



NYU

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

MHA-GP-1841

Managerial Accounting for Healthcare Organizations

Spring 2020, Section 001

Instructor Information

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Course Information

- Live Session Meeting Times: Tuesdays, 7:00 PM - 8:00 PM
- Live Session Location: Online

Course Description

The course focuses on the related topics of planning and financial decision making as applied to healthcare organizations. This course will cover areas including constructing the operating budget, breakeven analysis, pricing analysis, working capital management, and cost allocations. Students will learn and practice these skills through online lectures, problem solving, and case studies. The course is structured to integrate both academic and practical approaches and perspectives on current healthcare financial issues.

Course Objectives

The primary goal of this course is to familiarize students with the tools to effectively manage, plan, and analyze the current operations of healthcare organizations (broadly defined). This includes a basic understanding of the unique financial environment healthcare 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.

Students who successfully complete this course will be able to:

- **CO 01:** Discuss the financial environment of healthcare organizations, including such concepts as managed care, third-party payers, and insurance concepts.
- **CO 02:** Perform profit and breakeven analyses that account for discounted fee-for-services and capitation.
- **CO 03:** Conduct cost allocations using multiple techniques.
- **CO 04:** Set prices for a healthcare organization.
- **CO 05:** Manage the short-term resources of a healthcare organization.
- **CO 06:** Analyze the financial condition of healthcare organizations.
- **CO 07:** Incorporate these topics into the financial planning and budgeting of your organization.

Learning Assessment

Assignments, exams, and class participation in the course will assess progress against these competencies, and no student will receive a B or higher without demonstration of satisfactory progress towards mastery of each competency. Expected levels of competency are denoted below:

Level of Competency

In addition, the level of competency expected to be achieved should be denoted, 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 Objectives	Corresponding Assignments	Expected Level of Competency
<p>PC 01: Manage and lead people, teams, and organizations, including the ability to work effectively with diverse colleagues to build inclusive organizations.</p>	<p>CO 05: Manage the short-term resources of a healthcare organization</p>	<p>Participation in discussion forums and live sessions</p>	<p>1</p>
<p>PC 02: Develop strategies and align organizational design to support and achieve an organization’s mission and vision.</p>	<p>CO 07: Incorporate these topics into the financial planning and budgeting of your organization</p>	<p>Assignment question/problem sets</p>	<p>2</p>
<p>PC 03: Apply knowledge about the social determinants of health and work collaboratively with leaders across—including efficiency, quality of care, patient engagement, and equitable access to services.</p>	<p>CO 01: Discuss the financial environment of healthcare organizations, including such concepts as managed care, third-party payers, and insurance concepts</p> <p>CO 06: Analyze the financial condition of healthcare organizations</p>	<p>Participation in discussion forums and live sessions</p>	<p>1</p>
<p>PC 04: Use data and evidence-based management practices to improve managerial decision-making and organizational performance, including efficiency, quality of care, patient engagement, and equitable access to services.</p>	<p>CO 02: Perform profit and breakeven analyses that account for discounted fee-for-services and capitation</p> <p>CO 03: Conduct cost allocations using multiple techniques</p> <p>CO 04: Set prices for a healthcare organization</p>	<p>Assignment spreadsheets and question sets</p>	<p>3</p>
<p>PC 05: Provide effective financial management for healthcare organizations, including effective use of accounting and budgeting practices.</p>	<p>CO 05: Manage the short-term resources of a healthcare organization</p> <p>CO 07: Incorporate these topics into the financial planning and budgeting of your organization</p>	<p>Assignment question/problem sets</p> <p>Assignment spreadsheets and question sets</p>	<p>3</p>

