

# PHCY 5442: Financial Planning for Health Institution Leaders

## <Winter, 2018>

Financial Planning for Health Institution Leaders is a two-semester hour course designed to provide development of the financial skills of the health institution leader through exploration of financial principles incorporating the unique environment of the health institution. The mix of services (inpatient, outpatient, nursing facilities, urgent/emergency care and components) will be studied through extensive use of case studies and models.

**Prerequisites:** Admission to the Master of Science in Health Services Administration program or permission of instructor. Application of credit from this course to the Master's program may not be applicable for those taking the course by permission.



LEARNING GOALS: At the end of the course, students will be able to--	
• Use financial metrics and reports including use of information technology	
	FOUNDATION: Demonstrate knowledge of the standard metrics and reports
	APPLICATION: Apply information from reports to cases
	HUMAN: Reflect on the impact of these financial aspects on the organization and team.
	INTEGRATION: Prepare effective solutions given a case and basic instructions
	CARING: Incorporate in discussion and examination answers the effect of changes in financial status on interpersonal relationships
	LEARNING: Employ appropriate consideration of limitations to successful decisions
• Design budgets and manage assets including capital budgets	
	FOUNDATION: Explain the concept of budgets
	APPLICATION: Design a budget given reports from a case study
	HUMAN: Provide the best recommendations despite limitations
	INTEGRATION: Select an appropriate solution incorporating sensitivity analysis
	CARING: Incorporate emotional and cultural intelligence into budgeting decisions
	LEARNING: Appraise the similarities and differences between the different types
• Analyze pharmacy payment and reimbursement models	
	FOUNDATION: Identify concepts of reimbursement models
	APPLICATION: Apply models to case studies
	HUMAN: Recognize the effects of reimbursement models on individual workload
	INTEGRATION: Apply a mix of multiple models into the process
	CARING: Incorporate values and needs of the organization and individuals into models
	LEARNING: Balance the internal and external factors affecting strategic initiatives
• Develop long-term financial plans using financial analysis and investments	
	FOUNDATION: Develop skills in the components of financial analysis and investment
	APPLICATION: Apply long-term design and process skills to leadership situations
	HUMAN: Reflect on the value of these plans on the organization and community
	INTEGRATION: Devise a leadership style that incorporates these skills
	CARING: Consider the competing organizational needs when constructing recommendations
	LEARNING: Demonstrate the ability to apply concepts and process
• Apply the concepts from the class to case studies	
	FOUNDATION: Demonstrate ability to apply concepts to new situations
	APPLICATION: Identify the limitations of any technique or theory
	HUMAN: Reflect on the value of developing skills for future practice
	INTEGRATION: Appraise the value of multiple aspects of the course to future practice
	CARING: Describe the relationship of applying financial skills to quality provision of healthcare
	LEARNING: Incorporate aspects from the class into the comprehensive case successfully

**REQUIRED TEXT:**

Carroll, NV. Financial Management for Pharmacists: A Decision-Making Approach, 4<sup>th</sup> Edition. December, 2016. Paperback Version available at Amazon.com

Wolfe A, Hess L, Et Al. Strategy for Pharmacy Data Management. AJHP 2017; 74: 79-85

Zelman, William N., et al. Financial Management of Health Care Organizations: An Introduction to Fundamental Tools, Concepts, and Applications. John Wiley and Sons, Incorporated, 2013.

**SUGGESTED TEXTS (content also achieved through research of Key Terms):**

Datar SM and Rajan MV. Horngren's Cost Accounting: A Managerial Emphasis, 16<sup>th</sup> Edition. Pearson Press, Upper Saddle River, NJ

Wagner JA and Hollenbeck JR. Organizational Behavior: Securing Competitive Advantage. Routledge Press. New York, NY

**CLASS WEBSITE:**

The WyoCourses site is accessible from the University website via WyoWeb. Class lectures and slides will be posted on this site. Assignments will also be posted there (both by the instructor and the student). The student is expected to utilize the site and accept changes from this syllabus as amended on the site.

**AUDIENCE:**

This course is required for students in the Master of Science in Health Services Administration in the Health Institution Leadership track. Other track students may take the course as an elective. Enrollment in or completion of a degree in the health sciences is strongly recommended.

**COURSE PROCEDURES:**

The course instructors are Drs. Shaun Phillips and Troy Shirley. Dr. Phillips will serve as course coordinator. Both instructors live in the Midwest and times are conducted based on Eastern Time Zone. The course meets via asynchronous methods, meaning the activities are done at the student's selected times, within specified time periods. Lectures will occur on Sunday afternoons at 3pm-6pm ET.

A class session is the time from opening of the unit until the beginning of the next session. The number and timing of class sessions, as appropriate for a 2 semester hour course, will be determined at the time the class is scheduled for a particular semester.

