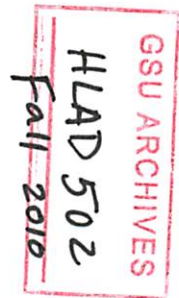


**GOVERNORS STATE UNIVERSITY
COLLEGE OF HEALTH PROFESSIONS
DIVISION OF HEALTH ADMINISTRATION**

COURSE SYLLABUS

COURSE TITLE: HEALTHCARE ACCOUNTING
COURSE NUMBER: HLAD 502
INSTRUCTOR: Donna L. Gellatly MBA FHFMA CPA
PHONE NUMBERS: (480) 883-9157
(480) 205-5596 (October 30 – November 13, 2010 only)
GOVSTPROFESSOR@aol.com (Preferred e-mail address)
d-gellatly@govst.edu
Credit Hours: 3.0
SEMESTER OFFERED Fall 2010



CATALOG DESCRIPTION:

Covers financial and managerial accounting concepts and their applications to healthcare organizations. Includes financial statement analysis, cost finding, and cost analysis. This course is also structured to prepare students for the long-term care administrators licensing examination.

PREREQUISITES: HLAD 455 or permission of instructor

UPPER DIVISION: Required for the Bachelor of Health Administration degree.
Required prerequisite for the Master of Health Administration degree.
One of the required courses for the Nursing Home Administrators Licensing Examination Certificate.

COURSE RATIONALE:

Healthcare executives are required to spend an increasing amount of time involved with the financial matters of their organizations. It is vital, in this time of severe revenue and cost containment that they understand the sources and uses of financial funds, the organization's total financial requirements, principles used to assess the financial position of the institution and the relationship of corporate financial management to the corporate plan.

INTENDED AUDIENCE:

Undergraduate and graduate health administration students and other students with an interest in the field. This course is part of the course sequence for the long-term care administrator's licensing exam certificate program. The course contains specific applications to hospitals, nursing homes, home health agencies, and medical practices.

HLAD 502 HEALTHCARE ACCOUNTING FALL 2010

INSTRUCTOR: DONNA GELLATLY

ORIENTATION ALTERNATIVES

**1. PICK UP HAND-OUTS ON 09/04/10 AT 8:00 A.M.
(ROOM NUMBER TO BE POSTED)**

**2. ORIENTATION IN STUDENT STUDY GUIDE (SEE
SYLLABUS AND WELCOME LETTER)**

**3. ORIENTATION ONLINE. INSTRUCTIONS IN COURSE
SYLLABUS AND WELCOME LETTER**

**MUST ATTEND THE FOLLOWING COURSE SESSIONS 8:00
a.m. to noon. CLASSROOM TO BE ANNOUNCED.**

- **October 30, 2010**
- **November 6, 2010**
- **November 13, 2010**

EXPECTED STUDENT OUTCOMES:

Students successfully completing this course will be prepared to:

1. Understand fundamental theory and operations of accounting as they apply to the healthcare industry.
2. Apply fundamental accounting and financial management concepts to real-life situations.
3. Understand the principles of cost allocation, cost behavior, budgeting, and financial statement analysis.
4. Analyze financial statements for several forms of healthcare organizations.
5. Prepare a one-year operating budget and a three-year capital budget.
6. Apply management accounting techniques to rate setting, cost control, and profit decisions.
7. Describe the functions of the finance department and its relationship within an organization
8. Understand the basic principles of financial management and information systems and the problems of handling and processing financial data.
9. Discuss the basic concepts of internal audit and control Identify and recommend policies and procedures to deal with healthcare fraud and abuse issues.
10. Evaluate alternative forms of business organizations commonly found in the healthcare industry.
11. Develop cost containment policies and procedures to maintain or reduce costs.
12. Understand basic ethical problems in general business and the unique ethical problems within the healthcare industry.
13. Understand basic coverage and reimbursement issues of third party payors and their impact on the financial condition of the healthcare organization. Third-party payors include Medicare, Medicaid, and Blue Cross/Blue Shield and forms of reimbursement include Prospective Payment Systems, Managed Care and Capitation.
14. Understand the basic forms of physician compensation and reimbursement methodologies. Identify physician status as an employee or as an independent contractor.
15. Calculate dividends for preferred and common stocks. Calculate allocations of partnership profits/losses.
16. Understand the basic reimbursement methodologies for alternative delivery systems: nursing homes, home health, durable medical equipment, hospice, therapy services, and physician practices.
17. Discuss HIPPA and Compliance requirements as they relate to various forms of healthcare organizations.

