Course Description:

This course is designed as an introduction to selected finance and accounting topics of relevance to the health care professional, supervisor and department head. No previous knowledge of accounting or financial management is required nor presumed. Emphasis in the first half of the course will be placed on basic financial accounting concepts to provide an organization-level understanding of the language, concepts, processes and functions of financial management. The second half of the course will emphasize managerial accounting principles and techniques including cost accounting and budgeting. The focus will shift from organizational level to departmental level financial management and the role of the supervisor in this process including budget development and control.

This course should prepare a student for more advanced courses in financial management in health care offered within the Graduate School of Public Health or elsewhere in the University. More importantly, it should provide the health care professional in a variety of organizational contexts with concepts and tools useful to the supervisor, program director, or department head in her/his role as "financial manager".

Rationale
This course is required for the MHA Program in partial satisfaction of the CAHME criterion to provide adequate curricular content in financial management in health care. It is also required for students in the MPH in Health Policy & Management Program, M.S. in Health Information Systems (SHRS) and Medical-Surgical track in the Clinical Nursing Services and the MSN in Nursing Administration Programs (School of Nursing).

Texts (Required)


4. Other readings distributed and/or on-line.

5. The Wall Street Journal. Dow Jones & Co. Reading the WSJ regularly is mandatory for the financially literate and is strongly recommended as a supplement to the required readings.

Texts (Recommended)


Web-based Resources

- [www.aha.org](http://www.aha.org) – The American Hospital Association (AHA) is the national professional association that represents and serves as advocate for hospitals, health care systems and networks and their patients and communities. This site provides links relevant to health policy, regulation of health care and health management, including financing of health care.

- [www.fasb.org](http://www.fasb.org) – The mission of the FASB is to establish and improve standards of financial accounting and reporting that foster financial reporting by nongovernmental entities that provides decision-useful information to investors and other users of financial reports. That mission is accomplished through a comprehensive and independent process that encourages broad participation, objectively considers all stakeholder views, and is subject to oversight by the Financial Accounting Foundation Board.

- [www.hfma.org](http://www.hfma.org) – Health care finance industry's leading professional association. Members have many options for helping them advance their careers including conferences, seminars, eLearning, certification, and other educational resources.
Instructor’s Goals

The instructor has set the following broad goals for the teaching of this course:

1. That he will create a learning environment in which students feel comfortable in learning new and unfamiliar material, including those with “math anxiety”.

2. That the students will become familiar with the basic language of accounting and financial management, specifically relevant to non-profit healthcare organizations.

3. That the students will be able to understand, interpret and communicate conventional financial management reports including financial statements, cost reports, budgets and variance reports as an important managerial competency.

4. That the students will be able to communicate effectively with financial and non-financial managers about financial management issues, including the financial implications of operating decisions.

5. The students will be well prepared to achieve a higher level of financial management competency in Applications & Issues of Financial Management of Health Care Organizations (HPM 2014) and subsequent elective courses in financial management.

Course Learning Objectives

Upon thoughtful participation in class lectures and discussion and completion of all course requirements, the student should be prepared to apply the following specific knowledge, skills and tools:

1. Define and apply basic concepts of financial accounting including the basic accounting equation.
2. Understand the logic and form of the general financial statements and the purposes they serve for constituencies.

3. Analyze prepared financial statements applying selected financial ratios to determine the financial position and trends of the HCO.

4. Demonstrate analytical and group process skills in by preparing and presenting financial case analyses.

5. Understand the concepts of cost accounting within the health care organization and the nature of cost behavior.

6. Apply various tools and techniques associated with cost analysis and decision-making.

7. Explain the role of the budgetary process in management control and planning and distinguish between various approaches to budgeting.

8. Apply budget variance techniques to demonstrate understanding of the relationship between performance standards, projections and actual operating data.

9. Understand the importance of working capital management and the revenue cycle for the financial viability of the HCO.

10. Calculate net present and future values for adjusted cash flows in investment projections and decision making.

Competencies and Learning Objectives

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Level of Mastery *</th>
<th>Teaching Methods</th>
<th>Assessment</th>
<th>Learning Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial management</td>
<td>B-I</td>
<td>Problem solving, case analysis, lecture, readings, class discussion</td>
<td>In-class review of problem sets; case analyses, 2 exams</td>
<td>#1 - #10</td>
</tr>
</tbody>
</table>
The Commission on Accreditation of Healthcare Management Education (CAHME) separates teaching or learning methods and assessment methods into lower-level and higher-level categories of methods. As applied to this course, the lower and the higher-level methods for teaching and assessing, with approximate allocations of course time, are as follows:

<table>
<thead>
<tr>
<th>Analytical thinking</th>
<th>I</th>
<th>Problem solving, case analysis, readings</th>
<th>Same as above</th>
<th>#3, #4, #6, #8, and #9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization awareness</td>
<td>B</td>
<td>Lecture, case analyses, class discussions</td>
<td>Evaluating case analyses</td>
<td>#2, #5, and #7</td>
</tr>
<tr>
<td>Accountability</td>
<td>A</td>
<td>Problem solving, small group process (cases)</td>
<td>Case presentation, problem sets</td>
<td>#4</td>
</tr>
</tbody>
</table>

*B = Basic; I = Intermediate; A = Advanced

Grading Factors & Weights

Students will be evaluated on the basis of the following components and weights subject to change with appropriate notice:
<table>
<thead>
<tr>
<th>Component</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Term exam</td>
<td>25</td>
</tr>
<tr>
<td>Final exam</td>
<td>25</td>
</tr>
<tr>
<td>Homework</td>
<td>20</td>
</tr>
<tr>
<td>Case Analyses</td>
<td>30</td>
</tr>
</tbody>
</table>

Students will be given credit for completed homework assignments although individual assignments will not be given letter grades. Completing the homework assignments and readings thoughtfully has been demonstrated to be essential for achieving mastery of the course material. **It should be noted that class attendance is especially important given the nature of the course material.** Students are urged to contact the instructor in the event of unavoidable absences extending beyond one session.

**Homework.** All homework assignments will be reviewed and discussed in class. Students will have one week to review and/or correct their homework before submitting for a point score.

**Exams.** In-class exams will be problem-based, closed-book and notes. The student will have two hours and 20 minutes to complete each exam.

**Case Analysis.** Student teams will be formed and assigned to one of six cases scheduled. Two teams of four or five students will be assigned to each case. Each team will prepare a Power Point presentation of their case analysis but only one team selected randomly will actually provide a 30-minute in-class presentation. The second team will submit their analysis and be expected to participate in a focused discussion about the case following the other team’s presentation.

**Grading Scale**

The final grade will be based on total points earned using the following scale:

<table>
<thead>
<tr>
<th>Points</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>99 - 100</td>
<td>A+</td>
</tr>
<tr>
<td>92 - 98</td>
<td>A</td>
</tr>
<tr>
<td>89 - 91</td>
<td>A-</td>
</tr>
<tr>
<td>82 - 88</td>
<td>B</td>
</tr>
<tr>
<td>79 - 81</td>
<td>B-</td>
</tr>
<tr>
<td>72 - 78</td>
<td>C</td>
</tr>
<tr>
<td>69 - 71</td>
<td>C-</td>
</tr>
<tr>
<td>&lt; 69</td>
<td>F</td>
</tr>
</tbody>
</table>

CourseWeb/Blackboard
This course will be supported by the utilities available through the University’s CourseWeb/BlackBoard system. Students may gain access to this on-line classroom support by accessing www.pitt.edu/~ciddeweb/COURSEWEB and following the path to this check for course announcements, additional references and posting of grades.

Academic Integrity

The Provost Office maintains a website that provides details on the Code for Academic Integrity; please see http://www.pitt.edu/~provost/ail.html. This code includes obligations for faculty and students, procedures for violations and other critical information. You are encouraged to review this policy carefully as it will apply to all your course work in the GSPH. Violations of academic integrity are taken very seriously and may lead to sanctions including a failing grade on an exam, for the course and/or other appropriate disciplinary action.

Students with Special Needs

If you have a disability for which you are or may be requesting an accommodation, please contact your instructor at your earliest opportunity. In addition, you should contact the Office of Disability Resources and Services, 216 Pitt Union, (412) 648-7890 or (412) 383-7355 (TTY) to access the services provided by their staff. DRS will verify your disability and assist with determining reasonable accommodations for this course.

Professional Conduct

Students are expected to maintain professional demeanor and conduct during the in-class sessions. At the minimum this entails attentiveness, readiness to participate, and minimal side-bar conversations. Texting or tweeting during the class session which is discourteous and in the extreme, can be disruptive, is discouraged. A student who must accept or place a cell phone call or respond to a pager should leave the classroom or wait for the next break.