Opening and closing times for on-line discussion, quizzes, or other activities will be posted immediately after lecture times and close by Friday of the that week. All submissions must be made in that period, and failure to post will result in forfeiture of all points possible. Outside of technical failures of the WyoWeb or by the faculty, this process will be strictly enforced.

Instructional procedures consist of lecture, discussion, participation exercises plus assigned readings and projects. The distance education model of this course is requires some adaptation by the students and instructor from the traditional classroom setting.

Different people have different learning styles. Lecture where the instructor talks and students listen is passive on the part of the student. Discussion requires active participation on the part of the learner. In this class (as should be for all graduate-level courses), only a few topics are appropriate for lecture. The vast majority of time is meant for discussion. Your lecturers facilitate and evaluate, but we all are students and teachers together. In order for a discussion or dialogue to be successful, students must have read the assigned readings **before** joining class.

Whether a lecture or discussion, students should feel free to ask questions either to the entire class or directly to the instructor. If you ask a question to the entire class, it may help other students who may have the same question or provide you with multiple responses.

**EXCUSED ABSENCES:**

No attendance will be taken for lecture activities or office hours. Students must regularly and productively participate in class and via the discussion board. Because of the multiple available times for posting discussions and assignments as well as for taking any quizzes or examinations, the need for an excused absence would be a rare event only granted for legitimate long-term needs. Only rationale accepted by the University of Wyoming as an excused absence will be accepted.

**INSTRUCTOR AVAILABILITY:**

February, 2018

Office hours will be conducted virtually by Dr. Phillips. Dr. Phillips can be reached Mondays from 9am-11am ET or by appointment. Call or text during office hours at 517-303-5833. E-mail at [phillish@bronsonhg.org](mailto:phillish@bronsonhg.org) or text to schedule time outside of regularly-posted hours. Electronic mail will be answered within 24 hours during regular school days (that is, if received at 10am ET on Friday, it will be answered by 10am ET on Monday). Texts must include your first and last name as the initial line.

Students who qualify or may qualify under the American Disabilities Act should contact the Student Educational Opportunity (SEO) office located at Knight Hall (Room 330), <http://www.uwyo.edu/udss/>, 307-766-6189, TTY: 307-766-3073 immediately to complete paperwork for any needed accommodations.

**ACADEMIC DISHONESTY, DISCRIMINATION AND HARASSMENT WILL NOT BE TOLERATED!**

Such conduct is described within and will result in sanctions pursuant to the following School of Pharmacy and University policy and regulations:

University of Wyoming Code of Conduct

<http://www.uwyo.edu/dos/conduct/>

University of Wyoming Regulations

<http://www.uwyo.edu/generalcounsel/files/docs/UW%20Reg%20Updates%202016/UW%20Reg%206-802.pdf>

**GRADES**

The numbers assigned to the grades shall be A=90 and above, B=80 to <90; C=70 to <80; D=60 to <70; F=below 60. The +/- system is not used by the School of Pharmacy. Graduate students, including those enrolled in the Master of Science in Health Services Administration, must maintain a 3.00 GPA (B or better).

Lecturer Quizzes (5 in total; each 10% of final grade)-----	50%
Discussion Board and Case Studies (5 in total; each 5% of final grade)-----	25%
Comprehensive Final Exam (Case Study and Content Questions)-----	25%

Quizzes may include objective (multiple choice and true-false), short essay, and problem-solving questions. They will all be time-limited. Do not begin a quiz until you have reviewed materials thoroughly!

To participate in the discussion board, each student is expected to initiate an original thread and at least one responsive thread that follow the original thread posted by another student for each class session. All threads, whether original or responsive, must relate to and involve reflective thinking directly applicable to the course material for that lecture.

The Final Exam will be posted immediately after close of the last discussion board. It will be available until Sunday at 1159PM ET. This will also be time-limited. Do not begin the final exam until you have reviewed materials thoroughly!

**PHCY 5442: FINANCIAL PLANNING FOR HEALTH INSTITUTION LEADERS  
COURSE SCHEDULE**

(Schedule is tentative and topic dates are subject to change; **additional readings** will be assigned as appropriate)

	DATES	TOPIC AND ASSIGNMENTS
Lecture 1 (Phillips)	Wednesday, February 7 <sup>th</sup> at 12noon ET	<b>Course Introduction, Importance of Finance to the Pharmacy Leader, and Inventory Management</b>
Lecture 2 (Phillips)	Sunday, February 11 <sup>th</sup> at 3PM ET	<b>Finance Department Organizational Structures, Types of Cash Flows, and Intro to Financial Statements</b>
Lecture 3 (Shirley)	Sunday, February 18 <sup>th</sup> at 3PM ET	<b>Accounting Principles, Financial Statement Analysis, Responsibility Reporting/Profit &amp; Loss</b>
Lecture 4 (Shirley)	Sunday, February 25 <sup>th</sup> at 3PM ET	<b>Operational Budgeting, Pro Formas, and Strategic Planning</b>
Lecture 5 (Phillips)	Sunday, March 4 <sup>th</sup> at 3PM ET	<b>Capital Planning, IT Systems, and Future Trends</b>
Final Exam	Opens Friday, March 9 <sup>th</sup> .	<b>Comprehensive test that includes case studies over all course material!</b>

