wish to explore other possible ways of achieving a desired grade in this course are invited to arrange for an appointment with the professor to further discuss this possibility.

If a participant would like to adopt course assignments to their work setting, such arrangements require an appointment with the professor to finalize topics and modifications to the course requirements.

### Reasonable Accommodation

Students with disabilities need to be registered with the Office of Equity and Diversity at least one to three months prior to or the onset of the academic year if they anticipate needing disability-related accommodations and/or support services. In order to register with the office, the student must self-disclose the presence of a specific disability and provide the appropriate documentation complete with diagnosis and specific limitations. The Office of Equity and Diversity will determine appropriate, legal documentation needs. If the documentation is incomplete, the student may be asked to seek additional diagnosis documentation. Students with disabilities who are requesting reasonable accommodations should contact the University of Scranton's Equity and Diversity Office at 570-941-6645. Students are encouraged to set an appointment early in the semester to discuss any needs for accommodations.

### DETERMINATION OF COURSE GRADE:

Each course assignment has been assigned a point value and has an identifiable level of measure. The participant will perform each requirement to the grade level he/she desires as follows:

<u>Grade</u>	<u>Points</u>	<u>Definition</u>	<u>% Cutoff</u>
A	100 - 95	Superior	95%
A-	94 - 92	Excellent	92%
B+	91 - 89	Very Good	89%
B	88 - 86	Good	86%
B-	85 - 83	Fair	83%
C+	82 - 80	Passing Grade	80%
C	79 - 74	Minimal Passing Grade	74%
F	74 - 0	Failure	<74%

Students who wish to explore other possible ways of achieving a desired grade in this course are invited to arrange for an appointment with the instructor to further discuss this possibility.

### Grading Scale

A = 100-95	B- = 85-83
A- = 94-92	C+ = 82-80
B+ = 91-89	C = 79-74
B = 88-86	F = Below 74



4. Synopsis and Summary:

100-200 word description of the articles basic content.

5. General Theme:

A brief statement about what you felt was the author's general theme of the article.

6. Point of View:

A brief statement about what you felt concerning the author's point of view. Was the presentation objective and factual or was the presentation subjective and lacking of facts? Explain your opinion.

7. Issue Analysis:

Provide a list of the issues presented in the article.

8. Conclusions and Recommendations:

List of author's conclusions and/or recommendations.

9. Agreement or Disagreement:

Based on the author's conclusions and/or recommendations, do you agree or disagree; provide a brief justification regarding your opinion concerning your agreements and disagreements.

10. Professional Projections:

A 50-75 word statement on what you learned from the article and how you may apply this experience (negative or positive) in your professional future career.

D. Guide to Grading of the Critical Analysis Report:

The critique will be graded on the following:

- a. Appropriate article
- b. Identifying information on first page
- c. Synopsis and Summary
- d. General theme stated
- e. Point of view stated
- f. Issue analysis stated
- g. Conclusions and recommendation stated
- h. Agreement or disagreement stated
- i. Professional projections stated

NOTE: Submit copy of journal article with your report

E. Specific Requirements:

The two (2) reviews are to be selected from two (2) separate healthcare finance/planning topics. Articles selected must be from refereed journals.

F. Penalties:

Failure to submit reviews on specific due dates may result in the deduction of one full grade for each successive class period that the review is not submitted. Failure to submit one or more reviews may result in an "incomplete" given at the time of final grades.

Special circumstances requiring an extension of the due dates will be handled on an individual basis via written justification explanation and/or request stating the particulars and forwarded to the instructor for approval and appropriate determination.

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## Appendix B



3. Does the problem involve basic administrative functions, such as planning, organization, coordination, staffing, control or evaluation?
4. Does the problem offer relevant learning opportunities for other class members?
5. Does its resolution involve original or creative thinking?

The case report must deal with administrative concepts and is not a “How to do it” report. The report must relate to function (planning, organizations, coordination, staffing, control evaluation, etc.) rather than routine procedural operations. The subject can deal with medical staff, board, education, community, relations, materials management, marketing, purchasing, etc.

\*\* The intention of this assignment is to report on a real life administrative situation that the student has participated in or has a great deal of “real situation” information. If the student does not have access to this information then a researched “administrative situation” will be utilized with permission from the instructor.

### **E      Case Report For -at**

The case report must clearly identify the following elements:

1.        TITLE (5 points)

The title should be brief but specific enough to identify the problem it reports.

2.        ORGANIZATION INFORMATION (10 points)

The case report should include the following:

- A.        Size of organization.
- B.        Type of organization.
- C.        Type of ownership and control.
- D.        Number of years in operation.
- E.        Type and size of city and surrounding area served.
- F.        Number, size and type of other health facilities, services, programs, or agencies in the same area.