<p>PC 06: Influence and respond to policies that promote the performance of the US healthcare system and healthcare organizations, based on understanding and analysis of the system's history, organization and finances.</p>	<p>CO 01: Discuss the financial environment of healthcare organizations, including such concepts as managed care, third-party payers, and insurance concepts</p> <p>CO 06: Analyze the financial condition of healthcare organizations</p> <p>CO 07: Incorporate these topics into the financial planning and budgeting of your organization</p>	<p>Participation in discussion forums and live sessions</p>	<p>2</p>
<p>PC 07: Communicate effectively with diverse stakeholders using a variety of communication approaches.</p>	<p>CO 01: Discuss the financial environment of healthcare organizations, including such concepts as managed care, third-party payers, and insurance concepts</p>	<p>Case Memo Assignment</p>	<p>2</p>
<p>PC 08: Develop and manage innovations to improve organizational performance and population health.</p>	<p>CO 06: Analyze the financial condition of healthcare organizations</p>	<p>Case Memo Assignment</p>	<p>3</p>
<p>PC 09: Manage and behave legally and ethically in a complex, highly-regulated healthcare environment.</p>	<p>CO 07: Incorporate these topics into the financial planning and budgeting of your organization</p>	<p>Participation in discussion forums and live sessions</p>	<p>1</p>

Course Resources

The required texts for this course are:

Required Resources

- Gapenski, L. C., & Reiter, K. L. (2016). Healthcare finance: an introduction to accounting & financial management (6th ed.). Chicago, IL: Health Administration Press.
- Pink, G. H., & Gapenski, L. C. (2016). Gapenski's cases in healthcare finance (6th ed.). Chicago, IL: Health Administration Press.

Note: Both of these texts will be used in the subsequent course on capital financing.

Assessment Assignments and Evaluation

Grade Breakdown

Course assignments and point values of overall grade:

- 7 Homework Question/Problem Sets (35% of total grade)
- 6 Case Study Homework Assignment/Question Sets (30% of total grade)
- 1 Case Study Memo Write Up (25% of total grade)
- Participation in Discussion Forums & Live Sessions and completion of 1 Red Thread Communications Assignment (10% of total grade)

13 Weekly Assignments: (65%):

Each student will prepare and submit weekly assignments based on the readings and case studies.

1 Case Memo Assignment (25%):

Each student will submit a professional memo based on one of the six case studies covered in the course. The memo will present the context and issue, the background, specific recommendations, and next steps. All financial information must be presented in a manner in which someone who is versed, but not an expert in finance and accounting, would understand.

Note: In order to appropriately compare and select a case study for this assignment, it is strongly recommended that work for the Case Memo Assignment not commence prior to Module 8.

Participation (10%):

Students are expected to participate in discussion forums, comment on questions throughout the modules when prompted, and interact with the instructor and classmates during the live sessions.

Assignment Instructions

Weekly Assignments:

Each week, students will be expected to complete a homework assignment prior to the live session. There are two types of weekly assignments:

1. **Homework Question/Problem Sets:** For modules 1, 2, 4, 6, 8, 10, and 12, you will complete an assigned reading from the *Gapenski and Reiter* text, then answer the questions and solve problems found in the corresponding Word document for that particular assignment.

- Responses should be in *Times New Roman*, 12-point font, with one-inch margins, single-spaced.
 - The completed assignment should not exceed the specified number of pages.
 - If you use an Excel spreadsheet to solve the problems, you are expected to embed the Excel work in the Word document using the embed function, allowing you to still only submit a single Word document.
 - The finished homework file should be named using the first initial of your first name_your last name_Module X Homework (e.g., J_Smith_Module 2 Homework).
 - Before submitting these homework assignments, be sure to review the Homework Question/Problem Set Grading Rubric posted on the assignment page of the corresponding module in NYU Classes.
 - When you have completed work on the assignment Word document by answering all questions and solving all problems, please upload your work as a Word document to the assignment submission page in the appropriate module.
 - All assignments should be completed and uploaded prior to the live session for the corresponding module.
2. **Case Study Question Sets:** For modules 3, 5, 7, 9, 11, and 13, you will complete an assigned reading about a case study from the *Pink and Song* text, then complete questions and work using the corresponding Excel spreadsheet for that particular assignment.
- Responses to the “Question Set” (located on the bottom left tab of the spreadsheets) should be in *Times New Roman*, 12-point font, and answered using the text-wrap feature in the same cell as the question.
 - Remember to use the spreadsheet labeled “Model” (located on the bottom left tab of the spreadsheets) to assist with your calculations.
 - Your completed file should be named using the first initial of your first name_your last name_Module X Homework (e.g., J_Smith_Module 3 Homework).
 - Before submitting these homework assignments, be sure to review the *Case Study Assignment Grading Rubric* posted on each assignment page of the corresponding module in NYU Classes.
 - When you have completed work on the “Model” tab and responded to all items in the “Question Set” tab of the assignment, please upload your work as an Excel spreadsheet to the assignment submission page in the appropriate module.
 - All assignments should be completed and uploaded prior to the live session for the corresponding module.

