## **Financial and management accounting in health care**

## Prof. Elisa Raoli, Prof. Rosalba Schino

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

Upon completion of the first module, students are expected to:

– Have learned the primary principles and methods of financial accounting and be able to apply them to the recording of transactions and creation financial statements.

– Have a proven ability to analyze, interpret, and evaluate financial statements for the purpose of understanding an organization’s operating and financial performance and making decisions regarding the provision of capital.

– Have an appreciation of the larger context of financial reporting (beyond rules and procedures).

Upon completion of the second module, students are expected to have the requisite knowledge and competency to apply the following cost accounting tools and techniques:

– Knowledge of the contents of the IAS 1 and more specifically of the Balance Sheet and Income Statement structure

– Analyzing cost/volume/profit relationships by healthcare product or service.

– Conducting break-even analysis.

– Implementing the activity-based costing technique.

– Overview of the budgeting process.

– Analyzing annual economic and financial performance of companies belonging to the pharmaceutical industry.

– Forecasting financial, operational results and planning for the necessary corrective actions to improve performance, both in the short and long- term.

***COURSE CONTENT***

The first module will cover the following content:

– Introduction and Fundamentals of Financial Accounting (Accounting as a decision making tool, the accounting equation, the transaction analysis, the adjustment and closing process, construction of financial statements).

– Ability to read key Financial Statements.

– The relevance of Cash Flow Statement, the Auditors’ Report, the notes to the Financial Statements.

– The Investments and Consolidated Financial Statements

– Financial Statement Analysis using key financial ratios.

– Managing the Revenue Cycle in the Healthcare Organizations.

The second module will cover the following content:

– Managerial Accounting Basics & Cost-Volume-Profit Analysis.

– Overheads Cost Allocation and Activity Based Costing (TDABC).

– Cost calculation

– Operating Budgets and Financial Budgets overview.

– Performance analysis, financial and economic equilibrium

***READING LIST***

First module:

*– Financial Accounting, Global Edition, 11/E*, Walter T. Harrison, Charles T. Horngren, C. William Thomas, Wendy M. Tietz, Themin Suwardy.

– On-line textbook supplement: MAL

Students should sign-up in MAL to the instructor’s course section using the information show below:

MAL Course ID for homework: schino11748

MAL Course name: Financial Accounting and Financial Statement Analysis- SP2019

*– Healthcare Finance: An Introduction to Accounting and Financial Management*, 6th Edition,Gapenski, Louis C., AUPHA Press/Health Administration Press, 2016.

Second module:

– Gapenski, Louis C., *Healthcare Finance: An Introduction to Accounting and Financial Management*, 6th Edition, AUPHA Press/Health Administration Press, 2016.

– Pink, George H., and Paula H. Song, *Gapenski’s* *Cases in Healthcare Finance,* 6th Edition, AUPHA Press/Health Administration Press, 2018.

***TEACHING METHOD***

For the first module teaching methods include a combination of formal lectures as well as discussions and presentation of exercises related to daily topics, led by students (the discussion and presentation of exercises are graded).

Students are expected to make an effort to get familiar with the assigned readings prior to the relevant class session as well as keeping up with the homework throughout the duration of the course.

Class participation is particularly important. Students will not receive participation credit solely for attending class. Active participation includes: responding to questions, being engaged during class discussion, and keeping a professional and respectful behavior at all times in the classroom.

The second module builds on fundamentals of financial accounting concepts and financial statement analysis tools to expand students’ competencies and skill sets for managing healthcare costs and strategic decision-making. Students will focus on management accounting tools and techniques. Through real case studies, students will learn how to interprete, analysis and forecast costs and revenues in a variety of organizational settings, such as managed care organizations, multi-specialty medical groups, and pharmaceutical companies. The aim is to provide the cost management tools and techniques to improve efficiency (cost per unit) and effectiveness (goal achievement). The takeaways will be cost analysis techniques that can be used by healthcare managers to improve organizational performance, both in the short and long- term.

***ASSESSMENT METHOD AND CRITERIA***

Each module counts for 50% of the total grade.

For the *first module*, attending students will earn their grade based on the following activities:

*Evaluation Activity Fraction of Course Grade*

Pre-Assignment Chapters 1-4- 10%

First Day in-class Quiz 10%

Homework 15%

Discussion Leading 15%

Participation 15%

Final Exam 35%

TOTAL 100%

The Pre-Assignments, the First Day in-class Quiz, the Homework, and the Final Exam are all on-line.

The grade of non-attending students will be based on the scored earned at the Final Exam only.

For the *second module*, attending students will earn their grade based on the following activities:

Final Exam 100%

TOTAL 100%

***NOTES AND PREREQUISITES***

For the first module, prior to the beginning of the course, the instructor will make available a pre-assignment on the on-line supplement of Pearson (MAL). The pre-assignment is graded and is expected to be completed a few weeks before the beginning of classes. To this end, it is crucial for the students to proactively purchase the textbook and the access to MAL timely. The instructor will post on blackboard more details and information on this topic in due course.