

**HPM 436, Section 1  
Healthcare Financial Management  
Winter 2019**

**Class time:** Mondays, 9:00AM – 11:50AM, unless otherwise noted on syllabus due to holidays.

**Room:** CHS 41-268, unless noted on syllabus

**Instructor:** Name: Julie Elginer, Dr.PH, MBA  
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**Teaching Assistant:** Name: Madison Gamm  
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Office Hours: Thursdays, 3:00PM – 4:00PM, and by appointment

**CLE Site:** <https://ccle.ucla.edu/course/view/19W-HLTPOL436-1>

**Course Description:**

This is a four-unit, skills-building class designed to provide students with tools for financial management responsibilities in healthcare. It offers a practical approach for identifying, analyzing, and making recommendations regarding the financial viability of business decisions facing healthcare organizations. Using techniques and methodologies discussed in class, students will determine the financial impact, feasibility and sustainability of scenarios facing healthcare organizations. The course will include several guest lecturers who lead finance areas within the healthcare sector including hospitals, community health centers, a healthcare foundation and biotechnology. The course will culminate with the development and presentation of a group project, which will be the financial evaluation of two entities within the healthcare sector.

The class is offered in a hybrid format. As such, the class meets 3 hours per week, with an additional hour of remote engagement with the instructor, the teaching assistant and fellow students. Each week, students will be provided with instructions regarding topics and areas for online discussion and deliverables.

**Course Prerequisites:**

HPM 234, HPM 403 are the course prerequisites. The course is open to graduate in the School of Public Health and to qualified graduate students by permission of the instructor. It is recommended that students have completed one course in graduate level accounting or economics prior to enrollment.

**Course Competencies:**

Described in detail on page 2. This is a competency and skills building class, thus these are taken seriously.

	<b>Council on Education in Public Health</b>	<b>American Society of Public Health</b>
<b><u>Learning Objectives</u></b>	<b><u>Competencies</u></b>	<b><u>Competencies</u></b>
<b>Upon completion of this course, students should be able to...</b>		
1. Using the tools and concepts discussed in class, identify and apply the most common techniques of healthcare financial management.	D2:4. Interpret results of data analysis for public health research, policy or practices. D2:10: Explain basic principles and tools of budget and resource management. M:4. Conduct financial analyses, including reading and analyzing financial statements.	E5. Apply the principles of program planning, development, budgeting, management and evaluation in organizational and community initiatives. E8. Apply "systems thinking" for resolving organizational problems. K1.2. Describe and understand the main characteristics and components of issues of the organization, financing and delivery of health services and public health systems in the U.S. K2.4. Financial Analysis: Understand and explain financial and accounting information. K3.13 Comprehend financial and economic analysis and their application.
2. To understand elements that are within the manager's responsibility as healthcare organizations seek to control costs and spending, with generating revenues.	D2:2. Select quantitative and qualitative data collection methods appropriate for a given public health context. D2:10: Explain basic principles and tools of budget and resource management. M:3/ P:3. Apply problem-solving skills to improve functioning of organizations and agencies in public health and healthcare systems. M4: Conduct financial analyses, including reading and analyzing financial statement.	E5. Apply the principles of program planning, development, budgeting, management and evaluation in organizational and community initiatives. E7. Apply quality and performance improvements concepts to address organizational performance issues. K2.4. Financial Analysis: Understand and explain financial and accounting information. K3.13 Comprehend financial and economic analysis and their application.
3. Identify and discuss upcoming business challenges faced by healthcare organizations, plus provide possible financial solutions through homework, case studies and group project.	D2:4. Interpret results of data analysis for public health research, policy or practices. D2:19. Communicate audience-appropriate public health content, both in writing and through oral communication. M:4. Conduct financial analyses, including reading and analyzing financial statements.	E9. Communicate health policy and management issues using appropriate channels and technologies. K1.8. Analyze economic decisions related to healthcare organizations and the health system. K2.4. Financial Analysis: Understand and explain financial and accounting information. K3.9. Analyze economic decisions of healthcare consumers, providers, organizations and the healthcare system. K3.13. Comprehends financial and economic analysis and their application.
4. To work in diverse teams to effectively communicate, both orally and in writing, regarding the strengths, weakness, opportunities and threats for a healthcare organization.	D2:4. Interpret results of data analysis for public health research, policy or practice. D2:19. Communicate audience-appropriate health content, both in writing and through oral presentation. D2:21 Perform effectively on interprofessional teams. M:3/ P:3. Apply problem-solving skills to improve functioning of organizations and agencies in public health and healthcare systems. M4: Conduct financial analyses, including reading and analyzing financial statement.	E.6. Apply principles of strategic planning and marketing to public health. E9. Communicate health policy and management issues using appropriate channels and technologies. E10. Demonstrate leadership skills for building partnerships. K4.4. Uses various methods to communicate effectively. K4.6. Builds relationships and collaborates with colleagues and constituents. K4.7 Works effectively in teams.

