

MIDSTATE COLLEGE
411 W. NORTHMOOR RD. PEORIA, IL 61614
(309)692-4092 (800)251-4299
Summer 2012

Course number & Name: HSM 430 Basics of Healthcare Finance
Credit hours: 4 quarter credit hours
Method of Delivery: Classroom

Course Description: This course provides basic tools for non-financial managers involved in the healthcare industry. Topics covered include budgeting, inventory, assets, liabilities, net worth, benchmarking, forecasts, business loans and capital expenditures. Practical applications to long term care, home health agencies, and hospitals help develop important concepts.

Prerequisites: Bus 204 and CIS 116 or spreadsheet knowledge

Requirements for Completing the Course: Complete course work as assignment by instructor.

Text: Healthcare Finance 3rd Edition; ISBN 978-0-7637-7894-1

Authors: Judith Baker; R.W. Baker

Publisher: Jones and Bartlett Publishers

Topics: The elements of financial management are covered. Finance in healthcare is explored relative to recording and analyzing financial operations. The course will look at planning, monitoring and controlling finances as well as spending and borrowing money.

Learning Objectives:

1. Student will recognize the tasks involved with financial management.
2. The student will be able to state the three viewpoints within a healthcare organization that make healthcare management a challenge.
3. The students will demonstrate the ability to define/explain assets, liabilities, net worth, revenue, expenses, direct costs, indirect costs, FTE, and break-even analysis.
4. The student will be able to calculate the number of employees needed to fill a facility by the annualizing method.
5. The student will recognize sources of capital for an organization.

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Grading Scale:	90 – 100	A
	80 – 89	B
	70 – 79	C
	60 – 69	D
	0 – 59	F

Midstate Plagiarism Policy:

Plagiarism is using another person’s words without giving credit to the author. Original speeches, publications, and artistic creations are sources for research. If students use the author’s words in a paper or assignment, they must acknowledge the source. Plagiarism is strictly against the academic policy of the college and is grounds for failing the course. If repeated, plagiarism may result in suspension from the college. (See the Midstate College catalog and/or Student Handbook for additional information.)

In courses containing writing assignments, the college promotes the use of an electronic resource which compares the student’s writing against previously submitted papers, journals, periodicals, books, and web pages. Students and instructors can use this service to reduce the incidence of plagiarism. This electronic resource has been found to conform to legal requirements for fair use and student confidentiality. It is able to provide a report to the student indicating the parts of the assignment that match.

Instructor Information: Wayne Holly
wholly@midstate.edu
Phone: 309-692-4092 x3001
Online Office Hours – 7-9 Sundays

Policies and Procedures:

Library Resources

Midstate College has a Virtual Library (<https://secure.midstate.edu/library/>) available 24/7 with access to the full-text of thousands of journals and professional periodicals, selected Internet resources, writer’s resources, research and citation help, and a collection of tutorials. The databases require your Midstate user name and password.

Academic Resources and Information Services

Academic assistance to students is available at Midstate College at no additional charge in such areas as basic skills preparation in reading, writing and math; study skills and research and citation help. Student Success staff members work closely with faculty and students toward academic success. A whole range of tools is available, including study and time management tips, and feedback on course writing projects. To contact a Student Success Coordinator, call ext. 1004.

Technical Assistance

For assistance with issues related to accessing the online courses or other technical issues related to any of the online tools, please visit the Midstate College Technical Support Center (<http://online.midstate.edu/support/>) for answers to the most frequently asked questions or to submit an [online help request form](#). Or call 1- (888) 272-0067 (Hours: M-Th: 8am-9:30pm, Fr: 8am-4:30pm).

Conduct in the Online Classroom

Membership in society implies minimal norms for civil behavior towards one another. It is Midstate College's expectation that all members of our college community treat faculty, staff, and fellow learners with respect. Learners need to be knowledgeable of and comply with college policies. Each individual is accountable for his/her actions and for the consequences of any behavior that is inconsistent with these values and expectations.

Computer Problems and Saving Work:

Computers are known to break down and do other unpredictable things. You are responsible to take all precautions and have contingency plans in place in case of such mishap. Computer problems are NOT valid excuses for late work. It is recommended that you create and save back up files to either a CD or another electronic storage device for every piece of work you complete for this class. Saving duplicate copies of your work to an external device will ensure that a computer glitch or a glitch in cyberspace won't erase your efforts.