**LECTURE 1:**

**Course Introduction, Importance of Finance to the Pharmacy Leader, and Inventory Management**

**REQUIRED READINGS:**

**Carroll, Chapter 1: Introduction to Financial Management,**

**Carroll, Chapter 13: Inventory Control**

**SUGGESTED READINGS:**

**Wagner, Chapter 8: Interdependence and Role Relationships**

**KEY TERMS:**

**Accounting**

**Finance**

**Leadership**

**Management**

**Mission**

**Cash**

**Revenue**

**Expenses**

**Costs**

**Profit**

**Workplace Interdependence**

**Pooled Interdependence**

**Sequential Interdependence**

**Reciprocal Interdependence**

**Comprehensive Interdependence**

**Distributive Justice**

**Procedural Justice**

**Interactive Justice**

**Inequity**

**LECTURE 2:**

February, 2018

## **Finance Department Organizational Structures, Types of Cash Flows, and Intro to Financial Statements**

### **REQUIRED READINGS:**

**Carroll, Chapter 2: Financial Statements**

**Carroll, Chapter 12: Improving Cash Flow**

### **SUGGESTED READINGS:**

**Datar, Chapter 1: Accountant's Role in the Organization**

**Wagner, Chapters 11, 12: Politicking and Organizational Structure**

### **KEY TERMS:**

**Organizational Chart**

**Chief Financial Officer**

**Controller**

**Director**

**Mutual Adjustment**

**Direct Supervision**

**Standardization**

**Functional Departmentation**

**Divisional Departmentation**

**Hierarchy**

**Bureaucracy**

**Matrix Reporting Structures**

**Operating Cash Flow**

**Investing Cash Flow**

**Financing Cash Flow**

**LECTURE 3:**

**Accounting Principles, Financial Statement Analysis, Responsibility Reporting / Profit & Loss**

**REQUIRED READINGS:**

**Carroll, Chapter 3: Financial Statement Analysis**

**Zelman, Chapter 3: Principles and Practices of Health Care Accounting**

**Zelman, Chapter 4: Financial Statement Analysis**

**Zelman, Chapter 11: Responsibility Accounting**

**SUGGESTED READINGS:**

**Zelman, Chapter 2: Health Care Financial Statements**

**KEY TERMS:**

**Cash Basis of Accounting**

**Accrual Basis of Accounting**

**Journal**

**Ledger**

**Horizontal Analysis**

**Vertical Analysis**

**Ratio Analysis**

**Liquidity Ratio**

**Operating Margin**

**Responsibility Accounting**

**Responsibility Center**

**Variance**

**LECTURE 4:**

February, 2018



## **Operational Budgeting, Pro formas, and Strategic Planning**

### **REQUIRED READINGS:**

**Carroll, Chapter 4: Budgeting**

**Carroll, Chapter 15: Decision and Budget Impact Analysis**

**Zelman, Chapter 10: Budgeting**

### **SUGGESTED READINGS:**

**Boyd AM, et al. Strategic Thinking. Am J Health-Syst Pharm. 2017. 74: 1103-8.**

**ASHP Foundation Pharmacy Forecast 2018. Am J Health-Syst Pharm. 2017**

### **KEY TERMS:**

**Strategic plan**

**Pro forma**

**Planning and control cycle**

**Tactics**

**Budgeting**

**Participatory budgeting**

**Incremental-decremental budgeting**

**Zero-base budgeting**

**Mission Statement**

## **LECTURE 5:**

**Capital Planning, IT Systems, and Future Trends**

February, 2018

**REQUIRED READINGS:**

**Carroll, Chapter 10: Capital Planning**

**Carroll, Chapter 7: Pricing Pharmacy Products and Services**

**Carroll, Chapter 8: Third Party Payment of Prescriptions**

**Carroll, Chapter 9: Reimbursement for Pharmacy Services**

**SUGGESTED READINGS:**

**Datar, Chapter 21: Capital Budgeting and Cost Analysis**

**Datar, Chapter 13: Pricing Decisions and Cost Management**

**Wagner, Chapter 12: Structuring the Organization (yes, again!)**

**KEY TERMS:**

**Net Present Value**

**Depreciation**

**Payback Period**

**Compound Interest**

**Mutual Adjustment**

**Matrix Structure**

**Pharmacy Data Management**

**AAC**

**AWP**

**WAC**

**EAC**

**MAC**

**AMP**

**Copay**

**Coinsurance**

**Medicare Part D**

**Medicare Part B**