**Methods of Evaluation:**

**Grading:**

Homework (4):	20%
Exam 1 - Midterm:	15%
Exam 2 - Final:	20%
Group Project / Presentation:	25%
Peer Review of Group Project:	5%
Class Attendance and Participation (including online):	15%

Letter grades for the course will be assigned as follows:

98 - 100 = A+	88 - 89 = B+	78 - 79 = C+	Below 70 = F
93 - 97 = A	83 - 87 = B	73 - 77 = C	
90 - 92 = A-	80 - 82 = B-	70 - 72 = C-	

**Homework:**

Assigned homework problems may include exercises from the textbook; however, it could also include case studies, dashboards, templates, etc. (unless otherwise noted). Homework is designed to prepare students for the examinations and the group project deliverable. They are to be completed individually. Students may work together on practice problems but not on deliverables that will be submitted for evaluation.

Please use the following nomenclature when submitting online deliverables (homework and exams): *Last name\_First name Assignment # (Ex: Gamm\_Madison Midterm or Gamm\_Madison Assignment 1).*

Assignment #1: Revenues and Expenses	Due: 1/23/19
Assignment #2: Cost Classifications and Breakeven Analysis	Due: 1/28/19
Assignment #3: Vertical and Horizontal Analysis / Dashboard	Due: 2/20/19
Assignment #4: Budgeting	Due: 3/08/19

**Please note:** Your homework, exam submissions and presentation will require you to produce “client ready” deliverables. This is an opportunity for you to develop skills necessary to present materials to your boss, colleagues and clients. Be sure to pay attention to detail and give consideration to both content and format. This is an important component of the class and students cite this as one of the most significant in terms of their professional development.

**Late Submissions:** Deliverables are due on dates and times posted. If students are unable to meet the required dates, approval must be given by the faculty at least 48 hours in advance. Assignments that are overdue for which an extension has not been granted will be reduced by one letter grade for each day it is late. For group exercises, each member of the group will be held to the aforementioned standard.

**Group Presentation: 3/11/19**

During the second week of the course, students will be placed into groups of no more than 5 for the group work. These groups will collaborate throughout the course, both in person and online. It is recommended that groups include at least one person with a background in accounting, economics or financial management. Each group will be evaluating one entity within the same healthcare business group. For the Winter Quarter 2019, the class will evaluate various foundations providing resources for the healthcare sector. Groups will select the foundation that will be the basis for financial analytics throughout the course. Foundations will be allocated to groups based on requests received (first come, first served). Groups will select from one of the following:

Healthcare Foundations:

AIDS Healthcare Foundation  
Avon Foundation for Women  
Leukemia and Lymphoma Society Foundation  
California Healthcare Foundation  
California Wellness Foundation  
Rockefeller Foundation

Using concepts discussed throughout the course, each team will have twenty minutes to present their analysis to the class. Teams will use publicly available financial statements as the basis for their evaluation. It is expected that the final deliverable will be of sufficient quality that it could be submitted to leadership meeting as part of an annual long-range planning exercise. During the presentation, the class will be formulating questions that will be asked of the presenting team during the question / answer period. Since all groups will be evaluating the healthcare foundation industry, it is expected that questions will be well informed resulting in meaningful dialogue about the sector.

Teams will present their final product during the tenth week of class. For the final presentation, teams will be expected to develop a PowerPoint presentation and evaluate the foundation's financial viability. A panel of financial management professionals will evaluate the team for thoroughness, robustness of analytics and meaningful conclusions drawn through analysis. This will be considered the final assessment and should be comprehensive. Names of group members and first-second-third preferences from the pre-selected group of possible foundations are due 1/18/19.

**Peer Review of Group Exercise:** Individuals will assess members of their group based on contributions including thoroughness, timeliness, responsiveness, leadership and creativity to the final product. If a student has not fully contributed to the final deliverable, this is an opportunity for peer-to-peer evaluation. A weighted average of assessments from team members will be worth 5% of the student's final grade.