Extended Sickness and Personal Circumstances:

Success in this course requires regular and consistent participation. If you find yourself in a situation in which this is a problem, you should contact the instructor as soon as possible to discuss your ability to complete the course. If necessary, you will be encouraged to meet with your advisor to discuss your options which may include withdrawing from the course and retaking it when your circumstances have improved.

Participation Requirements:

Participation will be measured by the quality of contributions you make to discussion forums. The key factor is to be sure that you demonstrate that you are keeping pace with the readings and notes and that you are delving into the issues of quality improvement. To grade participation, I will look for the quality of your weekly contributions to the discussion topics. Discussion comments don't have to be lengthy; one or two paragraphs may suffice for most answers. For your submissions to the discussions, I will be looking at the way you relate your comments to material found in the readings. You might want to give the page number references or other direct references you make to the textbook or articles as a way to draw the connection your ideas and the text. You will be required to respond to my postings in the discussion board forums.

To understand how your work will be assessed on the Discussion Forum, please review the participation rubric attached to this syllabus. You will be required to post answers to weekly discussion board topics. This posting must add to our collective learning by showing us your reasoning on the question of the week. It is not sufficient to add a posting that merely comments (agreement or disagreement) to the comments of other students. They must convey your own thoughts or answers to the question of the week. To understand how your work will be assessed on the Discussion Forum, please review the participation rubric attached to this syllabus.

Examination Information:

Final Exam:

A few weeks prior to the end of our study, you will receive a list of questions for a final exam. These questions will focus on the material in our text book, the internet articles, and issues that arise in our discussions. Some questions may pose a new financial issue that we have not tackled in our study thus far. Successful answers will require you to bring in outside sources and all sources must be referenced in APA style. In your answers, I'll be looking to judge the depth of your understanding of the financial issues we've encountered, and whether you can synthesize financial concepts and grasp their implications. In other words, a mere repetition of facts from the course material is a sign of average work; critical thinking that demonstrates understanding, connections, and analysis shows exemplary learning.

It goes without saying that students must submit their original work. They must use all the respected conventions for citation and referencing. With modern online tools, checking for plagiarism is easier than ever. College policies about such practices are strictly enforced.

Methods of Evaluating Student Performance:

Readings:

We each share responsibility for the success of this course. You are expected to keep current with reading assignments, discussion board postings, and topics. The reading assignments will focus on one or two chapters of the text each week and articles found on the internet. You will be directed to the internet articles via forums on the discussion board and through assignments listed within the course content.

Evidence of Learning Reports:

At the end of each module, you will submit a brief module "evidence of learning" report that demonstrates some evidence of learning. Your paper (5 or more pages, double space, 1" margins, and 12pt font) will: [a.] summarize the content found in the reading assignments, and [b.] critique. The task is this: demonstrate that you've read and understood each reading assignment. Every reading assignment must get your comments. An "A" paper will be coherent, addressing all the main concepts and critical facts in the chapter and using the customary conventions of effective writing (i.e.: topic sentences, punctuation, etc...) It will also bring in new (ie: not required), outside sources from the

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internet, publications, or books that you'll find that could augment your learning the topics presented. I'll also be looking for a statement from you about the quantity of work you've done during the module to learn the concepts.

Instructor's Grading Scale:

Activity	% of Final Grade
Module 1: Evidence of Learning Report	20%
Module 2: Evidence of Learning Report	20%
Module 3: Evidence of Learning Report	20%
Participation	20%
Final Exam	20%
Total	100%

Class Schedule:

HSM 430 Basics of Healthcare Finance

Lesson Plan – Summer 2010

<p>Week 1</p> <p>Module 1: An Overview of the Finance System (3 weeks)</p>	<p>Getting Started</p> <p>Topics:</p> <ul style="list-style-type: none"> • Elements of financial management • Recording and analyzing financial operations. <p>Assignments:</p> <ol style="list-style-type: none"> 1. Read: Baker, CH 1, 2 and 15 2. Post: Comments on Discussion Board questions <p>Learning Objectives:</p> <ul style="list-style-type: none"> • Student will recognize the tasks involved with financial management. • The student will be able to state the three viewpoints within a healthcare organization that make healthcare management a challenge.
<p>Week 2</p> <p>Module 1: An Overview of the Finance System</p>	<p>Finances and Information</p> <p>Assignments:</p> <p style="padding-left: 20px;">Read: Baker, CH 3 and any assigned articles from Internet Post: comments on discussion board question</p> <p>Topics:</p> <ul style="list-style-type: none"> • Recording and analyzing financial operations. • Planning finances <p>Learning Objectives:</p> <p style="padding-left: 20px;">After completing this chapter the student should be able to:</p> <ul style="list-style-type: none"> • Recognize typical assets. • Recognize typical liabilities. • Understand net worth terminology. • See how assets, liabilities, and net worth fit together
<p>Week 3</p> <p>Module 1: An Overview of the Finance System</p>	<p>The ‘System’ Makes the Rules</p> <p>Assignments:</p> <ul style="list-style-type: none"> • Read: any assigned internet articles, Baker chapter 15 • Post: answer to discussion question • Submit: Evidence of module 1 learning <p>Topics:</p> <ul style="list-style-type: none"> • Budgets <p>Learning Objectives:</p> <p style="padding-left: 20px;">After completing this chapter, you should be able to</p>

	<ul style="list-style-type: none"> • Understand the difference between operating budgets and capital expenditure budgets. • Understand what budget expenses will most likely be identifiable versus allocated expenses • Understand how to build an operating budget. • Understand the difference between static and flexible budgets.
<p>Week 4</p> <p>Module 2: Accounting and Financial Analysis (4 weeks)</p>	<p>The Inflow and Outflow of Money</p> <p>Assignments:</p> <ul style="list-style-type: none"> • Read: Baker, Chapter 4 and 5 • Read: any assigned articles from internet • Post: answer to discussion question <p>Topics:</p> <ul style="list-style-type: none"> • Revenue (Inflow) • Expenses (Outflow) <p>Learning Objectives: After completing these chapters the student should be able to:</p> <ul style="list-style-type: none"> • Understand how receiving revenue for services is a revenue stream. • Recognize contractual allowances and discounts and their impact on revenue. • Understand the differences in sources of health care revenue. • See how to group revenue for planning and control. • Understand the distinction between expense and cost. • Understand how disbursements for services represent an expense stream (an outflow). • Follow how expenses are grouped in different ways for planning and control. • Recognize why cost reports have influenced expense formats.
<p>Week 5</p> <p>Module 2: Accounting and Financial Analysis</p>	<p>Organizing Costs</p> <p>Assignments:</p> <ul style="list-style-type: none"> • Read: Baker, Chapters 6 and 7 • Post: answer to discussion question <p>Topics:</p> <ul style="list-style-type: none"> • Costs types • Responsibility centers • Break-Even Analysis • Cost-Profit-Volume (CPV) • Contribution Margin • Profit-Volume (PV) Ratio <p>Learning Objectives:</p>

	<p>After completing this chapter the student should be able to:</p> <ul style="list-style-type: none"> • Distinguish between direct and indirect costs. • Understand the composition and purpose of responsibility centers. • Distinguish between product and period costs. • Understand the distinction between fixed, variable, and semivariable costs. • Be able to analyze mixed costs by two methods. • Understand the computation of a contribution margin. • Be able to compute Cost-Volume-Profit (CVP). • Be able to compute Profit-Volume (PV).
<p>Week 6</p> <p>Module 2: Accounting and Financial Analysis</p>	<p>Staffing and Forecasts</p> <p>Assignments:</p> <ul style="list-style-type: none"> • Read Baker, Chapters 8 and 9 • Post: comments to questions on discussion board <p>Topics:</p> <ul style="list-style-type: none"> • Inventory and depreciation concepts • Staffing <p>Learning Objectives:</p> <ul style="list-style-type: none"> • Understand interrelationship between the inventory and cost of goods sold • Understand the difference between LIFO and FIFO inventory methods • Be able to calculate inventory turnover • Understand the interrelationship between depreciation expense and the reserve for depreciation • Understand how to compute the net book value of a fixed asset • Be able to identify the five methods of computing book depreciation • Understand the difference between productive time and non-productive time. • Understand computing FTEs to annualize staff positions. • Understand computing FTEs to fill a scheduled position. • Tie cost to staffing
<p>Week 7</p> <p>Module 2: Accounting and Financial Analysis</p>	<p>Budgeting, Variance and Value</p> <p>Assignments:</p> <ul style="list-style-type: none"> • Submit: Evidence of learning from mod 2 • Post: comments to questions on discussion board <p>Topics:</p> <ul style="list-style-type: none"> • Reporting • Financial and operating ratios as performance measures <p>Learning Objectives:</p>

