

Course Syllabus

Course Information

<i>Course Number/Section:</i>	HMGT 6322 001
<i>Course Title:</i>	Healthcare Cost Management and Control
<i>Term:</i>	Fall 2016
<i>Days, Times & Dates:</i>	Tuesday 7:00PM to 8:45PM; 8/23 to 12/6, 2016

Instructor Contact Information

<i>Instructor</i>	Suresh Radhakrishnan
<i>Office Phone</i>	972 883 4438
<i>Office Location</i>	SM 4.426
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<i>Office Hours</i>	Wednesdays 3:00PM to 4:00PM OR by appointment

Course Description

The course objective is to (a) introduce some concepts of cost management and control, and (b) apply the concepts of cost management and control to health care settings. Topics include: ratio analysis, cost allocation, activity based costing, budgeting, variances, performance evaluation, and balanced score card analysis. We will discuss the differences between the health care setting and other business settings to highlight the applicability of the concepts; and the assumptions embedded in them.

Student Learning Objectives/Outcomes

- To understand how accounting information is aggregated and used for decisions
 - To learn to use accounting information for decision making in health care settings
 - To learn to work in groups
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Required Textbooks and Materials

Required Texts

- *Management control in Nonprofit Organizations*, by Robert N. Anthony and David W. Young, 7th edition, McGraw Hill, Irwin, 2003

Required Materials

- Lecture notes and materials will be made available on the eLearning portal. Hardcopies of handouts will not be distributed. It is **your responsibility to ensure** that you have the lecture notes and case materials that are to be discussed in class.

Assignments & Academic Calendar

Topics, Reading Assignments, Due Dates, Exam Dates

SEE “ATTACHMENT A” FOR TENTATIVE COURSE OUTLINE AND DUE DATES

Grading Policy

The deliverables for the course includes

- (a) Three individual case analysis [SEE ATTACHMENT B FOR DETAILS];
- (b) Group case analysis and presentation [SEE ATTCHMENT C FOR DETAILS]; and
- (c) Group ratio analysis and presentation of a publicly listed healthcare company [SEE ATTCHMENT D FOR DETAILS].

Individual case analysis: It is your responsibility to ensure that homework is turned in on or before the due dates. If for any reason you cannot make it to class on the due date (because of your work/travel plans), please make sure that the homework is emailed to me before class on the due date. The document should either be in word or pdf format. **Please do not send in excel spreadsheets.** No credit will be given for late submissions, i.e., if your homework and/or project is not turned in on or before the due date – you will get a grade of zero for that portion. The due dates in the course outline for the homework **are tentative**; you will be required to turn-in the homework only after we have discussed the concepts and tools required for the case analysis.

Group Projects: You will work in small groups. You will select the members of your group. Only one copy of the report needs to be turned in, for each group. At the end of the course you will be asked to evaluate the contribution of each of the individuals in the group [SEE ATTACHMENT E FOR THE DIMENSIONS OF EVALUATION]. Each group will make a presentation of Case analysis and the Ratio Analysis projects. The presentations will be evaluated by yours friends/colleagues in the class. A copy of the peer evaluation forms is provided at the end of the outline. [SEE ATTACHMENT F1 and F2 FOR THE DIMENSIONS OF EVALUATION.]

The relative weights for the deliverables are:

Individual Cases [3 cases 10 points each]	ATTACHMENT B	30%
Group Case Analysis write-up due 12/6	ATTACHMENT C	25%
Group Ratio Analysis write-up due 11/29	ATTACHMENT D	25%
Presentation evaluation due end of class 11/29 and 12/6	ATTACHMENT E	10%
Group contribution evaluation due 12/6	ATTACHMENT F1 & F2	10%

The target grade distribution is

A	60%
B	30%
C or lower	10%

NOTE: Please give me e-mails by the first week of class. I will provide a deadline for you to form groups

Course Policies

Make-up exams

NOT APPLICABLE

Extra Credit

No extra credit assignments as make-up for deliverables will be provided/awarded.

Late Work

Late work will be given a grade of zero

Special Assignments

SEE ATTACHMENTS B, C & D FOR INDIVIDUAL CASE ANALYSIS, GROUP CASE ANALYSIS AND GROUP FINANCIAL STATEMENT ANALYSIS

Class Attendance

No grades are awarded for class attendance.