INSTRUCTIONAL ACTIVITIES:

The course will be a hybrid of internet, correspondence, videotape, and live lectures.

Homework assignments are to be completed and submitted according to the course schedule.

There will be three examinations covering the assigned chapters, study guide, and other materials.. In addition, there are two comprehensive case studies and an ethics “teachable moment”. See the course schedule for lessons covered in each examination.

EVALUATION:

The final course grade is based on 100 points for the course. The letter grade will be determined as follows:

Undergraduate and Undeclared Students: A = 90-100 points; B = 80-89 points; C = 70-79 points; D = 60-69 points; and F = below 60 points.

Graduate Students: A = 93-100 points; B = 85-92 points; C = 75-84 points; D = 65-74 points; and F = below 65 points. As this course is a prerequisite for the MHA program, course credit hours will not be included in calculating the degree's earned credit hours. Therefore, the MHA student may take this course on a pass/fail basis.

NOTE: Class averages will be calculated to four places to the right of the decimal point. Therefore, an undergraduate with a 89.87% course average will receive a grade of "B" for the course.

Examinations will be graded on a curve. The highest examination grade will be raised to 100. The difference between the earned raw grade and 100 will be the number of points added to each examination as the "curve".

The following weights will be given in the development of the final course grade:

1. Complete and receive a passing grade on three examinations.
2. Complete and submit the homework and case study assignments found in Appendices (second packet) of the Student Study Guide.
3. The final course grade will be based on the following factors

| | |
|------------------------|------|
| Case Studies (2 @ 10%) | 20% |
| Examination One | 20% |
| Examination Two | 25% |
| Examination Three | 25% |
| Submitted Homework | 10% |
| | 100% |

POLICY ON INCOMPLETE GRADES:

Students are expected to complete all course requirements within the time frame of the trimester. Incomplete grades will be allowed only for exceptional cases, such as documented personal or family emergencies.

A grade of incomplete (I) will be given only upon written request and approval of the instructor. Requests must be made in writing documenting the reason(s) for the request before December 1, 2010.. Students who fail to take an examination or fail to turn in an assignment without the instructor's approval will receive a grade of '0' for that portion of the course grade. Assignments submitted late will receive an automatic deduction of 10 points. An incomplete grade will only be granted to students who have completed some portion of the coursework. Incomplete grades must be removed by March 30, 2011.

DISABILITY STATEMENT:

Students who have a disability or special needs and require accommodation in order to have equal access to the classroom must register with the designated staff member in the Division of Student Development. Please go to Room B1201 or call (708) 534-4090 and ask for the Coordinator of Disability Services. Students will be required to provide documentation of any disability when an accommodation is requested.

STUDENT'S RESPONSIBILITY:

It is the student's responsibility to deliver all papers, homework and exams to the instructor. The preferred method of communication is: GOVSTPROFESSOR@aol.com.

Hard copies may be mailed to:

Donna L. Gellatly
2600 E. La Costa Drive
Chandler AZ 85249-4180

NOTE: If hard copies are submitted, they must reach the Professor by the date noted on the course schedule.

ONLINE COMMUNICATIONS

Blackboard/Wimba. Students must have a headset in order to communicate online via a "chatroom". Otherwise, communication will be via e-mail or within the Blackboard/Wimba blog/mail system.

