

CALIFORNIA STATE UNIVERSITY-CHICO
DEPARTMENT OF HEALTH AND COMMUNITY SERVICES

**HCSV 433-01, FINANCIAL MANAGEMENT OF HEALTH CARE
ORGANIZATIONS
FALL SEMESTER 2007**

Class location: Butte 205
Class meetings: Wednesdays, 6:00-8:50 pm

Instructor: Peter L. Cruise, Ph.D.
Associate Professor
HCSV Department

Office Location: Butte Hall, Room 614
Office Hours: Tuesdays: 5:00-6:00pm
Wednesdays: 4:00-6:00pm

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COURSE DESCRIPTION

Prerequisites: *ACCT 201, ACCT 202, MATH 105.*

This ***WebCT Vista enhanced course*** provides an understanding of the process of making asset choices for the provision of health care, stewarding the assets particular to healthcare organizations (both for-profit and not-for-profit), and obtaining funds to pay for healthcare-specific assets. Includes traditional techniques of finance, but focuses on current thought in the theory and practice of healthcare financial management, including pricing, costing, ratio analysis, valuation, capitated contract analysis, capital and operations budgeting, and endowment management.

The insurance system, payment mechanisms, contractual arrangements and control mechanisms related to the provision of health services will be discussed. The focus of the course is on the manager's role in improving productivity and quality, and what the financial manager can do to enhance financial position of the healthcare institution. There will be an emphasis on the historical role of managed care, and the influences of the federal and private systems of payment on the ability of the healthcare institution to thrive.

This is a required course in the Health Services Administration option.

COURSE OBJECTIVES

1. To provide students with a perspective on payment system incentives for integration and consolidation of services, financial and clinical information systems development, and cost management;
2. To understand the role and usefulness of cost accounting to the management of healthcare institutions;
3. To examine financial incentives embedded in systems of payment for various health care providers and settings;
4. To develop an appreciation for cost benefit and cost effectiveness analysis in healthcare;
5. To examine issues related to the pricing of health services;
6. To introduce the concepts and methods of budgeting, productivity, quality management as important tools for maintaining the financial health of healthcare institutions;
7. To critically examine the role of managed care organizations and their influence on the financial management of healthcare institutions;
8. To critically evaluate issues of tax exemption and profit status of healthcare institutions;
9. To examine options and strategies for capital budgeting and financing in healthcare institutions

Required Text:

William O. Cleverley and Andrew E. Cameron (2007). *Essentials of Health Care Finance-6th Edition*. Sudbury, MA: Jones and Bartlett Publishers. ISBN-13: 978-0-7637-4236-2.

GROUP ASSIGNMENTS

Working successfully in groups and teams is an integral part of all modern organizations, including health care organizations. To operationalize this concept in class, each student will join in a group with two others to complete the work in this course. Groups consisting of no more than three members will collectively work through and complete assigned group projects throughout the semester. The “Group Manager” on WebCT Vista will assist in the group selection process and will track group activity throughout the class.

Private group work space will be available on the WebCT Vista course homepage to assist with group communication and delegation of work. **ONLY THOSE MEMBERS ASSIGNED TO A GROUP CAN ACCESS OR SEE THEIR**

GROUP ACTIVITY. NO OTHER CLASS MEMBERS CAN VIEW WORK OUTSIDE THEIR OWN GROUP.

Group activities are due when indicated on the course outline. Completed **group assignments are to be posted online in the “Assignments” tab of the WebCT Vista course homepage.** One grade for the entire group will be awarded based on the assignment submitted. Late group assignments will have a substantial point deduction imposed! Watch the date **AND** time on WebCT for group assignment submission requirements!

Group Assignments will always be found on the “Assignments” tab on the course homepage. Additional readings for each textbook topic will be found in the “Learning Modules” tab on the course homepage. Additional readings will be announced in your WebCT Vista group by the instructor.

INDIVIDUAL ASSIGNMENTS

There are two individual assignments in the course: the midterm and final examinations. Students will complete these exams on their own during the time indicated on the course outline.

EVALUATION

There are 12 group assignments (@ a maximum of 50 points each; 600 total points) and two examinations – a midterm and a final. Each examination will be **non-cumulative** and worth a maximum of 200 points.

Group assignments		600 points
Examinations	Midterm	200 points
	Final	<u>200 points</u>
Total available points		1000 points

Grading scale:

A	930 - 1000	C+	770 - 799
A-	900 - 929	C	730 - 769
B+	870 - 899	C-	700 - 729
B	830 - 869	D+	660 - 699
B-	800 - 829	D	600 - 659

REQUIREMENTS

Examinations: The examinations will be based on assigned text readings, class discussions and group projects. The exams will include multiple choice

questions, short answer questions, and questions based on selected group assignments.

Exams will not be rescheduled, except for a documented University-approved condition.

Class and Group Participation: Attendance, interest and participation are essential.

Active participation indicates that you have read the chapters assigned and are eager to attain greater knowledge, or to contribute to the knowledge development of your peers and group. It also requires that you complete your portion of the group assignments. Class attendance will count - but attendance alone is not sufficient. Of course, if you do not attend class it will be impossible to participate - attendance will be taken. **UNEXCUSED ABSENCES WILL HAVE 50 POINTS DEDUCTED FROM THE STUDENT'S FINAL COURSE POINT TOTAL.** You are permitted one excused absence (not on exam days).

COURSE OUTLINE & ASSIGNMENTS

Date	Topic(s)	Readings and Assignments
August 29	Class introduction and overview; Group assignments; Financial Information and the Decision-Making Process	Chapter 1
September 5	Billing and Coding for Health Services Financial Environment of Health Care Organizations	Chapters 2, 3 Group Assignment 1
12	WebCT Vista class assignment Revenue Determination Managed Care	Chapters 5,6 Group Assignment 2
19	General Principles of Accounting Financial Statements	Chapter 7 Group Assignment 3
26	WebCT Vista class assignment Financial Statements	Chapter 8 Group Assignment 4
October 3	Accounting for Inflation	Chapter 9 Group Assignment 5
10	WebCT Vista class assignment Analyzing Financial Statements	Chapter 10 Group Assignment 6
17	Midterm Examination	
24	Financial Analysis of Alternative Health Care Firms	Chapter 11 Group Assignment 7
October 31	WebCT Vista class assignment Cost Concepts and Decision Making	Chapter 13 Group Assignment 8
November 7	Product Costing	Chapter 14 Group Assignment 9
14	The Management Control Process	Chapter 15 Group Assignment 10
November 19-23	THANKSGIVING HOLIDAY NO CLASS	

November 28	Cost Variance Analysis	Chapter 16 Group Assignment 11
December 5	Capital Project Analysis	Chapter 18 Group Assignment 12
December 12	Working Capital and Cash Management Developing the Cash Budget	Chapters 21, 22
December 19	Final Examination	