Classroom Citizenship

Normal and decent etiquettes apply. During any discussions please ensure that you respect your colleagues.

Comet Creed

This creed was voted on by the UT Dallas student body in 2014. It is a standard that Comets choose to live by and encourage others to do the same:

“As a Comet, I pledge honesty, integrity, and service in all that I do.”

UT Dallas Syllabus Policies and Procedures

The information contained in the following link constitutes the University's policies and procedures segment of the course syllabus. Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

IMPORTANT NOTE: The descriptions and timelines are subject to change at the discretion of the Instructor

ATTACHMENT A: Tentative Course Outline

<i>Date</i>	<i>Topic</i>	<i>Recommended reading/ assignments</i>	<i>Filename & comments</i>
8/23, 8/30, 9/6	➤ Introduction & Ratio analyses	➤ Chapter 1, 3, 4 ➤ CW Case 4-5: CareGroup	LN0_Accounting_Equation.pdf LN1_Ratio_Analyses.pdf LN2_Framework_Cost_Performance_Mgt.pdf CW_Case4.5_Solution_Caregroup.pdf
9/13, 9/20	➤ Cost Allocation ➤ Activity Based Costing	➤ Chapter 5 ➤ CW Case 5-4: Neighborhood	LN3_FullCosting.pdf LN4_ABC.pdf LN4A_ABC_Problem.pdf CW_Case5.4_Solution_Neighborhood.pdf
9/27, 10/4 (2 nd half)	➤ Cost Behavior ➤ Break even analysis	➤ Chapter 6 ➤ CW Case 6-1: Carlsbad	LN5_Break_Even_Analysis.pdf LN5A_Break_Even_Problem.pdf CW_Case6.1_Solution_Carlsbad.pdf
10/4 (1st half)	➤ Cost Allocation	➤ HW1 Case 5-1: Crosswell	HW1 to be turned in
10/11	➤ Capital Budgeting	➤ Chapter 8, 9	
10/18 (1st half)	➤ Cost Behavior	➤ HW2 Case 6-4: Lakeside	HW2 to be turned in
10/18 (2 nd half)	➤ Capital Budgeting	➤ CW Case 9-4: Green Valley	CW_Case9.4_Solution_Green_Valley.pdf
10/25, 11/1	➤ Operating Budgets ➤ Variance analysis & control	➤ Chapters 10 & 13 ➤ CW Case 13-4: Los Reyes	LN6_Mgt_Control_Concepts.pdf LN7_Allocation_and_Control.pdf LN8_Budgets_Variations.pdf CW_Case13.4_Solution_LosReyes.pdf
11/8 (1st half),	➤ Variance analysis	➤ HW3 Case 13-5: Bandon Medic	HW3 to be turned in
11/8 (2 nd half) 11/15	➤ Balanced Score Card	➤ Chapter 9	LN9_Balanced_Score_Card.pdf
11/22	➤ No Classes, Thanksgiving Break		
11/29	➤ Financial Statement Analysis Presentation	Ratio analysis write-up due	
12/6	➤ Case Analysis Presentation	Case analysis write-up due	

ATTACHMENT B: INDIVIDUAL CASE ANALYSIS

There are three (3) cases that you need to analyze and turn in on an individual basis. You are required to read the case carefully and answer the questions to the best of your ability. The case analysis should include: a brief discussion of each question (bullet points will suffice). After you turn in your case analysis, we will discuss the case in class. I will call on any of you to lead the discussion. The best way to prepare for this is to make an ardent attempt to analyze the case. It is okay to say that you got stuck at a particular point, i.e., you reached a particular point and did not know how to proceed or there was more than one way to proceed and you did not know which path to choose. These homework assignments are geared to help you apply various concepts, and it is likely that you will get stuck at some points. This is because you will have to make reasonable, consistent and defensible assumptions and doing so may not give you a comforting feeling in the beginning. As you examine more cases you will get better at making consistent and reasonable assumptions that can be defended. I am not looking for a 'perfect' or 'correct' answer. As such, the materials that you turn in will be evaluated on the basis of effort that you put in. I will also use my subjective judgment, based on the class discussion whether at all you had put in enough effort when awarding the grades. In effect, even though there is no grade for class participation, your participation (or I should say non-participation) will affect your homework grades.