Case Study Memo Assignment:

You will read and discuss case studies during Modules 3, 5, 7, 9, 11, and 13 of the course. You will select ONE of these six cases to analyze and recommend a particular course of action. Your

analysis will be in the form of a written recommendation memo, and is not to exceed two single-spaced pages. The memo must address:

- The problem as you see it
- A recommended solution or solutions
- Support for your perspective

Use your knowledge of the material covered in the course to create an original analysis and recommendation. Many cases have multiple issues, so select one you feel is the most pressing problem. Assume your reader will use your memo to make difficult decisions about the team or organization. State the key problems presented in the case and briefly explain the context in which the decisions must be made. Describe your proposed solutions to the problem, and indicate which one you believe is the best course of action. Support your recommendation with specific reasons. Identify the next steps if your proposed solution is adopted, and outline a Plan B in case your proposed solution fails. Show how secondary evidence informed your understanding of the case and your recommendations.

Use this structure:

1. Open with a one-paragraph summary labeled Executive Summary. What is the context, key issue, and your recommendation?
2. Background. Why are we facing these issues? Identify the root causes.
3. What are your specific Recommendations? Include your rationale and alternatives.
4. Next Steps. How should your recommendations be implemented? What are the priorities, timeline, and required resources?

You have only two pages to get your message across. Use a simple and direct style, putting your recommendation in the first paragraph as a way to create a “hook” for your memo to encourage your manager to continue reading. All financial information must be presented in a manner in which someone who is versed, but not an expert in finance and accounting, would understand.

Use one-inch margins and *Times New Roman* 12-point font. If you use outside research to support any of your recommendations, list references on a concluding page, separate from the two-page memo.

A grading rubric for the Case Memo Assignment will be posted in NYU Classes.

This assignment should not be completed prior to Module 8, as it is important to be introduced to at least three of the six case studies in the course prior to choosing one for your memo. Your completed Case Memo Assignment is to be submitted as a PDF in the assignment submission page of Module 13 in NYU Classes on or before May 11, 2020.

Letter Grades

Letter grades for the entire course will be assigned as follows:

Letter Grade	Points
A	4.0 points
A-	3.7 points
B+	3.3 points
B	3.0 points
B-	2.7 points
C+	2.3 points
C	2.0 points
C-	1.7 points
F	0.0 points

Student grades will be assigned according to the following criteria:

- (A) Excellent: Exceptional work for a graduate student. Work at this level is unusually thorough, well-reasoned, creative, methodologically sophisticated, and well written. Work is of exceptional, professional quality.
- (A-) Very good: Very strong work for a graduate student. Work at this level shows signs of creativity, is thorough and well-reasoned, indicates strong understanding of appropriate methodological or analytical approaches, and meets professional standards.
- (B+) Good: Sound work for a graduate student; well-reasoned and thorough, methodologically sound. This is the graduate student grade that indicates the student has fully accomplished the basic objectives of the course.
- (B) Adequate: Competent work for a graduate student even though some weaknesses are evident. Demonstrates competency in the key course objectives but shows some indication that understanding of some important issues is less than complete. Methodological or analytical approaches used are adequate but student has not been thorough or has shown other weaknesses or limitations.
- (B-) Borderline: Weak work for a graduate student; meets the minimal expectations for a graduate student in the course. Understanding of salient issues is somewhat incomplete. Methodological or analytical work performed in the course is minimally adequate. Overall

performance, if consistent in graduate courses, would not suffice to sustain graduate status in “good standing.”

- (C/-/+) Deficient: Inadequate work for a graduate student; does not meet the minimal expectations for a graduate student in the course. Work is inadequately developed or flawed by numerous errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate knowledge or technical competence expected of graduate students.
- (F) Fail: Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive.

