

**HPM – 510
FINANCIAL AND MANAGERIAL ACCOUNTING
FOR HEALTH CARE ORGANIZATIONS
FALL – 2008**

**Rollins School of Public Health
Emory University
Department of Health Policy and Management**

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PREREQUISITE: None

REQUIRED TEXTBOOKS AND MATERIAL:

- 1) Michael L. Werner & Kumen H. Jones (**WJ**), *Introduction to Financial Accounting: A User Perspective*, 3rd Edition, Prentice Hall, 2004. This text provides an introduction to financial accounting within the context of how businesses use accounting information to make business decisions.
- 2) **Prentice Hall Custom Business Resources (CBR)** for HPM-510, Pearson Prentice Hall, 2008. This special edition contains four chapters that introduce key managerial accounting and managerial control concepts.
- 3) **Class Blackboard: Financial and Managerial Accounting for Health Care.** The “Course Document” section of the blackboard site contains a folder for each class. Each class folder contains a number of sub-folders with all materials required for that class, including objective sheets, conceptual practice problems, practice problem sets, and other materials. Please check the Class Blackboard at least once a week for new material.

OPTIONAL COURSE MATERIAL:

Calculator: HPM-510 requires students to perform numerous computations. Any calculator that can add, subtract, multiply, divide, or take the square root can solve all problems in HPM-510. However, if you plan to complete MPH’s management track, you will need a **business calculator** to solve problems in other classes. Texas Instrument’s Model **BAII Plus** is the business calculator I recommend.

COURSE OBJECTIVES:

The overall course objective is to enable students to develop a comprehensive understanding of basic financial and managerial accounting techniques and concepts used to manage health care organizations. This course is divided into two sections: 1) Financial Accounting and 2) Managerial Accounting. The major objectives for each section are:

- Section 1) Students should be able to use the information contained in key financial statements to answer business problems, create income statements using either accrual or cash method of accounting, generate key financial statements from account balances, use the direct and indirect approach to generate a statement of cash flows, calculate the book value of an organizations long-term assets, and assess a health care institution's financial strength.
- Section 2) Students should be able to compare and contrast key cost concepts for different cost objectives in health care organizations, identify relevant cost information and use that information to make basic business decisions, use selected business information to prepare all components of the master budget, and use budgets for planning and managerial control.

DEPARTMENTAL LEARNING OBJECTIVES:

Students who successfully complete this course should have mastered the following two departmental learning objectives:

- Use basic accounting concepts, analytical techniques, decision-making and vocabulary for management of health care organizations.
- Interpret and use accounting information to make managerial decisions.

INSTRUCTIONAL FORMAT:

Weekly classes will consist of the following activities:

- **Lecture on required readings:** The instructor will use a lecture/question format to summarize key concepts contained in the required reading. The instructor assumes that students have read all required readings prior to class. The lecture will focus on integrating the reading's key concepts into the course and providing additional examples of the analytical techniques pertinent to the topic. Students should bring their **textbook, calculator, and hard copies of all class related materials on the Class Blackboard** to every class because class activities will use these materials. **The instructor will not bring copies of any materials posted on the Class Blackboard to class!**
- **Review of practice problem sets:** The instructor will review **selected** problems from each practice problem set during class. The review will focus on developing a greater understanding of the financial or managerial accounting principles and/or tools contained in each problem set. The primary purpose of the review is to enhance students' understanding of key analytical concepts and to discuss how one might use the resulting accounting information. **Students are expected to have completed all problems in the practice problem set prior to class. See below for possibility of earning bonus points by turning in answers to practice problem set.**
- **Thinking Allowed Paired Problem Solving (TAPPS) Activities (6 to 8 times):** The goal of the TAPPS activities is to help student develop critical thinking skills. In addition, TAPPS activities are designed to allow students to interact and learn from their peers. TAPPS activities will be performed in groups of 3 or 4 students and consist of the following:
 - **Quiet time:** 2 to 3 minutes (Each student is expected to read and think about the problem.)
 - **Discussion time:** 6 to 10 minutes (Only the **explainer** talks during the first two minutes. For the remainder of the time each of the listeners will briefly compare and contrast their answer to that of the explainers with the goal of reaching an agreement among group members, if possible.)
 - **Group Summary:** 1 to 2 minutes (Time for the **recorder** to summarize the groups position – Write up will be turned at the end of this period.)
 - **Teacher/Class Closure:** 4 to 10 minutes (Instructor will ask one or more groups to provide a brief summary of their group's position to provide an overview of positions).