**Class Attendance and Participation:**

The nature of this course requires students to attend and participate in each class session. Students are expected to be up to date on issues faced by HCOs. While this can be accomplished with the aid of a daily newspaper, it is recommended that students also subscribe to daily list serves such as Health Leaders Media Finance, California Healthline and the Wall Street Journal.

*Attendance:* If a student needs to miss class, please send an email to the faculty prior to the absence and it will be noted. You are expected to be familiar with materials covered in class through CCLE and other student's notes. Students will be evaluated based on regular attendance as well as participation in class discussions, demonstrated knowledge of required readings and interactive discussions with faculty, students and guest lecturers

*Participation:* Requires more than simply attending class. It includes completing the assigned readings, asking questions about the readings or issues raised during discussion, offering arguments and responses, and listening to the arguments and responses of others. Evaluation of participation falls into the following categories:

*Full Credit – 10 points:*

- Regularly makes helpful, relevant contributions to discussion.
- Occasionally offers observations that challenge other participants to think about the material in new ways.
- Actively participates in group discussions.
- Contributes valuable insight.

*Partial Credit – 5 points:*

- Makes infrequent helpful, relevant contributions to discussion.

- Participates in group discussions.
- Attends regularly and actively pays attention to discussion.
- Occasionally contributes to group discussions.

*Minimal or no credit – 0-5 points:*

- Does not attend regularly, does not pay attention to discussion or contribute.

Modifiers:

- Missing more than one class will lower your grade.
- Being distracted or inattentive during class will lower your grade.

Making contributions to discussion means:

- Asking questions about the readings, presented materials, or during discussion in order to clarify issues or make additional observations;
- Offering answers to questions asked by others in class;
- Making claims or observations about the issues being discussed; and
- Offering support, criticism, modification, or clarification for claims being discussed.

Notice that the sheer volume of your contributions does nothing to improve your grade. A genuine question always counts as relevant and helpful. Relevant contributions show you are engaging with the issue being discussed at the time, and that you are well-prepared for class. Helpful contributions advance or improve the discussion by bringing in new ideas; helping the class understand the issues being discussed; redirecting our attention to the text; keeping us "on track"; and changing the subject when needed.

**Electronic Device Policy:**

In our efforts to provide an environment that fosters and supports learning and the exchange of ideas and to maximize our time together, the faculty requests that laptops are used ONLY for course content and cell phones silenced during class. Using an electronic device for activities unrelated to the learning experience coordinated by the course instructor distracts the student using the device, his/her neighbors, and the professor. Additionally, this usage is viewed as disrespectful of all others (students and instructor) engaged in the teaching/learning process. The quality of the learning experience suffers when these discourteous distractions occur. If a student is in violation of this request, it will be addressed by the faculty. Repeated violations may result in the faculty requesting the student leave class.

**Academic Integrity:**

This course is governed by the UCLA code of academic integrity provided by the Office of the Dean of Students.

Course participants are strongly encouraged to read the document regarding cheating and plagiarism. The policy is available at: <http://www.studentgroups.ucla.edu/dos/assets/documents/StudentGuide.pdf>.

**Academic Accommodations Based on Disability:**

Students needing academic accommodations based on a disability should contact the Center for Accessible Education (CAE) at (310) 825-1501 or in person at Murphy Hall A255. When possible, students should contact the CAE within the first two weeks of the term as reasonable notice is needed to coordinate accommodations. For more information visit [www.cae.ucla.edu](http://www.cae.ucla.edu). This information will be treated as confidential.

## READINGS

### **Required Texts:**

The required text for this course is the fifth edition of “Healthcare Finance: Basic Tools for Nonfinancial Managers” by Judith J. Baker and R.W. Baker. Published by Jones & Bartlett Learning, the fifth edition also allows online access to supplemental materials that will be used in class. Students are expected to purchase or rent the fifth edition for Winter 2019. You will need your own copy of the text as these materials are used for exams.

### **Supplemental Readings:**

We will be using materials from several sources to supplement our learning experience. These include, but are not limited to, online interactive sessions (Baker and Baker), online tutorials (Gapenski) and Harvard Business School cases. Most of these materials will be used during the hybrid portion of the class.