The write-up that you turn in needs to be not more than 5 pages, not including supporting tables and analysis, if any (note that this is a maximum limit, some cases will take much less than that). **All write-ups are due at the beginning of the class.**

Please turn in a hard copy; and keep a copy for your records, so that you can lead-follow the class discussion. If your work schedule takes you away from class and you have to turn in the assignment via email, please send me a pdf file. I **will not** accept excel files.

The tentative due dates for the Individual Case Analysis is summarized in the following Table.

HW #	Due Date	Case	Page #	Points
1	10/4	5-1: Croswell University Hospital	246	10
2	10/18	6-4: Lakeside Hospital	304	10
3	11/8	13-5: Bandon Medical Associates	700	10

ATTACHMENT C: Ratio Analysis Project (Group)

Objective: The objective is to apply the ratio analysis framework to publicly listed Healthcare companies in the USA, so as to give you a hands-on experience in using and interpreting accounting information/data.

Suggested Approach:

- Choose a U.S. firm in the health care sector (broadly defined) that is traded in the stock market.
- Obtain three-four most recent annual reports for the firm. That is, have at least four years of income statement data and four years of balance sheet data for the firm. If you only have quarterly reports, choose at least two years of data, i.e., 8 consecutive quarterly reports [this is possible if the company you choose has had a recent IPO].
- Collect information from press releases, news reports and the MD&A.
- Understand the business model, the economic environment and strategy of the company.
- Frame a question that would be interesting for you to answer. Examples: Does the company use a low cost or differentiation strategy? OR Will company survive? OR What is the primary driver of the company's strategy? OR Are the analysts optimistic about the outlook of the company? OR How has the changing regulatory landscape affected the financial performance?
- After framing the question, have a "prediction" for the answer; this is your hypothesis.
- Use the ratio analysis tool [not all of the ratios indiscriminately] to answer your question and prove or disprove your hypothesis.
- Overall, think through and provide logical inferences [Hint: Do not compute all ratios and interpret them in groups or independent of each other or independent of the business model.]

Source:

- Annual reports: You can get annual reports from the SEC's database of company filings useful [the internet site is <http://www.sec.gov>. Use 10-Ks (the annual reports) for a company. You can also find copies of the annual report on the company's home page. Please do not use databases such as the COMPUSTAT, Mergent etc. to get the income statement and balance sheet data.
- Press releases can be obtained from the company's homepage or Lexis-Nexis at the UTD library or Bloomberg.

Note that the above is a list of suggested sources. You will need to show some enterprise in obtaining data. Please document the source and provide a web-link OR a copy of the annual report (the relevant sections and footnotes) in the appendix of the final report if the document is not available through the web.

Write-up:

The report should **not be more than 15 pages** not including the appendix [typewritten, 1.5 or double-spaced, 11 or 12 font]. Your report **must include** an executive summary detailing the purpose and key takeaways. The details of computations and the data can be relegated to the appendix. Include the summary of the detailed computations in the form of tables and graphs in the main body of the report. Refrain from making obvious statements, such as ROE is increasing because net income is increasing. You do not need to provide the annual reports and the support documents, but you need to provide a complete reference so that I can access the relevant documents via the web or UTD library data source. All reports should be submitted in paper form (not thru email).

Do not send me excel spread sheets by email as part of the report.

Do not ask me to take a look at your report and provide an opinion of how good it is (!); or whether the analysis done is "sufficient" (!) before the due date.

If you have questions regarding the project, ask them in the form of questions: please refrain

from asking general and leading questions such as, “This is what we have done, is this enough?” OR ‘Can I stop by and show you what we have done so far, you can tell us if this is enough?’ I am more than willing to help you understand the annual reports, interpretation of footnotes or analyst reports or press releases.

Clarity of final report will be rewarded.

DUE DATE for write-up: The report is due on 11/29 before start of class.

PRESENTATION: Each group will present the ratio analysis project to the class on 11/29. Depending on the number of groups, I will provide you with the time limit for the presentation. To provide an incentive for attending your peers’ presentation, I will let you know your presentation times only at the beginning of class on 11/29. If you are not present to support your group and evaluate others’ presentations, you will get a grade of zero for your presentation evaluation.