The TAPPS group assignments **will not be changed** for any reason and the group will work together on all TAPP activities for the entire semester. TAPP exercises will not be graded.

COURSE REQUIREMENTS:

The graded course requirements in this course consist of the following:

- **Two In-class Examinations, and**
- **Group Financial Analysis Project.**
- **TWO IN-CLASS EXAMINATIONS: (85% of Course Grade)**

The two closed book examinations dates, percent of course grade and approximate length of each exam is as follows:

Exam Date	Percent of Course Grade	Approximate Length
Monday, November 3, 2008	50%	120-150 Minutes
Monday, December 15, 2008	35%	100-120 Minutes

The instructor will provide additional information on the format of each examination at least one week prior to the test. However, students should expect some mix of short answer questions and analytical problems. Last year's Financial Accounting

examinations are available on the class blackboard under Class 8's Folder. No material, aside from a calculator, writing implement(s), and eraser may be used during the exam. **No student will be allowed to take an examination early.**

◆ **Examination Grading Policy:**

A student's test score will be calculated as the number of points correct divided by the total number of points on the exam. Partial credit points may be awarded on selected problems. The instructor does not expect to curve examination scores, but students may earn bonus points (see below).

◆ **Examination Make-Up Policy:**

Only in the event of an **officially excused absence** (documented medical problem, death in the family, and/or prior documented work related conflict) may a student make up missed examinations without any penalty. Students who believe that they have an excused absence must e-mail Kathy Wollenzien at (kwollen@sph.emory.edu) **prior to the start of the examination.** The student must then provide all required documentation requested by Kathy to receive an official excused absence. **Students taking a make-up examination should expect a different test than the one given during the regularly scheduled examination period even if the examination is taken later in the same day.**

Note: Students requesting a medical excused absence must present documentation of the medical problem signed by a health care provider.

Any student missing an in-class examination without an officially excused absent (overslept, car would not start, was in the wrong class room, had a non-documented medical problem, etc.) also may make up the missed examination, but **10 points** will be deducted from the student's test score for not taking the examination at its scheduled time.

Students needing to take the make-up examination are responsible for scheduling the time of their own make-up with Kathy Wollenzien. **Students without an officially excused absence** must complete all course work by 4:00 PM, on December 19, 2008 or they will receive a grade of 0% on any uncompleted examination.

➤ **GROUP FINANCIAL ANALYSIS PROJECT: (15% of Course Grade)**

Students must work with their assigned **TAPPS group** on the group financial analysis project. This project requires each group to select a publicly owned health care organization, obtain its Form 10K and audited financial statements and conduct a financial analysis of the company. Detailed information concerning this assignment is available on the Class Blackboard. The group financial analysis project consists of six assignments.

◆ **Written Answers to Group Financial Analysis Assignment Sheets:**

The group financial analysis project requires students to turn in written answers to six financial analysis assignment sheets at the beginning of class on their due date. Each assignment must be in a soft binder with tabs separating each assignment that is due that day. The due date for individual assignment sheets is as follows:

Assignment Sheet	Due Date
1 & 2	September 22, 2008
3 & 4	October 6, 2008
5	October 27, 2008
6	November 10, 2008

The instructor will use the following scale for assigning letter grades and the corresponding number of points earned for each of the six assignment sheets:

Assignment Sheet Grade	Points
A	10
A-/B+	9
B/B-	8
C	6
F	4

The instructor also reserves the right to award up to **2 bonus points** to a group that turns in an assignment sheet with exceptional answers to all questions. **Late assignment sheets:** 1 point will be deducted from any assignment sheet that is turned in late (after the instructor starts class but before the end of class). Assignment sheets cannot be turned in after class ends.