STATEMENT ON PLAGIERISM & ACADEMIC HONESTY

Students will be held to the standards of academic honesty as outlined in the University catalogue. Any sharing of work with other students or inappropriate behavior during examinations or failure to acknowledge the work and knowledge of others (citations) will result in a grade of zero for that examination or case. The instructor reserves the right to recommend suspension or expulsion from the Program for violations of academic honesty.

Students are encouraged to have a "study buddy" (another student in the class). Students may work on homework assignments together. However, answers must be their own and not an identical copy of each other's work.

CASE STUDIES AND EXAMS MUST BE COMPLETED INDIVIDUALLY. ANY COMMUNICATION REGARDING QUESTIONS ON EXAM CONTENT AND CLARITY MUST BE DIRECTED ONLY TO THE INSTRUCTOR. ANY VIOLATION OF THIS POLICY WILL BE REPORTED TO THE PROGRAM CHAIR.

REQUIRED TEXTS:

STUDENT STUDY GUIDE: Management Accounting for Healthcare Organizations, Donna L. Gellatly MBA, FHFMA, CPA, 2010.

Management Accounting for Healthcare Organizations Homework and Case Studies, Donna L. Gellatly MBA, FHFMA, CPA, 2010. (Being revised – will either be available in the bookstore or online)

RECOMMENDED TEXT:

HFMA's Introduction to Hospital Accounting, Michael Nowicki, 5th Edition, Health Administration Press. ISBN 978-1-56793-254-6.

NOTE: Erratum Sheet in Lesson 1 of the Student Study Guide

ADDITIONAL AVAILABLE MATERIALS

1. Instructor's oral lectures are available via WIMBA - lecturette
2. Old videotapes of the course are available on reserve in the GSU Library. (Lessons 9-12 missing)

DETAILED SUBJECT MATTER

Lesson 01

Course Introduction

- GSU Statement on Plagiarism
- Discussion of business ethics

Lesson 02

Accounting Concepts & Conventions

- Definitions of bookkeeping, accounting, controllership
- Fields of Accounting: Public, Private, Governmental
- Organization of a hospital; nursing home; medical practice
- Organization of the finance division
- Generally Accepted Accounting Principles (GAAP)
- Accounting Methodologies: Cash, Accrual, Encumbrance
- Fund Accounting

Lesson 03

Audit Opinions

- Auditor's opinion letter
- Auditor's opinions; Generally Accepted Auditing Standards (GAAS)
- Auditor's independence
- Client comfort letter (letter of representation)
- Internal control letter

Lesson 04

Financial Statements - Part 1

- Four financial statements and their interrelationship
- Timing of financial statements
- Internal Reporting
- Detailed descriptions of balance sheet accounts and classifications
- Definition of capital equipment per Medicare regulations
- The importance of interim financial statement integrity

Lesson 05

Financial Statements - Part 2

- Detailed descriptions of revenue & expense accounts
- Importance of notes to financial statements
- Similarities & differences between external & internal reporting
- Difference between contractual allowances, free care, and provision for uncollectible accounts
- Importance of cash flow statements

Lesson 06

Statistical Analysis - Part 1

- Definition and calculation of operating ratios
- Performance benchmarking: productivity, intensity community hospital vs. teaching hospital for-profit facility vs. non-profit facility
- Current industry standards and norms
- Reporting daily statistics & other information
- Impact of privatization of departmental services on operating ratios

Lesson 07

Statistical Analysis - Part 2

- Mini Case Study/Homework

Lesson 08

Financial Ratios

- Classification of ratios
- Definition and calculation of ratios
- Results compared to industry standards--and norms
- Mini Case Study/Homework

Lesson 09

Cost Accounting - Part 1

- Identify costs as fixed, variable, or incremental
- Identify costs as direct or indirect
- Identify costs as controllable or non-controllable
- Define cost/volume relationships and graph results
- Define break-even analysis, contribution margin and break-even point
- Case Study - Break-even analysis and rate setting