There are several additional Public Health Finance tutorial modules that are free and are considered essential supplemental resources for this class. Developed by Louis C. Gapenski, a national expert on healthcare finance, the tutorials cover finance knowledge and skills vital to public health managers.

<http://www.publichealthfinance.org/training-and-education/2875>

Additional supplemental readings will be posted on the Common Collaboration and Learning Environment (CCLE) website. Readings consist of articles, case studies and other materials pertaining to healthcare financial management.

*It is expected that students will complete all readings before the lecture.*

Class	Date	Topics and Readings				
<b>I. INTRODUCTION</b>						
1	1/7	<p><b>Introduction to Financial Management</b>  This session will introduce the major topics that are central to healthcare financial management. It will build on the interconnected nature of financial accounting and will begin to help students understand the primary aspects involved with financial management in healthcare entities.</p> <p>Topics will include elements of financial management, types of organizations, management cycles and control verses planning functions, as well as assets, liability and net worth. In addition, students should leave this session with a solid understanding of what is expected of them throughout the quarter and overall course content. In the ten-week quarter, students will focus on the following concepts:</p> <table border="1" data-bbox="399 678 1528 974"> <thead> <tr> <th data-bbox="399 678 964 716"><i>First Half</i></th> <th data-bbox="964 678 1528 716"><i>Second Half</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="399 716 964 974"> Revenues / expenses  Responsibility, profit and cost centers  Cost classifications: direct, indirect, variable, fixed, semi-variable  Contribution margin and breakeven analysis  Financial statements  Ratio analysis (liquidity, solvency, etc) </td> <td data-bbox="964 716 1528 974"> Trend analysis: horizontal and vertical  Forecasting and assumptions  Budgeting: top down, zero-based, incremental  Variance analysis  FTE calculations  Sensitivity analysis and scenario planning  Financial management and strategic planning </td> </tr> </tbody> </table> <p><b>Readings:</b>  Baker and Baker: Chapters 1-3 (pages 3-29)</p> <p>Honore, PA and Costich, JF. Public Health Financial Management Competencies, <i>J of Public Health Management and Practice</i>, 2009, 15(4), 311-318</p> <p><b>Online Module by Friday, January 11</b>  3 questions pertaining to your competency development and 2 questions pertaining to working with reports. Teaching Assistant will post questions to forum.</p>	<i>First Half</i>	<i>Second Half</i>	Revenues / expenses Responsibility, profit and cost centers Cost classifications: direct, indirect, variable, fixed, semi-variable Contribution margin and breakeven analysis Financial statements Ratio analysis (liquidity, solvency, etc)	Trend analysis: horizontal and vertical Forecasting and assumptions Budgeting: top down, zero-based, incremental Variance analysis FTE calculations Sensitivity analysis and scenario planning Financial management and strategic planning
<i>First Half</i>	<i>Second Half</i>					
Revenues / expenses Responsibility, profit and cost centers Cost classifications: direct, indirect, variable, fixed, semi-variable Contribution margin and breakeven analysis Financial statements Ratio analysis (liquidity, solvency, etc)	Trend analysis: horizontal and vertical Forecasting and assumptions Budgeting: top down, zero-based, incremental Variance analysis FTE calculations Sensitivity analysis and scenario planning Financial management and strategic planning					
<b>II. FINANCIAL OPERATIONS</b>						
2	1/14	<p><b>Building Blocks: Revenues and Expenses</b>  Regardless of the type of healthcare entity, managers must be cognizant of the revenue and expense components for their areas of responsibility. This session will be dedicated to developing an understanding of the sources of revenue, the challenges of recognizing revenue timing, contractual allowances, revenue centers, and revenue groupings. Additionally, students will learn expense management including the distinction between expenses and costs, the timing of disbursement for services, and grouping of expenses for planning and control (cost centers). Together, revenues and expenses form the backbone of financial management and managers must understand that they will likely be held accountable for managing both.</p> <p><b>Readings:</b>  Baker and Baker: Chapters 4-6 (pages 31-54)</p> <p><b>Online Module by Friday, January 22:</b>  <b>Interactive Media:</b> Jones and Bartlett Landscape 1: Critical Case for Billing and Coding  Complete Week 2 Estimating Costs and Margins Discussion Forum Post</p>				

		<b>DUE: BY 1/18/19</b> , submit preferences of top three choices for healthcare foundation from pre-identified list. Teaching Assistant will allocate preferences on a first come, first served basis.
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**Analytics and Interpretation**