Detailed Course Overview

MODULE 1: COURSE OVERVIEW, AN INTRODUCTION TO THE HEALTH CARE FINANCIAL ENVIRONMENT COST, AND A REVIEW OF IMPORTANT FINANCIAL ACCOUNTING CONCEPTS

Learning Objectives

- **LO 1.1** Describe the key operational issues faced by healthcare managers.
- **LO 1.2** Describe the alternative forms of business organization and corporate ownership, and their goals.
- **LO 1.3** Explain the concept of insurance, as well as adverse selection and moral hazard.
- **LO 1.4** Describe the third-party payer system, and the incentives different payment methods have on provider risk.
- **LO 1.5** Review basic financial accounting and financial statement reporting.

Resources & Requirements

- Gapenski, L. C., & Reiter, K. L. (2016). Healthcare finance: an introduction to accounting & financial management (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Chapters 1, 2, 3, and 4
- Complete Assignment #1

MODULE 2: BEHAVIOR AND PROFIT ANALYSIS AT THE ORGANIZATIONAL LEVEL

Learning Objectives

- **LO 2.1** Describe how costs are classified based on their relationship with volume.
- **LO 2.2** Conduct profit analyses to analyze the impact of changing assumptions.

- **LO 2.3** Explain how profit analyses differ in fee-for-service and capitated financial environment.

Resources & Requirements

- Gapenski, L. C., & Reiter, K. L. (2016). Healthcare finance: an introduction to accounting & financial management (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Chapter 5 including supplement
- Complete Assignment #2

MODULE 3: CASE STUDY ON BEHAVIOR AND PROFIT ANALYSIS

Learning Objectives

- **LO 3.1** Conduct profit analysis to analyze and predict the impact of changing assumptions.
- **LO 3.2** Generate data for analysis to be used in decision-making.

Resources & Requirements

- Pink, G. H., & Gapenski, L. C. (2016). Gapenski's cases in healthcare finance (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Tulsa Memorial Hospital
- Complete Assignment #3

MODULE 4: DEPARTMENTAL COSTING AND COST ALLOCATION

Learning Objectives

- **LO 4.1** Differentiate between direct and indirect costs.
- **LO 4.2** Define a cost driver and outline the characteristics of a good driver for implementation.
- **LO 4.3** Evaluate and interpret the primary methods used to allocate indirect costs to revenue-producing departments.

Resources & Requirements

- Gapenski, L. C., & Reiter, K. L. (2016). Healthcare finance: an introduction to accounting & financial management (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Chapter 6 including supplement
- Complete Assignment #4

MODULE 5: CASE STUDY ON DEPARTMENTAL COSTING AND COST ALLOCATION

Learning Objectives

- **LO 5.1** Carry out fair allocations of indirect costs to revenue-producing departments.

Resources & Requirements

- Pink, G. H., & Gapenski, L. C. (2016). Gapenski's cases in healthcare finance (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Big Bend Medical Center
- Complete Assignment #5

MODULE 6: SERVICE LINE PRICING, COSTING, AND DECISIONS

Learning Objectives

- **LO 6.1** Differentiate between different methods used to cost individual services.
- **LO 6.2** Explain full-cost versus marginal-cost pricing.
- **LO 6.3** Explain target-costing and why it is important in healthcare organizations.
- **LO 6.4** Use accounting information to set prices for services.

Resources & Requirements

- Gapenski, L. C., & Reiter, K. L. (2016). Healthcare finance: an introduction to accounting & financial management (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Chapter 7 including supplement
- Complete Assignment #6

MODULE 7: CASE STUDY ON SERVICE LINE PRICING, COSTING, AND DECISIONS

Learning Objectives

- **LO 7.1** Generate prices for services using accounting information.

Resources & Requirements

- Pink, G. H., & Gapenski, L. C. (2016). Gapenski's cases in healthcare finance (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Cambridge Transplant Center
- Complete Assignment #7

MODULE 8: PLANNING AND BUDGETING

Learning Objectives

- **LO 8.1** Describe the financial planning process and the key components of the financial plan.
- **LO 8.2** Describe the format of the types of budgets.
- **LO 8.3** Explain a static versus a flexible budget.

