

TEMPLE UNIVERSITY
THE FOX SCHOOL OF BUSINESS & MANAGEMENT
DEPARTMENT OF RISK, INSURANCE & HEALTHCARE MANAGEMENT
PROGRAMS IN HEALTHCARE MANAGEMENT

HM 201 - Healthcare Financing and Information Technology¹
Fall, 2002

Course Schedule: MWF, Tuttleman 401 B

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COURSE DESCRIPTION

This is a required course in the Healthcare Risk Management major and in the Healthcare Management minor / concentration. It is the second in a three-course HM sequence and is approved as an information technology course for FSBM majors. The insurance system, payment mechanisms, contractual arrangements and control mechanisms related to the provision of health services will be discussed. The focus of the course is on what the financial manager can do to enhance financial position of the healthcare institution. There will be an emphasis on the growing role of "managed care", and the influences of the federal and private systems of payment on the ability of the healthcare institution to thrive.

One of the most important aspects of financial and managerial control of healthcare organizations is the revolution information technology. Advances in information systems have allowed for the integration of clinical and financial data that in turn facilitates healthcare institutional resource management. The use and role of information management and the Internet in healthcare organizations is becoming critically important. Increasingly, the World Wide Web is a source of important and timely information – health-related sites have the largest hit rates. There are several sites that provide information on system financing, insurance and service delivery. These sites provide good information - but, of course, each site has its bias. Critical evaluation of relevant web sites will be a focus of the course. Students will also be required to extract and manipulate data and information from these sites.

COURSE OBJECTIVES

1. To explore and use information and internet technologies to support analysis of healthcare financing;
2. To evaluate information systems that support the financial management function and integrate with clinical care information systems;
3. To understand the value, function and importance of web technologies to the integration of healthcare delivery systems;
4. To provide students with a perspective on payment system incentives for integration and consolidation of services, information system development, and cost management;
5. To appreciate the critical role of information systems in integrating clinical and financial data, and managing clinical care in the most cost effective manner.

¹ Approved for use as information technology course in FSBM.

6. To understand the role and usefulness of cost accounting to the management of healthcare institutions;
7. To examine financial incentives embedded in systems of payment for physicians - the key to managing the system;
8. To develop an appreciation for cost benefit and cost effectiveness analysis in healthcare;
9. To examine issues related to marketing and pricing of health services;
10. To introduce the concepts and methods of productivity and quality management as important tools for maintaining the financial health of healthcare institutions;
11. To critically examine the role of managed care organizations and their influence on the financial management of healthcare institutions;
12. To consider specifically the effects of the Balanced Budget Act of 1997 on the financial health and strategies of healthcare institutions;
13. To examine financing issues specific to long-term care - an increasingly important segment of the healthcare industry in light of an aging population;
14. To critically evaluation issues of tax exemption and profit status of healthcare institutions;
15. To examine options and strategies for capital financing of healthcare institutions;
16. To consider future policy options and future scenarios for healthcare finance.

Texts:

Nowicki, Michael. 2001. *Financial Management of Hospitals and Healthcare Organizations, Second Edition*. Chicago: Health Administration Press

Nowicki, Michael. 2001. *Financial Management of Hospitals and Healthcare Organizations, Practice Problems & Cases for* - Health Administration Press

USE OF THE INTERNET:

There has been an explosion of resources available through the Internet that previously took days to track down in hard copy from libraries or through phone calls. The most current data and statistics, press releases, reports, new regulations can be searched and downloaded in a matter of minutes and are increasingly becoming essential resources. A good place to begin is on the following web pages:

<http://blackboard.temple.edu/>

<http://www.sbm.temple.edu/~waaron>

<http://www.sbm.temple.edu/~hadept/health.htm>

I have created links to many of the sites important to healthcare organization and management. Please use them as a resource.

This course requires you to use the web; a considerable amount of in-class time will be use in evaluating web resources.

ALL REPORTS ARE TO BE SUBMITTED ELECTRONICALLY TO: william.aaronson@temple.edu
Do not use the Digital Drop Box in Blackboard.

SINCE THE PAPERS WILL BE GRADED AND RETURNED ELECTRONICALLY, THE FOLLOWING IS REQUIRED IN ORDER TO FACILITATE EXCHANGE.

- ❖ Use a standardized file naming system as follows:
 - [your initials]-[assignment] (.doc is assumed for MS Word documents)
 - Healthcare Finance Web Site Evaluation (if submitted by me) would be
 - File Save As: wea-hcfwse.doc
 - In the term paper title (do not use the header function!), you should include the following:

- Name
- Title
- Date of submission
- Version of MS Word (eg. Word 97) – this will facilitate my returning a file you can read
- Return e-mail address

If you do not follow the file name template, the paper will be returned without being graded. If you do not include your return e-mail address in the term paper title, you will not get your paper returned. Late papers will lose 1 point for every day late (as judged by the date stamp on the word processing file).

EVALUATION

In keeping with University policy, students will be graded on a scale of A – F, including + / -. This course and the instructor follow University policy with respect to plagiarism. Grades will be determined as follows.

There will be 3 examinations - 2 during in-class and a final examination. Each examination will be based on material covered prior to the examination - the final examination will also be cumulative.

