HESA 555-01-02-03 Capital Acquisition in Health Care Organizations

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Xavier University
Graduate Program in Health Services Administration
HESA 555: 3 Semester Hours
Capital Acquisition in Health Care Organizations
Spring 2014

Instructor: Thomas J. Ruthemeyer, CPA
Credit Hours: 3

Class Meetings
01: Wednesday, 1:30-3:50 AM;
02: Thursday, 2:30-5:00 AM;
03: Monday, 6:00 – 8:30 PM

Office: Room 410, Schott Hall
Office Hours: By appointment

Phone: Office Voice: (513) 745-3118
Home Voice: (513) 232-9319

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COURSE DESCRIPTION:
This course supports the mission of Xavier’s Graduate Program in Health Services Administration. It examines basic principles and techniques used in the financial management of health care organizations, with special emphasis on capital budgeting, capital acquisition, capital structure/analysis, and project analysis.

Flowing from the graduate HMSA program’s Mission of

- Challenging students in the classroom and in applied field experiences including internships and required residencies
- Developing internal and external collaborative relationships with academicians and with health care practitioners which lead to innovations in teaching as well as in the delivery of health services
- Incorporating research, scholarship, and collaborative projects into the classroom experiences and filed work,

and considering that Mission’s focus on preparing graduates for leadership positions in a variety of healthcare organizations (“educate knowledgeable, highly skilled, values-oriented future leaders who will contribute to the health of society by continuously improving the management of health-related organizations”), the following Domains and competencies are utilized.
CORE COMPETENCY DOMAINS

(Competencies to be introduced and demonstrated through lectures, quizzes, case studies, presentations, and final projects.)

Domain I: Knowledge of the Healthcare System
1. Through lecture, assigned reading and case discussion, the student will be able to describe the current issues and trends in the organization and delivery of health care.
2. Students will be able to identify key government, regulatory, professional and accrediting agencies’ role in the health care environment.

Domain II: Critical Thinking, Analysis, problem Solving and Business Skills
1. Students will begin to appropriately use strategic management tools and budgeting for short- and long-term decision making through case analysis and presentation.
2. Through case analysis and discussion, students will begin to use risk management analysis in healthcare decision-making.
3. Through cases studies and project assignments, students will be introduced to the use of quantitative skills in evaluating healthcare statistical and financial data in the planning, development and management of capital projects.
4. Students will begin to apply strategic, economic and financial principles to healthcare decision-making.

Domain III: Communication and Interpersonal Effectiveness
1. Through team-assigned work, students will be introduced to business plan development and presentation.
2. Through case presentations, students will continue to develop and improve upon their oral and technical skills.

Domain IV: Professionalism and Ethics
1. Through case discussion, students will begin to identify, articulate and apply ethical values and principles to decision making.
2. Students will be able to identify potential legal implications of financial decisions through case analysis.
3. By working in teams, students will understand the importance of effective time management in professional settings.

Domain V: Management and Leadership
1. Through team work, students will become comfortable with managing their weaknesses by working though other team members.
2. Students will demonstrate the ability to plan for and implement change in the healthcare field.
METHODOLOGY AND COURSE REQUIRMENTS:

Prerequisites:
HESA 551.

Classes:
Format will consist of a combination of lecture, case discussion, and team presentations. It is imperative that students become familiar with the assigned material **before** attending class. The general approach is to familiarize yourself with the assigned reading assignment, identify your questions about the material and ask those questions in class.

The class sessions are designed to be your **second** exposure to the material. In class we will review the basic concepts involved in the lesson, answer questions, discuss applications of the concepts to current management in health care organizations, and work problems and cases.

Though attendance will not be taken, students are responsible for all material presented or assigned.

Text:
Understanding Healthcare Financial Management, Sixth Edition,
Cases in Healthcare Finance, Fourth Edition,
by Louis C Gapenski. ISBN: 978-1-56793-342-0

Homework/Assignments
Periodically, problem sets, cases, and papers will be assigned to be turned in. **Homework is due at the beginning of the class for which it is assigned.** It is a good idea to make a copy of your completed homework assignment to use for discussion in class. **Late homework is not accepted.** Homework due for a class for which you have an excused absence should be turned in before class.

Calculators:
Each student should have a business calculator capable of doing present value computations (Calculators such as the Texas Instruments BA II-Plus and the Hewlett Packard 10B are adequate)

Projects/Presentations/Quizzes:
Will be given as scheduled. Make-ups will only be given in extreme cases of student incapacitation. Approval for a make-up must be obtained **prior** to the date due. All members of a team are required to attend and take part in their team’s presentation. Failure to do so will result in zero points given to that team member for the presentation and possible reduction in points for that team as a whole.

Course Evaluation:
Quizzes & Class Presentations….30%
Philanthropy Project..................35%
Final Project..........................35%
**Grading Scale:**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Minimum Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>94+</td>
</tr>
<tr>
<td>A-</td>
<td>90-93</td>
</tr>
<tr>
<td>B+</td>
<td>86-89</td>
</tr>
<tr>
<td>B</td>
<td>82-85</td>
</tr>
<tr>
<td>B-</td>
<td>80-81</td>
</tr>
<tr>
<td>C+</td>
<td>75-79</td>
</tr>
<tr>
<td>C</td>
<td>70-74</td>
</tr>
<tr>
<td>F</td>
<td>&lt;69</td>
</tr>
</tbody>
</table>

- A- or above represents academic performance that is exceptional or significantly above expectations.
- B or above represents academic performance that meets or is somewhat above expectations.
- B- or lower represents academic performance that is somewhat to significantly lower than expectations.

**THIS SYLLABUS AND COURSE OUTLINE ARE SUBJECT TO CHANGE DUE TO UNFORSEEN CIRCUMSTANCES**

**NOTE:** THIS COURSE ABIDES BY XAVIER UNIVERSITY’S MISCONDUCT POLICY.
## HESA 555
**Capital Acquisition in Healthcare Organizations**

### CLASS SCHEDULE

<table>
<thead>
<tr>
<th>Session</th>
<th>Topic</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 15/16</td>
<td>Course Introduction, Syllabus Review, Business Plan (Score Formats), 990’s (Guidestar)</td>
<td>Read Text – Ch. 3 Case 12</td>
</tr>
<tr>
<td>January 22/23</td>
<td>Time Value of Money – Present and Future Values</td>
<td>Read Text – Ch. 4 Case 13</td>
</tr>
<tr>
<td>January 29/30</td>
<td>Financial Risk and Return, Capital Projects, Entrepreneurship</td>
<td>Read Text – Ch. 10 Case 17</td>
</tr>
<tr>
<td>February 5/6</td>
<td>Capital Structure and Project Analysis. Capital Acquisition, Grants, Debt, Equity, Leasing, Acquisitions, Merger, Joint Ventures</td>
<td>Case 19</td>
</tr>
</tbody>
</table>
| February 12/13   | Capital Structure and Project Analysis  
Capital Acquisition | To Be Assigned                                         |
| February 19/20   | Grants                                                                | Read Text - Ch. 5 and p. 221-236 Case 14        |
| February 26/27   | Debt Financing                                                        | Read Text - Ch. 6 and p. 236-247 Case 15        |
| March 5/6        | **SPRING BREAK**                                                      |                                                 |
| March 12/13      | Equity Financing                                                      | Read Text – Ch. 8 Case 18                       |
| March 19/20      | Lease Financing                                                       | Read Text - Ch. 9 Case 16                       |
| March 26/27      | **ACHE – CHICAGO**                                                   |                                                 |
| April 2/3        | Cost of Capital                                                      | Case 6 Case 7                                 |
| April 9/10       | Break Even Analysis  
Variance Analysis                                                        | Read Text – Ch. 11                              |
| April 16/17      | **April 1 – Easter Holiday**  
Capital Budgeting                                                      | Read Text – Ch. 12                              |
| April 23/24      | Project Risk Analysis                                                |                                                 |
| April 30/May 1   | Final - Projects                                                      |                                                 |
| May 7/8          | Final - Projects                                                      |                                                 |