◆ **Final Group Project Grade:**

The final group project percentage grade will be calculated as the sum of the number of points earned on all six written assignment sheets divided by 60 points.

➤ **CELL PHONE INTERRUPTIONS: (-2 percentage points of final course grade per occurrence)**

Cell phone use during class is prohibited. Two percentage points per occurrence will be subtracted from a student's final class grade point average if their cell phone ring in class during the semester. If you must keep your cell phone on during class, please have your phone set so that it does not ring and quietly leave the room prior to answering.

OPTIONAL BONUS POINTS FOR MID TERM EXAMINATIONS:

➤ **NINE PRACTICE PROBLEM SETS:**

This course includes a practice problem set associated with each class lecture during the semester. The objective of the practice problem sets is to provide students with an opportunity to practice and apply the analytic tools and concepts introduced in the related lecture topic. Students can earn bonus points (up to a maximum number of points) to be added to their mid-term examination test scores by turning in original hand written answers (showing all necessary work to solve the problem) to 9 of the 11 practice problem sets. Each practice problems set consist of approximately 15 problems and the problem sets contain some check answers so you will know if you have the correct answer. Problem sets are due at the beginning of the class period on the day they will be discussed.

◆ **Practice Problem Set Grading Policy:**

Students can receive up to 2 bonus points for every homework assignment turned in that has detailed answers (complete and correct) for all the problems in the problem sets. Since not all problem sets have the same number of problems, the number bonus points will be assigned based on the number of incomplete or incorrect problems in each the problems set as follows:

Bonus Points	Number of Incomplete/Incorrect Problems
2	0 or 1
1	2 or 3
0	3 or more
0	Turned in after class started

Note: Students should make a copy of their answer sheets before turning them in as problem sets will not be returned during the semester. Students can track the number of bonus points they have earned on the class blackboard. Students do not need to turn in all problem sets to be eligible to earn bonus points. A student's grade in this class is not hurt, in any way, (other than not receiving bonus points) by not turning in problem set.

◆ **Maximum Bonus Points on Practice Problem Set:**

The table below shows the practice problem set that can be turned in and the maximum number of bonus points that can be earned by completing practice problems set for each mid-term examination.

Examination	Grade Problem Set	Maximum Bonus Points
First Mid-term Examination	1, 2, 3, 4, 5 & 6	10 points
Second Mid-term Examination	9, 10 , 11	6 points

Note: Practice Problem Set 7 and 8 cannot be turned in for bonus points.

◆ **Practice Problem Set Make-Up Policy:**

Only in the event of an **extended (more than two weeks) officially excused absence** (and then only for a documented medical problem and/or death in the family) may a student turn in practice problem set late and receive points. Students who believe that they have an extended excused absence must provide all required documentation requested by Kathy Wollenzien to receive an official excused absence and all problem sets must be turned in prior to taking the related examination.

INDIVIDUAL SKILL DEVELOPMENT ACTIVITIES:

➤ **CONCEPTUAL PRACTICE:**

There is one conceptual practice sheet associated with each course topic. The objective of the conceptual practice is to provide students with an opportunity to test their understanding of the basic definitions, the key concepts, and the basic analytic tools covered in the reading assignments associated with each topic. Most of the questions on the conceptual practice sheet are old examination questions. Answers to conceptual practice problems are available on Blackboard.

➤ **SELF ASSESSMENT QUIZZES:**

The goal of the self assessment quiz is to allow students to determine if they are mastering course material in a timely manner throughout semester. The self assessment quizzes will consist of between 3 to 5 questions and will last for 10 to 15 minutes. Quizzes will be reviewed in class, scored, and turned in for the instructors review. Students missing over half the quiz questions are strongly encouraged to increase their work effort.