Lesson 10

Cost Accounting - Part 2

- Medicare cost finding
- Analysis of Medicare cost report
- Medicare cost allocation methods
- Allocation order
- Process costing, job order costing, standard costing
- Actual/Budget variance analysis: volume vs. cost variances

Lesson 11

Business Organizations - Part 1

- Identification of various legal forms of business: sole proprietorship, partnership, corporations
- Advantages/disadvantages of each form of organization
- Federal and state taxation of each form of organization
- How to establish each form or organization
- Most appropriate form of organization for various healthcare organizations
- Criteria for evaluating forms of organizations
- Calculations for partnership allocation of profits/losses

Lesson 12

Business Organizations - Part 2

- Forms of corporations
- Forms of partnerships; fiduciary duties & responsibilities
- Forms of stock: common & preferred; additional forms of restrictions on preferred
- Key dates of dividends and forms thereof
- Rights of shareholders
- Board of Directors/Director's Liability
- Calculation and distribution of dividends

Lesson 13

Budgeting - Part 1

- Identify components of operational budgets
- Discuss impact of mid-year introduction of new programs
- Staffing methodologies in different forms of healthcare organizations
- Worked versus paid staffing
- Fixed, variable and continuous budgets
- Requirements for a good operating budget

Lesson 14

Budgeting - Part 2

- Preparing the revenue budget and rate increases
- Determining contractual allowances for various payor sources
- Prioritize capital budget requests
- Identify costs related to capital equipment acquisitions
- Case Study - Budgeting

Lesson 15

Cost Containment

- Events contributing to upsurge in healthcare costs
- Reasons for cost increases
- Advantages/disadvantages of shared service systems
- Suggestions for containing healthcare costs
- Geographical differences in healthcare costs

Lesson 16

Inventory Management

- Inventory control systems: physical/perpetual
- Forms of inventories found in healthcare organizations
- Calculate Economic Order Quantity (EOQ) & Reorder Point
- Criteria used to establish inventory levels
- Physical inventory of supplies
- Inventory valuation methods
- Transfer of title of goods (FOB shipping point/destination)
- Ordering supplies: purchase order, receiving report, invoice
- Different payment discounts

Lesson 17

Internal Audit & Control - Part 1

- Qualifications of the internal auditor
- Establishing the internal audit department
- Basic operations of different audit programs
- Specific problems within the healthcare industry; fraud & abuse
- Operations Auditing
- Preventing Fraud from taking place
- Relationship to external auditors
- Fraud & Abuse Amendments relating to healthcare industry

Lesson 18

Internal Audit & Control - Part 2

- Audit tools and techniques
- Detailed discussion of balance sheet internal control techniques
- Preparation of internal audit programs
- Design of loss prevention programs

Lesson 19

Management Information Systems (Financial)

- Shared service systems
- Turn key systems
- Security problems
- Physical problems
- Systems Analysis
- Discussion of various software vendors for each form of healthcare organization

Lesson 20

Physician Compensation Arrangements

- Methods of compensating physicians
- Determination of contractor versus employee status
- Impact of RBRVS on physician compensation
- Physician time/activity rationales: Parts A/B
- Capitation reimbursement method for physicians

Lesson 21

Reimbursement - Part 1

- History of the Medicare/Medicaid programs
- Responsibilities of the Center for Medicare and Medicaid Studies (CMMS)
- History of diagnosis-related groupings
- Discussion of Prospective Payment System (PPS)
- PPS coverage of services
- Outliers
- Capital Payments
- Alternative reimbursement mechanisms
- Discussion of further reductions in Medicare/Medicaid programs and positioning the facility for possible impact
- Blue Cross/Blue Shield Programs

Lesson 22

Reimbursement - Part 2

- Current Medicare/Medicaid regulations
- Implementation of future third-party reimbursement systems
- Part A/Part B/Medicare+Choice
- Explanation of Medicare Benefits Notice (EOB)
- Physician Medicare assignment
- Medicare supplemental policies
- Financing the Medicare/Medicaid programs
- Reimbursement methodologies for alternative healthcare delivery systems: Nursing homes, home health agencies, durable medical equipment, therapy services, and hospices.