Class Participation & Homework	15%
Examinations ²	45%
Internet Evaluation Projects (2)	20%
Term project	20%

Grading system:

A	95-100
A-	92 -94
B+	89-91
B	86-88
B-	83-85
C	74-82

REQUIREMENTS

Examinations: The examinations will be based on readings, lectures and class discussions. The exams will include multiple choice and short answer questions. Answers will be evaluated based on content in terms of accuracy of information and ability to analyze the issues. Good answers will demonstrate that you have read and understood the chapters, and actively participated in classroom discussions.

Exam #1: 10/11

Exam #2: 11/22

Final Exam: 12/16

Class Participation: Attendance, interest and participation are essential in order to get something from this course. Active participation indicates that you have read the chapter and are

² Each examination is weighted equally. However, marked improvement in performance between the first and third exams will be considered. Please be aware that marked deterioration may also be considered.

eager to attain greater knowledge, or to contribute to the knowledge development of your peers. It also requires that you complete your homework assignments. This is a somewhat subjective area of evaluation. Class attendance will count - but attendance alone is not sufficient. Of course, if you do not attend class it will be impossible to participate - attendance will be taken. While there are only 15 points assigned to this area, performance in this area can make a difference between +/- or between letter grades.

Homework: Problem practice is essential. Homework is to be handed in to my teaching assistant on the day it is due. Late homeworks will not be accepted. Your paper will be marked as completed or not completed and returned to you. Solutions will be posted on Blackboard after the due date so that you can compare your answers to the correct answers. Since the homework will be in an Excel spreadsheet, you will be able to identify what you are doing incorrectly. In the event you need help, please ask either my teaching assistant or myself. My office hours are posted.

Internet Evaluation Projects (2) –

1. Healthcare Financing Web Sites - A number of web sites have sprung up in the past few years. The purpose of this assignment is to explore at least 3 web sites, one of which must be the Centers for Medicare and Medicaid Services (CMS). You are to identify the purpose of the web site, architecture, site map, intended users, and degree to which it meets its purported purpose. You should use additional sources of information to evaluate the web sites - consumer reports, published articles, assessments, etc.

DUE: 9/27

2. Health Insurance Web Sites: You are to visit and thoroughly explore 3 health insurance web sites and associations of health insurance firms to serve as the basis for a critical analysis of the content and usability of the site. You must visit one association and one insurance firm web site – the third site is your choice.

DUE: 11/1

For each assignment, you are to prepare a 3 to 5 page report. You should include a list of links and paths you followed as an appendix to your report (not included as part of the 3-5 pages). Each listed link should include an explanation of the target site and a brief explanation of potential linkages to other sites. The purpose of this assignment is two fold: 1) Gain competence in seeking information from the WWW; 2) Develop knowledge of healthcare financing issues and mechanisms and how these interrelate to each other.

Term Project and Paper - READ CAREFULLY!!!

Using Data from the Web: You are to write a 5 - 7 page paper on financial challenges facing healthcare institutions and/or health insurance companies. You will need to do considerable research. Your paper needs to include both data analysis and results of your research and should be written from the perspective of a financial manager in a healthcare organization or a health insurance company.

Use of Excel is required for completion of this report. You are to visit the CMS web site and the Pennsylvania Healthcare Cost Containment Council Web site at a minimum to gather data and statistics. Each site provides **downloadable data files**. In order to complete this assignment it is essential that you download the data, use a spreadsheet program to organize and analyze the data, build charts and graphs, and insert the charts /graphs into your final paper (page length does not include space for charts and graphs). This requires considerable capability in converting files, inserting graphs and manipulating data.

Data must be downloaded from one of the following two websites. On the [Pennsylvania HC4](#) web site you should chose from the following reports:

- ❖ Measuring the Quality of Pennsylvania's HMOs (both reports)

- ❖ Hospital Financial Analysis 2000
- ❖ Hospital Performance Report 1999

On the CMS web site:

- ❖ [CMS Data and Statistics](#)

There are several issues critical to the future financial performance of healthcare organizations and health insurance companies.

Based on your analysis, you should identify appropriate courses of action that such healthcare institutions can pursue to improve their financial positions.

COURSE OUTLINE & ASSIGNMENTS

Week of	Topic	Readings MN - Nowicki
Sep 3	Introduction to financial management	MN - 1
9	Review of accounting and financial mgt terms; Organizing the financial management function	MN - 2
16	Tax Status of healthcare organizations	MN - 2, 3
23	Third party payment, Medicare & Medicaid (Review of system of financing of healthcare) Evaluation of Healthcare Finance Web Sites is due 9/27 by 4:00 pm	MN - 4,5 Problem 4.1
30	Cost Accounting	MN – 6 Problems 6.1, 6.3, 6.4
Oct 7	Cost accounting Exam #1 - 10/11	MN – 6 (continued)
14	Setting charges / pricing strategies	MN – 7 Problems 7.1, 7.2, 7.3
21	Managing working capital	MN – 8 Problems 8.1, 8.2, 8.3
28	Managing assets <i>Issue Friday</i> Evaluation of Health Insurance Web Site is due 11/1 by 4 PM	MN - 9,10 Problems 10.1, 10.2, 10.3
Nov 4	Strategic and operational planning; Information systems for strategic management	MN - 11
11	Budgeting	MN - 12
18	Capital Budgeting Exam #2 - 11/22	MN - 13
25	Financial analysis and management reporting	MN – 14 Problems 14.1, 14.2, 14.3
Dec 2	Future financial and information management issues: the bumpy road ahead <i>Issue Friday</i>	MN – 15, 16 Problem 15.1
9	Project Presentations	
Dec 16	Final Examination 8:30 to 10:30	