	1/21	<b>No Class due to MLK Holiday. Students are encouraged to spend part of the day in service in honor of Dr. King</b>
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3	<p>1/23*</p> <p>WED</p> <p>Note:</p> <p>Class held at 8 AM in CHS 51-279</p>	<p><b>Introductory Analytics: Cost Classification and Break-Even Analysis</b></p> <p>The value of financial management becomes evident through the ability to conduct analysis to make informed managerial decisions. Students will review direct and indirect costs as well as fixed, variable and semi-variable costs. They will study how cost classifications roll up to responsibility centers. This is important, as most managers will be held accountable for several areas and students must understand how line items can be controlled. Using this insight, we will study techniques for conducting contribution margin and breakeven analysis. These skills are significant as students develop an appreciation for what role manager’s choices and decisions may play in the profitability of a healthcare organization.</p> <p>Bring your textbook – we will be working through examples in class.</p> <p><b>Readings:</b> Baker and Baker: Chapters 7-8 (pages 55-79)</p> <p><b>Public Health Financial Management Tutorial: Estimating Costs and Margins (Gapenski)</b> All students must read the PDF file uploaded to the CCLE site (pg 1-15, plus the key concepts on pages 20-21). It is suggested that groups “divide” the questions and post to CCLE for studying purposes. Check the CCLE site for question allocation per group.</p> <p><b>Online Module by Monday, January 28</b> One-hour Webinar on Cost Shifting – Details for accessing will be sent via email. Most post key takeaways as discussed in class.</p> <p><b>Homework #1: due before class begins.</b> Exercises provided via instructions in class.</p> <ol style="list-style-type: none"> <li>1. Contractual allowances and cost shifting</li> <li>2. Grouping expenses by codes</li> </ol>
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**III. REPORTING AND MEASURING FINANCIAL RESULTS**

4	1/28	<p><b>Reporting as a Tool Rather Than a Requirement: Financial Statements</b></p> <p>Virtually all healthcare organizations use financial statements to communicate the fiscal health of their entity. Creditors, investors, governmental and community agencies require considerable information as they consider the financial performance of an organization. Managers must be conversant in the information contained on these statements and develop an understanding of how to read, interpret and analyze them. Students will review terminology and equations from financial accounting and will build on their knowledge to understand how the statements are interrelated. Students will also learn how to prepare them and conduct analysis. These skills help students develop the ability to analyze the fiscal health of a HCO from the outside.</p> <p>Bring your textbook – we will be working through examples in class.</p> <p>Additionally, most managers will be faced with the need to justify staffing requirements. Generally, these are expressed as full-time equivalents (FTEs) and managers must understand how to calculate the number of FTEs required to fill a position. The costs are under the direct control of the manager and will impact overall fiscal performance. These skills help students perform internal analysis. If time allows, we will cover this concept during this session. If not, it will be moved to a future session.</p>
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5	2/4	<p><b>Financial and Operating Ratios: What Statements May Reveal Regarding the Financial Condition Hiring and Justifying Staff: Calculating FTEs plus Using Dashboards to Guide Decision Making</b> While ratios do not tell the whole story, ratio analysis are widely accepted in financial management circles and provides important information to creditors or investors. It is also a comparative tool that allows individuals to see results over time and to determine how managerial decisions influence financial performance. Various types of ratios will be examined including liquidity, solvency and profitability. Students will learn to compute and interpret ratios. These skills help students analyze an entity from the outside. We will also discuss operating indicator analysis, which goes one step beyond financial statement analysis by examining the operating variables with the goal of explaining an entity's financial condition.</p> <hr/> <p><i>GUEST LECTURER: Andrew Do, MPH ('16) – Kaiser Permanente, Assistant Department Administrator of Regional Cardiac Center</i></p> <hr/> <p><b>Readings:</b> Baker and Baker: Chapter 12 (pages 121-134)</p> <p>Suarez, et al, "Making the case for using financial indicators in local public health agencies." Am J of Pub Health, 2011 March; 101(3): 419-425.</p> <p><b>Supplemental Resource:</b> Operating Indicator Ratios, Gapenski LC, "Healthcare Finance, an Introduction to Accounting and Financial Management" Fifth Edition. Appendix B</p> <p>Financial Ratio Analysis: A Guide to Useful Ratios for Understanding Your Social Enterprises Financial Performance." December, 2013. Demonstrating Value Initiative at Vancity Community Foundation.</p> <p><b>Online Module by Friday, February 8:</b> Complete the Dashboard exercise for your group project. The template has been provided to you. This will be a portion of your final deliverable.</p> <hr/> <p><b>DELIVERABLES DUE:</b> <b>Friday, February 8:</b> Complete mid-quarter survey sent via link to Survey Monkey. <b>Monday, February 11: MIDTERM DUE before 9 AM. NO EXCEPTIONS.</b></p>
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**IV. FINANCIAL MANAGEMENT FOR PLANNING AND CONTROL**