	<ul style="list-style-type: none"> • Review a balance sheet and understand its components. • Review a statement of revenue and expense and understand its components. • Understand the basic concept of cash flows. • Know what a subsidiary report is. • Understand four types of liquidity ratios. • Understand two types of solvency ratios. • Understand two types of profitability ratios. • Successfully compute ratios.
<p>Week 8</p> <p>Module 3: Tools and Case Studies</p> <p>(5 weeks)</p>	<p>The Time Value of Money</p> <p>Assignments:</p> <ul style="list-style-type: none"> • Read: Baker, Chapter 12 • Read: assigned articles on internet • Post: Discussion Board replies to questions <p>Topics:</p> <ul style="list-style-type: none"> • The Time Value of money <p>Learning Objectives:</p> <ul style="list-style-type: none"> • Compute an unadjusted rate of return. • Understand how to use a present value table. • Compute an internal rate of return. • Understand the payback period theory.
<p>Week 9</p> <p>Module 3: Tools and Case Studies</p>	<p>Performance Measures</p> <p>Assignments:</p> <ul style="list-style-type: none"> • Read: Baker, Chapter 13 • Post: Discussion Board replies to questions <p>Topics:</p> <ul style="list-style-type: none"> • Common sizing • Trend analysis • Forecasted data <p>Learning Objectives:</p> <ul style="list-style-type: none"> • Understand and use common sizing. • Understand and use trend analysis. • Understand five types of forecast assumptions • Understand capacity level issues in forecasts
<p>Week 10</p> <p>Module 3: Tools and Case Studies</p>	<p>Performance Measures</p> <p>Assignments:</p> <ul style="list-style-type: none"> • Read: Baker, chapter 14 • Post: Discussion Board replies to questions <p>Topics:</p>

	<ul style="list-style-type: none"> • Tools to review & manage comparative data <p>Learning Objectives:</p> <ul style="list-style-type: none"> • Understand the three criteria for true comparability. • Understand the four uses of comparative data • Annualize partial-year expenses • Apply inflation factors • Understand basic currency measures
<p>Week 11</p> <p>Module 3: Tools and Case Studies</p>	<p>Case Studies</p> <p>Assignments:</p> <ul style="list-style-type: none"> • Reread: Case Study: Metropolis Health care (Chapter 15) • Read: Ch 16, Hospital Finance pg 154, Ch 17, Improving Patient Care in a changing Environment, pg 172, Ch 18, The Economic Significance of Resource Misallocation, pg 184 • Post: Discussion Board replies to question <p>Topics:</p> <ul style="list-style-type: none"> • Operating budgets • Capital expenditure budgets • Variance analysis • Sensitivity analysis • Estimating, benchmarking, and other measurement tools <p>Learning Objectives:</p> <ul style="list-style-type: none"> • Understand the difference between an operating and capital expenditure budget. • Understand how to build an operating budget • Recognize types of capital expenditure budgets • Perform budget variance • Perform budget variance analysis • Understand four common uses of estimates • Understand the concept of financial benchmarking • Understand the Pareto rule
<p>Week 12</p> <p>Module 3: Tools and Case Studies</p>	<p>Improving Fiscal Performance</p> <p>Assignments:</p> <ul style="list-style-type: none"> • Read: Internet Articles assigned • Post: Discussion Board answers • Submit: Evidence of Learning for module 3 • Final Exam <p>Topics:</p> <ul style="list-style-type: none"> • Recording and analyzing financial operations.

	<ul style="list-style-type: none">• Planning finances• Monitoring finances• Controlling finances• Spending and borrowing money. <p>Learning Objectives:</p> <ul style="list-style-type: none">• Student will recognize the tasks involved with financial management.• The student will demonstrate the ability to define/explain assets, liabilities, net worth, revenue, expenses, direct costs, indirect costs, FTE, and break-even analysis.• The student will recognize sources of capital for an organization.
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