Lesson 23

HIPPA and Compliance Issues

- Introduction to HIPPA requirements for healthcare organizations
- Discussion of Compliance issues for Hospitals, Nursing Homes, Home Health Agencies, and Physician Practices. Unique aspects of each entity.

COURSE ASSIGNMENTS:**Lessons**

| | | | |
|-------|---|-------|---|
| 09/04 | Introduction | 1 | (8.am.) Hand-outs *also included in Study Guide |
| 09/11 | Accounting Concepts | 2 | |
| | Audit Opinions | 3 | |
| 09/18 | Financial Statements | 4-5 | |
| 09/25 | Statistical Analyses | 6-7 | |
| 10/02 | SUBMIT HOMEWORK LESSONS 01-07 | | (e-mail: to be received by 10/02/10) |
| | Financial Analysis | 8 | |
| 10/09 | Business Organizations | 11-12 | |
| 10/16 | SUBMIT EXAM ONE (Lessons 1-7) | | (U.S. mail: to be received by 10/16) |
| | SUBMIT HOMEWORK LESSONS 8, 11, 12 | | (U.S. mail: to be received by 10/16) |
| 10/23 | SUBMIT CASE ONE | | (U.S. mail: to be received by 10/23) |
| | Cost Accounting | 9-10 | |
| 10/30 | Budgeting | 13-14 | LIVE AND IN PERSON 8 a.m. – Noon |
| 11/06 | EXAM 2 DUE (LESSONS 8-14) | | LIVE: BRING EXAM 2 TO CLASS |
| | Mgt. Information Systems | 19 | CLASS FROM 8 a.m. - Noon |
| | Physician Compensation | 20 | |
| | HIPAA & Compliance | 23 | |
| 11/13 | CASE TWO DUE | | LIVE: BRING CASE 2 TO CLASS |
| | SUBMIT HOMEWORK LESSONS 9,10,13,14, | | LIVE: BRING H/W TO CLASS |
| | Reimbursement | 21-22 | CLASS FROM 8 a.m. – Noon |
| 11/20 | Cost Containment | 15 | |
| | Inventory Management | 16 | |
| 11/27 | HOLIDAY WEEKEND | | |
| | SUBMIT HOMEWORK LESSONS 15,16,19-23) | | E-MAIL RECEIVED BY 11/27 |
| 12/04 | Internal Audit & Control | 17-18 | |
| 12/11 | EXAM 3 DUE (LESSONS 15-23) | | E-MAIL MUST BE RECEIVED BY 12/11 |
| | SUBMIT HOMEWORK LESSONS 17-18 | | |

Mail information sheet to Instructor with October 2, 2010 deliverables

STUDENT INFORMATION SHEET

Fall 2010

NAME: _____ HOME PHONE () _____

MAILING ADDRESS: _____ OFFICE PHONE: () _____

_____ ZIP _____ EXTENSION: _____

E-MAIL: _____ OFFICE HOURS: _____

EDUCATION:

Current status:

Undergraduate: _____ Health Administration Program?: Yes _____ No _____

Graduate: _____

Undeclared: _____

For graduate students only:

B.S. University _____ Year Graduated _____

B.S. Major _____

Other Certifications: _____

WORK EXPERIENCE:

Current Employer: _____

Position: _____

Any healthcare experience? Yes _____ No _____

Other information: _____

ACCOUNTING/EDUCATION EXPERIENCE:

Have you ever had an accounting or bookkeeping course? Y _____ N _____

Name of course(s) _____

Where? _____

When? _____