- **LO 8.4** Create an operating budget.
- **LO 8.5** Use variance analysis to assess financial performance and identify areas of concern.

Resources & Requirements

- Gapenski, L. C., & Reiter, K. L. (2016). Healthcare finance: an introduction to accounting & financial management (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Chapter 8
- Complete Assignment #8

MODULE 9: CASE STUDY ON PLANNING AND BUDGETING

Learning Objectives

- **LO 9.1** Create an operating budget.
- **LO 9.2** Use variance analysis to assess financial performance and identify areas of concern.

Resources & Requirements

- Pink, G. H., & Gapenski, L. C. (2016). Gapenski's cases in healthcare finance (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Cascade Mental Health Clinic
- Complete Assignment #9

MODULE 10: REVENUE CYCLE AND CURRENT ASSET MANAGEMENT

Learning Objectives

- **LO 10.1** Construct and use the cash budget.
- **LO 10.2** Explain the key elements of the revenue cycle.
- **LO 10.3** Analyze receivables management.
- **LO 10.4** Compare the available types of short-term financings and their appropriate usage.

Resources & Requirements

- Gapenski, L. C., & Reiter, K. L. (2016). Healthcare finance: an introduction to accounting & financial management (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Chapter 16
- Complete Assignment #10

MODULE 11: CASE STUDY ON REVENUE CYCLE AND CURRENT ASSET MANAGEMENT

Learning Objectives

- **LO 11.1** Construct and use a cash budget for decision-making.
- **LO 11.2** Analyze the cash budget to determine when cash needs exceed available cash.

Resources & Requirements

- Pink, G. H., & Gapenski, L. C. (2016). Gapenski's cases in healthcare finance (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Mountain Village Clinic
- Complete Assignment #11

MODULE 12: FINANCIAL CONDITION ANALYSIS

Learning Objectives

- **LO 12.1** Explain the purposes of a financial statement and operating indicator analysis.
- **LO 12.2** Describe the primary techniques used in these analyses.
- **LO 12.3** Generate a financial statement and operating indicator analysis to assess the financial condition of an entity.
- **LO 12.4** Evaluate the issues with such analyses.

Resources & Requirements

- Gapenski, L. C., & Reiter, K. L. (2016). Healthcare finance: an introduction to accounting & financial management (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: Chapter 17 including supplement
- Complete Assignment #12

MODULE 13: CASE STUDY ON FINANCIAL CONDITION ANALYSIS

Learning Objectives

- **LO 13.1** Conduct a financial statement and operating indicator analysis to assess the financial condition of an entity.
- **LO 13.2** Evaluate the issues with such analyses.

Resources & Requirements

- Pink, G. H., & Gapenski, L. C. (2016). Gapenski's cases in healthcare finance (6th ed.). Chicago, IL: Health Administration Press.
 - Read before class: River Community Hospital (A)

- Complete Assignment #13

MODULE 14: WRAP UP

- Submit Case Memo Assignment

NYU Classes

All announcements, resources, and assignments will be delivered through the NYU Classes site. The instructor may modify assignments, due dates, or other aspects of the course throughout the term. Notification of such modifications will be provided as soon as possible through the Announcements tool on the course website.

Academic Integrity

Academic integrity is a vital component of New York University and New York University's Robert F. Wagner Graduate School of Public Service. All students enrolled in this class are required to read and abide by *NYU Wagner's Academic Code*. All Wagner students have already read and signed the *NYU Wagner Academic Oath*. Plagiarism of any form will not be tolerated, and students in this class are expected to report violations to the instructor. Any student in this class who is unsure about course expectations or how to abide by the academic code, should immediately consult the instructor.

Henry and Lucy Moses Center for Students with Disabilities at NYU

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 your instructor in advance of religious holidays that coincide with assignment due dates or exams to arrange mutually acceptable alternatives.

Class Policies

Attendance

You are required to attend all live sessions. Any absence must be explained and justified beforehand, or your participation grade will be lowered.

Late Assignments

Extensions will be granted only in case of an emergency, out of respect for those who abide by deadlines despite hectic schedules. Late submissions without prior permission will be penalized by $\frac{1}{2}$ a letter grade per day (e.g., B+ to B).