3.        GIST OF THE PROBLEM (10 points)

The case report should include a brief statement-one, two or three sentences will be satisfactory of the problem which confronted the student and which precipitated the administrative action to resolve it. Do not include details, decisions, or philosophical discussion in this summary statement.

4.        DESCRIPTION: THE PROBLEM (20 points)

A statement of pertinent facts about the problem, including such information-where applicable as the following:

- A.        Background
- B.        Evolving complexity of the situation.
- C.        Persons or groups involved and their roles.
- D.        Local or historical factors contributing to the situation
- E.        Other appropriate data inherent in the case problem

5.        ADMINISTRATIVE DECISION (15 points)

A concise statement of the conclusions reached and the action taken to resolve the problem. Explain the selected course of action in full. Alternatives to the solution also should be examined, with reasons delineated for not following them. Report all special obstacles encountered in arriving at a solution.

6. THE RESULTS (15 points)

Document the results which followed the selected administrative action and decision. Indicate, where possible, the following:

- A. Length of time between attempted solution of a problem and an evaluation of its results.
- B. Length of time results of administrative decisions were observed.
- C. Comment where, in the opinion of the case reporter, the solution “withstood” the test of time.”

7. SOURCE MATERIAL (5 points)

Indicate specifically all source materials (texts, magazine articles, recommendations of colleagues or consultants, etc.) used in resolving the problem. This information may be embodied in the case report or listed at the end of the manuscript.

Studies, reports, legal opinions, or legislation may be used to support the premise of decision listed 2(e )-4.04156(p)-4.98871(r)]

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## Course Outline

Date:

Topic:

### **Introduction to the Course and Instructor**

Meet Classmates

Introduction to Healthcare Finance

Review of Basic Accounting Concepts and Fundamentals

The Role of Financial Management in the Health Services Industry

Alternative Forms of Business Organizations

Organizational Structures

Health Services Settings

Third Party Payers

Managed Care Plans

Tax Laws

Review case study methodology

Review critical analysis format and style

Compare theories, models, and applications pertaining to health finance

Understand roles and responsibilities of health finance personnel

Describe the components of the income statement, balance sheet, and statement of cash flows and perform analytical applications

Explain the difference between net income and cash flow

Explain the difference between gross charges, net revenue, and net income

Planning and Budgeting

The Planning Process

Operational Planning

Introduction to Budgeting

Budget Timing and Other Issues

Budget Types

Constructing a Simple Operating Budget

Variance Analysis

Importance of planning and the budget process

Strategic Planning

Operating & Financial Plans

Revenue Forecasts

Creating Forecasted Financial Statements

Real-World Forecasting

Computerized Financial Planning Models

Financial Controls

The Cash Budget

Reading: Gapenski, Chapter 1 & Instructor Handouts

Focus on: Introduction to accounting concepts, basic finance concepts, Forms of business organizations.

Assignment: End of Chapter Questions: page 30 1.1, 1.2, 1.4, 1.5, 1.6, 1.7, 1.8 & 1.12

## Required Excel Tutorial

All students are required to complete the excel tutorial below.

<https://www.udemy.com/intro-to-microsoft-excel-2010-course/>

**9/02**

**Labor Day No Class**

**Health Insurance and Reimbursement**

Ambulance Services

Reading: Gapenski, Chapter 2 & Instructor Handouts

Focus on: Healthcare Insurance & Reimbursement

Assignment: End of Chapter Questions: 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, & 2.10

## Case Study # 1

Case 13.5 IOP Boogie Clinic Forecasting. Page 189

### **Financial Accounting Basics and The Income Statement**

The balance sheet and Financial statement analysis.

Basic Accounting Methods

Describe the components of the income statement, balance sheet, and statement of cash flows and perform analytical applications. Explain the difference between net income and cash flow Explain the differences between gross charges, net revenue and net income

Begin discussion of the budgeting process

Assignment: End of Chapter Questions: 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7,  
3.8 & 3.9

End of Chapter Problems: 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, &  
3.9

## Case Study # 2

1.7 Financial Statement Format      page 37

### •      **Planning and Budgeting**

Describe the Budgeting Process

6

## **The Balance Sheet and Statement of Cash flows**

Assets

Liabilities

Net Assets

Fund Accounting

Statement of Cash flows

Balance Sheet Transactions

Using Balance Sheet Data in Financial Statement Analysis

Reading: Gapenski, Chapter 4 Instructor Handouts,  
Financial Accounting Tutorial

Focus on: Structure of the balance sheet, income statement, cash flow

Assignments: End of chapter Questions: 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 3.7, 4.8  
& 4.9