6	2/11	<p><b>Trend Analysis, Pro-Forma Financial Statements and Forecasting: Where Have We Been and Where Are We Headed?</b></p> <p>Perhaps one of the most valuable skills that managers have is the ability to compare data over periods of time for the purposes of obtaining <u>meaningful</u> insights. Students will spend time learning how to engage in common size analysis, conducting trend analysis, and employing both horizontal and vertical analytics. After students have become comfortable analyzing past performance and identifying trends, we will introduce the use of prospective financial management through forecasting. Students will also be expected to understand the appropriate use of assumptions when forecasting, including how to document and justify such assumptions. Students will be expected to conduct forecast assumptions for revenue, staffing and capacity level assessments. These skills help students conduct internal analysis.</p> <hr/> <p><i>GUEST LECTURER: John Elginer, MBA Former Treasurer of Amgen, Inc. and Chief Financial Officer of Amgen Foundation</i></p> <hr/> <p><b>Readings:</b> Baker and Baker: Chapter 14 (pages 149-160)</p> <p><b>Online Resource:</b> Public Health Financial Management Tutorial: Assessing Financial Performance (Gapenski)</p> <p><b>Online Module by Friday, February 15 (We'll begin working on this case study in class):</b> Bohmer, R. et al, The Case of Unidentified Healthcare Companies – 2010, Harvard Business School. This case study will be completed in your groups. Your final project will include similar types of analytics thus it is recommended that you use this case study as preparatory work. Your group's analysis will be due by 5 PM on Friday, February 16, 2018</p>
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	2/18	<b>No class due to President's Day</b>
7	<p>2/20*</p> <p>WED</p> <p>Note:</p> <p>Class held from 8 AM – 10:50 AM in CHS 51-279</p>	<p><b>Volume, Operating and Capital Budgets:</b></p> <p>We will discuss the Harvard Business School case and how your groups approached identification of the fourteen healthcare organizations.</p> <p>Additionally, we will introduce budgeting and the significance that managers play in developing and executing budgets. The budgeting process is an extension of the planning process discussed previously. Budgets are particularly important as they are the instrument through which organizational activities are prioritized and quantified. Topics will include top down and bottom-up budgeting, incremental and zero-based budgeting, comprehensive and limited-in-scope budgets and discrete and continuous budgeting. We will include a discussion regarding the role that managing budgets plays into performance evaluation. We'll conclude with an introduction to the most common types of budgets: volume based, operating and capital.</p> <p>We will introduce the concept of Return on Investment (ROI), discuss its value to an organization and to managers as they build a business case for investing resources. We will build on the NPV discussion from Financial Accounting and demonstrate how three crucial factors play into ROI: financials, time and probability.</p> <p>Finally, if we did not complete the FTE discussion earlier in the quarter, the second half of the lecture will be presented at this time.</p>