ATTACHMENT D: Case Analysis (Group)

From one of the following cases, your group will be assigned a case

1. 14-1 Franklin Health Associates
2. 14-2 Union Medical Center
3. 16-2 Apogee health Care
4. 16-5 Fletcher Allen Health Care

Write-up:

The report should **not be more than 15 pages** not including the appendix [typewritten, 1.5 or double-spaced, 11 or 12 font]. Your report **must include** an executive summary detailing the purpose and key takeaways. The details of computations and the data can be relegated to the appendix. Include the summary of the detailed computations in the form of tables and graphs in the main body of the report. Refrain from making obvious statements. All reports should be submitted in paper form (not thru email).

Do not send me excel spread sheets by email as part of the report.

Do not ask me to take a look at your report and provide an opinion of how good it is (!); or whether the analysis done is “sufficient” (!) before the due date.

If you have questions regarding the project, ask them in the form of questions: please refrain from asking general and leading questions such as, “This is what we have done, is this enough?” OR ‘Can I stop by and show you what we have done so far, you can tell us if this is enough?’ I am more than willing to help you understand accounting concepts, but you need to make an effort to apply them to healthcare contexts.

Clarity of final report will be rewarded.

DUE DATE for write-up: The report is due on 12/6 before start of class.

PRESENTATION: Each group will present the ratio analysis project to the class on 12/6. Depending on the number of groups, I will provide you with the time limit for the presentation. To provide an incentive for attending your peers’ presentation, I will let you know your presentation times only at the beginning of class on 12/6. If you are not present to support your group and evaluate others’ presentations, you will get a grade of zero for your presentation evaluation.

ATTACHMENT E: Evaluation of Individual Contribution to Group

Due on 12/6 by 7pm

GROUP #:

NAME OF EVALUATOR:

NOTE: Please do not evaluate yourself !

Dimensions of evaluation

- A. Distribution of work
- B. Helpful in explaining difficult topics
- C. Helpful with ideas, questions and discussion
- D. Quality and timeliness of work performance
- E. Leadership and overall collegiality

<i>NAME OF GROUP MEMBER</i>	A (0-2)	B (0-2)	C (0-2)	D (0-2)	E (0-2)	Total (0-10)

Each dimension is to be evaluated on a scale of 0-2 with 0 the minimum and 2 the maximum.

ATTACHMENT F1: Evaluation of Presentations
Due on 11/29 by 10pm (end of class)

GROUP #:

NAME OF EVALUATOR:

NOTE: Please do not evaluate your group !

Dimensions of evaluation:

A. Content – Complete, coherent, clear, concise and correct

B. Delivery – Poised, powerful, persuasive, polished, prepared

Gr	Ratio Project	Date Time	A. Content [0-2.5]	B. Delivery [0-2.5]	Total [0 – 5]	Lesson learned	Critique
1							
2							
3							
4							
5							

Please do not copy from others or consult with others when you fill-out the last two columns. I will look for originality and reward bonus points. I will penalize if your evaluation of the presentation and the last two columns do not tie-up well. For the last two columns, brief points are enough. Feel free to say that you learnt nothing, in which case the content should get a zero. If you do not attend or grade a particular presentation, you will be penalized. This is subjective based on my discretion.

ATTACHMENT F2: Evaluation of Presentations

Due on 12/6 by 10pm (end of class)

GROUP #:

NAME OF EVALUATOR:

NOTE: Please do not evaluate your group !

Dimensions of evaluation:

A. Content – Complete, coherent, clear, concise and correct

B. Delivery – Poised, powerful, persuasive, polished, prepared

Gr	Ratio Project	Date Time	A. Content [0-2.5]	B. Delivery [0-2.5]	Total [0 – 5]	Lesson learned	Critique
1							
2							
3							
4							
5							

Please do not copy from others or consult with others when you fill-out the last two columns. I will look for originality and reward bonus points. I will penalize if your evaluation of the presentation and the last two columns do not tie-up well. For the last two columns, brief points are enough. Feel free to say that you learnt nothing, in which case the content should get a zero. If you do not attend or grade a particular presentation, you will be penalized. This is subjective based on my discretion.