End of Chapter Problems: 4.1, 4.2, 4.3, 4.4, 4.5, & 4.9

11

## **The Basics of Capital Budgeting**

Preparing a Capital Budget

Analytical Applications of Capital Budgeting

Political and Practical Applications

Return on Investment

Reading: Gapenski, Chapter 14, Instructor Handouts

Focus on: Making capital purchase decisions in today's healthcare  
Environment  
Importance of Capital Budgeting

Project Classification  
The Role of Financial Analysis in Capital Budgeting  
Cash Flow Estimation  
Breakeven Analysis  
Using Capital Budgeting Techniques

Assignments: End of Chapter Questions: 14.1, 14.2, 14.3, 14.4, & 14.6

End of Chapter Problems: 14.1 & 14.2

## **Case Study**

Case 16.1 Outer Limit Hospital page 205

10/14

**FALL BREAK – NO CLASS**

### **Financial Condition Analysis**

The Statement of Cash Flows  
Explain and discuss Ratio Analysis  
Define Benchmarking  
Operating Indicator Analysis  
Demonstrate advanced financial analysis  
Limitations of Financial Performance analysis  
Explain and Discuss Market and economic analysis  
Financial Reporting in Health Services Industry

Reading: Gapenski, Chapter 17, Instructor Handouts

Focus on: Purpose of financial statement and operating analyses  
Review for Mid-Term

Assignments: End of Chapter Questions: 17.1, 17.2, 17.4, 17.6, & 17.8

End of Chapter Problems: 17.1, 17.2 & 17.3



# Case Study # 4

Case 4.1 East Pacific Hospital page 83

10/28

**Midterm Examination in Class**

11/11

## **Managerial Accounting**

The Basics of Managerial Accounting  
Cost Classifications  
Cost Behavior and Profit Analysis  
Cost Classifications  
Direct vs Indirect Costs  
Fixed vs Variable Costs  
Profit Analysis

# Case Study # 5

Case 12.1 Clean tube Laboratories page 169

## **Financial Performance of Alternative Healthcare Organizations Long Term Care Facilities and Medical Group Practice Management**

Long Term Care Industry Review

LTC Financial Methodologies

Explain the continuum of LTC and different reimbursement regulations

Describe how LTC facilities are reimbursed

Medicare beds vs. Medicaid beds

Case mix index

Medical Data Set

Medicare reimbursement in LTC

Physician Practice Settings

How are Physicians Paid

Physician Management Models

Physician Role in Hospital Payment Systems

Relative Value Units – RVU Coding and its impact on reimbursement

Reading: Instructor Handouts

Focus on: Nursing homes, group practice management, payor mix,  
revenue generation, financial statement analysis  
Guest Speaker – LTC

**CAR DUE**

## **Basic Financial Management Concepts Revenue Cycle and Current Accounts Management**

Time Lines

Opportunity Costs

Solving for Interest Rate & Time

Time Value Analysis

Annuities

Opportunity Costs  
Using Time Value analysis  
The Many Faces of financial Risk  
Risk Aversion  
Probability Distributions  
Measuring Risk

**Final Exam in Class**

## Case Study Content Evaluation

During the class session #1, the instructor will break the class participants into teams of two. Each team will select a case provided by the instructor and be responsible for solving and presenting the solution in a written and oral format. The content of the paper and oral presentation should focus on:

Introduction – Stating the purpose and the importance of the case and provide an overview of the case

Organization – Describe the type of financial environment the organization in the case is operating in using the relevant course terms, concepts, principles, theories and knowledge

Techniques, methods, tools, etc. - Explain and analyze the case problem by applying the relevant course concepts, principles, theories and knowledge

Accurate use of case information/lessons - apply the relevant course terms, concepts, principles, theories and knowledge to make informed recommendations for a solution and develop a team

Case Study/Oral Presentation Evaluation

Name(s):

Date:

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Criteria

Points

Comments/Suggestions

**Content**

Introduction  
(0-1)

Organization  
(0-2)

Techniques,  
Methods, tools, etc.  
(0-5)

Accurate use of  
information/Lessons  
(0-7)

**Original thinking**  
(0-10)

**Use of time**  
(0-1)

**Executive Delivery**  
(0-1)

**Visual materials,  
Handouts, etc**  
(0-1)

**Questions to class**  
(0-2)

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Total (0-30)

## Mid-term Evaluation

You are to individually demonstrate and present a financial application of a problem given by the instructor from class session #1 thru class session #6. The problem application will be evaluated based on:

Overall synopsis of course material:  
(0-5)

Discussion and articulation of key concepts, theories, principles, etc. and describe in detail:  
(0-5)

Practical application of the concepts and tools used in class to solve problem  
(0-5)

Conclusion listing and describing 3 overall health finance competencies learned from the problem and demonstration of mastery  
(0-5)

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Total (0-20)