		<p><b>Readings:</b> Baker and Baker Chapters 16-17 (177-205)</p> <p>Miller, et al, "How Rolling Forecasting Facilitates Dynamic, Agile Planning." November 2013, Healthcare Financial Management Association</p> <p><b>Online Module by Friday, February 22:</b> Financial Management Competencies reassessment – individual</p> <hr/> <p><b>Homework #3: due before class begins.</b></p> <ul style="list-style-type: none"> <li>• Assignment Exercise 14-1 (Common sizing / vertical analysis for Metropolitan Health System)</li> <li>• Assignment Exercise 14-2 (Trend / horizontal analysis for Metropolitan Health System)</li> <li>• Based on your vertical and horizontal analysis, share meaningful conclusions. The Excel template provided includes expectations for the analysis.</li> </ul>
8	2/25	<p><b>Budget Development Process, Variance Analysis and Sensitivity Analysis</b></p> <p>As managers, students will be largely responsible for conducting budgeting activities relative to revenue, expenses, service volume. As such, the majority of time will be spent on these types of budgets. Students will develop practical skills by developing budgets by payer type, by revenue and expense, as well as by anticipated capital expenditures. Students will engage in a step-by-step approach to developing a budget including estimating volumes, converting volumes into projected revenues / expenses and adjusting revenues / expenses as necessary.</p> <p>The most common method of evaluating budget performance is variance analysis, which compares budgeted volumes, revenues and expenses to actual performance, typically on a monthly basis. Variance analysis ensures accountability by requiring managers to be able to explain why variances occurred and what actions are being taken to ensure favorable variances remain or negative variances do not recur. Generally, there are three types of variances: volume based, quantity (or use) based, price (or spending) based. Students will be expected to calculate line item variances and develop techniques for ascertaining how to rationalize the cause.</p> <p>Sensitivity analysis involves the ability to conduct "what if" scenarios. Students need to be able to project financial impact if assumptions change. It is quite common for volumes, revenues and expenses to vary; thus students will develop best case, base case and worst case deliverables.</p> <hr/> <p><i>GUEST LECTURERS: TBD (MPH Candidates 2019)</i></p> <hr/> <p><b>Readings:</b> Baker and Baker Chapter 18 (pg 211=222),</p> <p>Lee, TH and Cosgrove T, "Engaging Doctors in the Health Care Revolution." Harvard Business Review, June 2014 p 1-9.</p> <p>Public Health Financial Management Tutorial: Financial Planning and Budgeting (Gapenski)</p> <p><b>Online Module by Friday, March 1:</b> Webinar on Budget Development process. Link will be posted to CCLE.</p> <hr/> <p><b>DELIVERABLES DUE:</b> <b>Monday, March 4:</b> Begin reading the case entitled "The Whitney Clinic" from the Harvard Business</p>

		School case pack. We will have roughly 1 hour of time in class on March 4 to conduct a mock Board meeting and debrief the case.
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9	3/4	<p><b>Sensitivity Analysis and Strategic Planning</b>  <b>Kellogg School of Management Case: The Whitney Clinic (in class exercise – 1 ½ hours)</b></p> <p>We will spend approximately one hour in class conducting a mock Board meeting based on the case entitled, “The Whitney Clinic.” Each student will assume a role of a member of the Board or participant. The Board meeting will be conducted in class and we will have some time for debrief.</p> <p>Finally, students will be introduced to the role that financial management plays in strategic planning. We will discuss the basic elements included in a strategic plan, the process flows for creating goals, objectives and action plans, as well as the planning cycles over time. Students will be introduced to terminology, financial reports that inform the strategic plan, managerial responsibilities for planning. We’ll also discuss SWOT analysis and sensitivity analysis involved in strategic planning.</p> <p><b>Readings:</b>  Chapter 24 and Chapter 24A Worksheets and Questions (pg 273-308)</p> <p>Kellogg School of Management, “The Whitney Clinic” 2010, Northwestern University.</p> <p><b>Online Deliverable:</b>  SWOT analysis of your healthcare foundation – required.  Gapenski module - optional</p> <hr/> <p><b>Homework #4: due by Friday, March 8 at 5PM.</b></p> <ul style="list-style-type: none"> <li>• Departmental budget with ROI included</li> </ul>
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<b>V. FINANCIAL ANALYTICS IN ACTION</b>		
10	3/11	<p><b>Final Group Presentations (3 hours total, approximately 20 minutes per group plus Q&amp;A)</b></p> <p><b>Note:</b>  Class held 9AM to 1PM</p> <ul style="list-style-type: none"> <li>• Robert Wood Johnson Foundation (BASELINE)</li> <li>• Rockefeller Foundation</li> <li>• California Healthcare Foundation</li> <li>• California Wellness Foundation</li> <li>• AIDS Healthcare Foundation</li> <li>• Avon Foundation for Women</li> <li>• Leukemia and Lymphoma Society Foundation</li> </ul> <p>Panel reviewers:  Jennifer Duryea, MPH – Research Scientist and Health Economist, Outcomes Insights (invited)  David Reitzel, MBA – Partner, Grant Thornton, Chicago, IL practice</p> <p><b>Course Recap and Evaluations</b></p> <hr/> <p><b>DELIVERABLES DUE:</b>  <b>Tuesday, March 19: FINAL EXAM DUE by 5PM. NO EXCEPTIONS.</b></p>