COURSE GRADE:

A student's final grade will be calculated as the weighted average numeric score received on each graded class requirement. Final letter grades will be assigned using the following grading scale:

Grade	Class Average
A	95% & Above
A-	94% to 89%
B+	88% to 82%
B	81% to 75%
B-	74% to 68%
C	67% to 55%
F	Below 55%

STUDENT ETHICS:

- **IN-CLASS EXAMINATION:** The instructor requires students to adhere to the Honor Code established by the Rollins School of Public Health. Although students are encouraged to work together on practice problem sets and in studying for exams, collaboration and dishonesty on exams will not be tolerated.
- **WRITTEN ASSIGNMENTS:** All written assignments turned in during the semester must be in your own words. Avoid plagiarizing paragraphs, sentences, sentence structures, or even phrases. If you paste a sentence in your paper from another source and change every third word, it is plagiarism. If you lift a quote, it must be indicated as such with quotation marks or by setting it off from the main text and indenting and/or changing the spacing; a reference alone does not suffice. For more detail on what constitutes plagiarism, see: <http://www.emory.edu/ENGLISH/WC/plagiarism.html>, and the Appendix in: <http://www.emory.edu/COLLEGE/students/honor.html>.

SUMMARY ASSIGNMENT SHEET
FALL – 2008
FINANCIAL AND MANAGERIAL ACCOUNTING FOR HEALTH CARE ORGANIZATIONS

Date	Lecture Topic or Activity	Assignment
Sept.8	Class 1A: Course Introduction - Course Objectives - Course Requirements - Instructor Expectations	None
Part A: FINANCIAL ACCOUNTING		
Topic 1: INTRODUCTION TO U.S. BUSINESS AND ACCOUNTING		
Sept. 8	Class 1B: Introduction to Business - Forms of Business Organizations - Gross Profit and Net Income - Economic Decision Making - Basic Accounting Assumptions Related Exercise: Practice Problem Set 1	Werner and Jones (WJ) WJ: Chapter 1, p. 1-28 & WJ: Chapter 2, p. 39-57. (See Blackboard)
Topic 2: KEY FINANCIAL STATEMENTS		
Sept. 15	Class 2: Understanding the Balance Sheet - Fundamental Accounting Equation - Assets and Liabilities - Constructing the Balance Sheet from Account Information - Capital Structure Related Exercise: Practice Problem Set 2	WJ: Chapter 3, p. 69-94 & WJ: Chapter 9, p. 355-361 & 378-379. (See Blackboard)
Sept. 15	Class 2: Review of Practice Problem Set 1	Due: Beginning of Class
Sept. 22	Class 3: Financial Analysis Project: Sheet 1 & 2	Due: Beginning of Class
Sept. 22	Class 3: Introduction to the Income Statement & Statement of Owners' Equity - Building the Income Statement - Determining Revenues and Expenses - Recurring and Nonrecurring Items - Distributions to Owners - Statement of Owners' Equity Related Exercise: Practice Problem Set 3	WJ: Chapter 4, p. 117-139 & WJ: Chapter 9, p. 361-380. (See Blackboard)
Sept. 22	Class 3: Review of Practice Problem Set 2	Due: Beginning of Class
Topic 3: KEEPING SCORE: MEASURING & INTERPRETING ACCOUNTING INFORMATION		
Sept. 29	Class 4: Cash Versus Accrual Accounting - Reality Versus Measuring Reality Periodically - Cash Basis of Measurement - Accrual Basis of Accounting - Concept of Matching - Deferred or Accrued Expenses or Revenues - Related Exercise: Practice Problem Set 4	WJ: Chapter 5, p. 166-187. (See Blackboard)
Sept. 29	Class 4: Review of Practice Problem Set 3	Due: Beginning of Class
Oct. 6	Class 5: Financial Analysis Project: Sheet 3 & 4	Due: Beginning of Class
Oct. 6	Class 5: Keeping Track of Cash: The Statement of Cash Flows - Purpose and sections of a Statement of Cash Flows - Direct Method - Indirect Method Related Exercise: Practice Problem Set 5	WJ: Chapter 3, p. 89-91 & WJ: Chapter 10, p. 403-429. (See Blackboard)
Oct. 6	Class 5: Review of Practice Problem Set 4	Check answers on Blackboard
Oct. 13	No Class: Fall Break	No Assignment
Oct. 20	Class 6: Valuing and Disposing of Long-Term Assets - Depreciation Expense	WJ: Chapter 7, p. 265-291.

Date	Lecture Topic or Activity	Assignment
	<ul style="list-style-type: none"> - Methods of Depreciation - Impact of Depreciation on Measuring Profit - Disposal of Long-Term Assets Related Exercise: Practice Problem Set 6	(See Blackboard)
Oct. 20	Class 6: Review of Practice Problem Set 5	Due: Beginning of Class
Oct. 27	Class 7: Financial Analysis Project: Sheet 5	Due: Beginning of Class
Oct. 27	Class 7: Analyzing Financial Statements <ul style="list-style-type: none"> - Profitability Ratios - Efficiency Ratios - Liquidity Ratios - Capital Structure Ratios - Limitations of Financial Statement Analysis Related Exercise: Optional Practice Problem Set 7	WJ: Chapter 11, p. 447-487. (See Blackboard)
Oct. 27	Class 7: Review of Practice Problem Set 6	Due: Beginning of Class
Nov. 3	Class 8: First In-Class Examination	Class 1 – Class 6
PART B: MANAGERIAL ACCOUNTING		
Topic 4: USING COST INFORMATION FOR DECISION MAKING		
Nov. 10	Class 9: Financial Analysis Project: Sheet 6	Due: Beginning of Class
Nov. 10	Class 9: Cost Behavior <ul style="list-style-type: none"> - Cost Objective - Cost Behavior - Cost Concepts for Decision Making - Cost Concepts for Managerial Control - Estimating Costs – High/Low & Visual Methods Related Exercise: Optional Practice Problem Set 8	Custom Business Resources (CBR) Cost Behavior: p.1-25. (See Blackboard)
Nov. 10	Class 9: Review of First Mid-Term Exam	
Nov. 17	Class 10: Cost, Volume, & Profit Analysis <ul style="list-style-type: none"> - The Relationship Between Cost and Volume of Services - Basic Breakeven Model (Graphical and Analytical Form) - Contribution Margin & Contribution-Margin Percentage - Breakeven Model with Profit and Multi-Products Related Exercise: Practice Problem Set 9	CBR: Cost-Volume-Profit Analysis: p. 29-53. (See Blackboard)
Nov. 17	Class 10: Review of Optional Practice Problem Set 8	
Topic 5: USING COST INFORMATION FOR MANAGERIAL CONTROL		
Nov. 24	Class 11: Budgeting <ul style="list-style-type: none"> - The Budgeting Process - Operating Budget - Capital Budget - Cash Budget Related Exercise: Practice Problem Set 10	CBR: The Master Budget and Responsibility Accounting 3: p. 81-108. (See Blackboard)
Nov. 24	Class 11: Review of Practice Problem Set 9	Due: Beginning of Class
Dec. 3	Class 12: Variance Analysis <ul style="list-style-type: none"> - Standard Cost - Flexible Budgeting - Price, Quantity, and Volume Variance - Variance Analysis Include Patient Acuity Related Exercise: Practice Problem Set 11	CBR: Flexible Budgets and Standard Cost: p. 135-159. (See Blackboard)
Dec. 3	Class 12: Review of Practice Problem Set 10	Due: Beginning of Class
Dec. 8	Class 13: Review of Practice Problem Set 11	Due: Beginning of Class
Dec. 8	Class 13: Review for Second Mid-Term & Student Questions	No new material
Dec. 15	Second Mid-Term Exam	Class 7- Class 13

Date	Lecture Topic or Activity	Assignment