Recording (audio and video)

Students who wish to record a lecture (audio or video) or other in-class presentation must have prior approval of the course instructor or guest speaker.
<table>
<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/03/15</td>
<td>Overview of the course and syllabus; Context of financial management in health care; basic financial accounting concepts and principles</td>
<td>GAP, Ch. 1-2</td>
</tr>
</tbody>
</table>
| 9/10/15   | Economic transactions & the basic accounting equation; T-account logic and exercises | NOW-I, Ch. 2
|           |                                                                       | Problem Set 1!            |
| 9/17/15   | Financial Statements I: Structure, Logic and relevance                | GAP Ch. 3-4               |
| 9/24/15   | Financial Statements II: Case Study (Harris Memorial Hospital)        | Harris Memorial Audited Statements(CSC, 249-266, Appendix 9-A)
|           |                                                                       | Problem Set 2!            |
| 10/01/15  | Financial statement analysis I: financial ratios                     | GAP, Ch. 17               |
| 10/08/15  | Financial statement analysis II: Trends and benchmarks; “real world” financial statement analysis | PHC4 Financial Analysis 2013, GAC Hospitals; Problem Set 3! |
| 10/15/15  | Revenue Cycle & exam review                                          | NOW-II, Ch. 9             |
| 10/22/15  | MID-TERM EXAM                                                        | All readings/problems to date |
| 10/29/15  | Managerial and cost accounting                                       | GAP, Ch. 5;               |
10

cost concepts and behavior  
FWB, Ch. 2

Riverview Community Hospital (A)  
Presentation (Financial Analysis)

Riverview Community Hospital (A)  
Presentation (Financial Analysis)

New England Healthcare
(Premium Development)

11/05/15 Cost and decision-making; break-even analysis  
FWB, Ch. 5-6;
NOW-II, Ch. 6`

New England Healthcare
(Premium Development)

11/05/15 Cost and decision-making; break-even analysis  
FWB, Ch. 5-6;
NOW-II, Ch. 6`

New England Healthcare
(Premium Development)

11/05/15 Cost and decision-making; break-even analysis  
FWB, Ch. 5-6;
NOW-II, Ch. 6`

New England Healthcare
(Premium Development)

11/12/15 Indirect cost allocation; cost drivers; full costing  
FWB, Ch. 4

Tulsa Memorial Hospital
[B/E Analysis] ###

11/12/15 Indirect cost allocation; cost drivers; full costing  
FWB, Ch. 4

Tulsa Memorial Hospital
[B/E Analysis] ###

11/12/15 Indirect cost allocation; cost drivers; full costing  
FWB, Ch. 4

Tulsa Memorial Hospital
[B/E Analysis] ###

11/12/15 Indirect cost allocation; cost drivers; full costing  
FWB, Ch. 4

Tulsa Memorial Hospital
[B/E Analysis] ###

11/19/15 RVUs and pricing decisions  
GAP, Ch. 7;
NOW-II, Ch. 7

Big Bend Medical Center
[Cost Allocation]

11/19/15 RVUs and pricing decisions  
GAP, Ch. 7;
NOW-II, Ch. 7

Big Bend Medical Center
[Cost Allocation]

11/19/15 RVUs and pricing decisions  
GAP, Ch. 7;
NOW-II, Ch. 7

Big Bend Medical Center
[Cost Allocation]

11/19/15 RVUs and pricing decisions  
GAP, Ch. 7;
NOW-II, Ch. 7

Big Bend Medical Center
[Cost Allocation]

11/26/15 Thanksgiving Holiday (NO CLASS)

12/03/15 Budgeting and Control processes  
GAP, Ch. 8

Variance analysis; revenue and expense budgeting  
H&B, Ch. 13

Cambridge Transplant Center
[Marginal Cost/Pricing Analysis]

12/03/15 Budgeting and Control processes  
GAP, Ch. 8

Variance analysis; revenue and expense budgeting  
H&B, Ch. 13

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GAP, Ch. 8

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12/03/15 Budgeting and Control processes  
GAP, Ch. 8

Variance analysis; revenue and expense budgeting  
H&B, Ch. 13

Cambridge Transplant Center
[Marginal Cost/Pricing Analysis]

12/10/15 Time value of money (NPV); IRR and ROI  
GAP, Ch. 9

Cascades Mental Health Clinic
[Cost Allocation]

12/10/15 Time value of money (NPV); IRR and ROI  
GAP, Ch. 9

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12/10/15 Time value of money (NPV); IRR and ROI  
GAP, Ch. 9

Cascades Mental Health Clinic
[Cost Allocation]

12/17/15 Wrap-up and review  
Orlando Family Physicians [Pay for Performance]

12/18/15 (2:00 - 4:30 p.m.) OR  FINAL EXAM  All readings & problems post-MT
12/19/15 (9:30 - 12:00 noon) DATE AND TIME TO BE DETERMINED
Footnotes:

# Anticipated flow of discussion topics; precise adherence to this schedule should not be expected.

## Subject to change with due notice; supplementary material will be distributed in class or on-line

### Scheduling of case presentations after mid-term subject to change with due notice.

! – Tentative date for discussion of the problem sets that should be submitted no later than one week following in-class review.

Abbreviations:


