N553: Financing and Budgeting of Health Care Systems  
Semester offered: Spring  
Credits: 2 lecture

Course Description: This course focuses on the application of fiscal management principles of health care systems. Emphasis is on health care economics, fiscal management, and budgeting concepts.

Course Objectives:

1. Analyze the effects of distinctive economic characteristics of health care.  
2. Integrate the principles of financial management, budgeting, strategic planning, and utilization of resources.  
3. Assess external and internal factors (political, legal, and societal) that influence the economics of health care.  
4. Analyze financial statements and balance sheets to evaluate the cost effectiveness and financial health of an organization.  
5. Assimilate concepts of financial reimbursement.  
6. Evaluate the utilization of strategic planning and business plans in health care organizations.  
7. Evaluate research findings on cost of patient care and health care organizations.  
8. Understand the principles and definitions of various health care organization corporate structures.

Recommended content and concepts:

I. Principles of Finance

II. Financing
A. Reimbursement for large/small institutions and rural health care clinics through Medicare, Medicaid, commercial insurance, private pay and the evolving overall managed care system  
B. Determination of cost effective blend of reimbursers  
C. Understanding the billing process  
D. Role of Federal and State regulatory agencies in determining reimbursement

III. Budgeting
A. Analyzing the market  
B. Predicting the revenue source, i.e., the business  
C. Developing expenses  
D. Capital budget  
E. Depreciation and amortization  
F. Above and below the line expenses  
G. The cost report (Medicare and Medicaid and using it as a management tool)

IV. Resource Allocation
A. Staff - professional and support  
B. Equipment  
C. Cost accounting that leads to cost effectiveness
V. Strategic Planning
   A. Predicting the market
   B. Determining the need
   C. Determining the resources
   D. Determination of consistency of mission, vision and philosophy
   E. Predicting the cost
   F. Time plan and implementation

VI. The Business Plan - Developing a business plan for a needed service
   A. Predicting the need
   B. Determining the cost and start-up expenses
   C. Predicting the break even point
   D. The marketing plan

VII. Determining the Appropriate Legal Structure for the Organization, i.e., for profit/not profit, partnership, rural health clinic, etc.

VIII. Health Care Reimbursement Options
   A. National health insurance
   B. HMO/Preferred Provider Organizations
   C. Health purchasing cooperatives
   D. Reform already established and projected by industry
   E. Capitalism

IX. Impacting Issues
   A. Ethics - balancing cost and quality
   B. Partnering with the consumer
   C. Future trends
   D. Research and funding

Recommended learning activities:

1. Analyze a financial statement and cost report in the current or intended work setting.
2. Develop a business plan for a new service in the current or intended work setting.
3. Identify the health care parameters and develop a budget for the next year in the current or intended work setting.
4. Relate the developed business plan to the organization's strategic plan.
5. Adapt a management information system to meet organizational needs.
6. Select experiences with an organizational finance officer.
7. Compare and contrast budgetary processes within and between organizations.
8. Participation at Board Meetings focused on budgetary issues.

Reviewed by GAAC: 10/01; 2/07
Approved by GAAC: 11/95; modified 6/95; modified 2/26/07
Approved by Faculty: 5/95; 8/95; 4/07