

Healthcare Financial Management Association
Certification Course 2009-2010

Core Program
Course Overview

For examination period January 2009 through December 2010

Updated by Phoebe Barton (Professor and MSPH Director, Department of Preventive Medicine and Biometrics, University of Colorado Health Service Center) with assistance from members of the HFMA Board of Examiners Core Program group.

HFMA Certification Course 2009-2010

Core Program



Healthcare Financial Management Association Educational Foundation is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to The National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN, 37219-2417, Web site: www.nasba.org

About 60-90 days after receipt of required documentation, participants who meet the stated minimum requirements will receive a certificate of completion program indicating 10.0 CPE hours were awarded. CPE requirements may differ by jurisdiction and participants should consult their reporting jurisdiction. This education programs is eligible for HFMA certification maintenance requirements.

Delivery Method: Self Study **Field of Study:** Specialized Knowledge and Application

Program content: Various aspects of healthcare financial management including accounting and finance, patient financial services, physician practice management, and managed care. Specific **learning objectives** are on the following pages.

Program Level: Intermediate. The *intended audience* is anyone who will be completing the corresponding Core program certification exam. This course can also serve as a reference for individuals working in related areas of the healthcare industry. The *estimated completion time* is time is about 10.0 hours, based on the actual average completion time of persons who completed this course. Actual completion times may vary based on current knowledge level, learning style, and other factors.

Pre-requisites: Working knowledge of healthcare finance management issues

Advance Preparation: None

Amount of CPE: This course is eligible for *10.0 CPE* when the course activities are completed at the minimum required level, as stated in the course, and required documentation submitted within one year of purchasing the course and prior to the expiration date of the course materials (12/31/10). CPE will not be issued if the required documentation is submitted after 12/31/10.

NOTE: Only one person may use the course and submit for CPE credit. Multiple persons may NOT share the course and make copies of the forms required to receive CPE credit. All materials in the study guide are copyright protected and it is illegal to duplicate any of the materials or make derivative products electronically, manually or in any other form.

Order this course on-line at:

http://www.hfma.org/site/certification/self_study_aids_form_0910.cfm

Refund Policy: Refunds will be granted only for self-study course materials (binders and inserts) returned unopened and unused within 30 days of the order date and prior to the expiration date of the course. The 2009-2010 Self-Study Courses expire on December 31, 2010.

Contact Information: For questions or comments about this program, please contact the HFMA certification departments at 1-800-252-4362, ask for certification, or send an e-mail to certification@hfma.org

Core Program

The topics in this course are as follows. The topic outline and learner objectives for each chapter are on the pages that follow.

- Introduction
- Chapter 1. Healthcare Industry Overview
- Chapter 2. Cost Analysis and Management
- Chapter 3. Financial Analysis Techniques
- Chapter 4. Accounting Concepts and Principles
- Chapter 5. Auditing and Internal Control
- Chapter 6. Capital Planning and Financing
- Chapter 7. Budgeting
- Chapter 8. Strategic Planning
- Chapter 9. Investments and Cash Management
- Chapter 10. Information Systems
- Chapter 11. Patient Financial Services and Revenue Cycle
- Chapter 12. Corporate Compliance
- Chapter 13. Managed Care/ Consumer-Directed Health Care
- Chapter 14. Regulatory Environment
- Chapter 15. Health Information Management and Case Management
- Chapter 16. Quality and Patient Safety
- Chapter 17. Management Skills
- Chapter 18. Human Resources Management
- Chapter 19. Legal Aspects
- Chapter 20. Physician Practice
- Chapter 21. HFMA Overview

Core Program

Chapter 1. Healthcare Industry Overview

- 1.0 Here's What You'll Learn
- 1.1 Healthcare Industry Overview
- 1.2 What is Health Care?
- 1.3 Healthcare Providers
- 1.4 Healthcare Personnel
- 1.5 Healthcare Payers
- 1.6 Self Assessment Exercise

Learner Objectives

- Explain the major sectors of the industry in the order of their annual expenditures.
- Describe the healthcare industry as it exists in the United States today.
- Describe governmental and private insurances currently available in the healthcare industry.

Chapter 2. Cost Analysis and Management

- 2.0 Here's What You'll Learn
- 2.1 Cost Accounting
- 2.2 Variable and Fixed Costs
- 2.3 Break-Even Analysis
- 2.4 Responsibility Accounting
- 2.5 Variance Analysis
- 2.6 Product-Line Costing: Managed Care Product Costing/Variability Analysis
- 2.7 Self Assessment Exercise

Learner Objectives

- Explain the benefits of a healthcare organization's ability to determine the cost of providing its program services.
- Define the contribution margin.
- Describe how to use the break-even formula to determine if you are losing money, breaking even, or making a profit on the individual services/programs.
- Discuss the principal types of expense variance.
- Given appropriate data, calculate variances.
- Define responsibility accounting.
- Explain product line costing and its use in managed care product costing.

Core Program

Chapter 3. Financial Analysis Techniques

- 3.0 Here's What You'll Learn
- 3.1 Background of Ratio Analysis
- 3.2 Categories of Ratio Analysis
- 3.3 Calculation of Specific Ratios
- 3.4 Self Assessment Exercise

Learner Objectives

- Describe the objectives of the four major categories of financial ratios.
- Given appropriate data, calculate and explain the purpose of specific financial ratios.

Chapter 4. Auditing Concepts and Principles

- 4.0 Here's What You'll Learn
- 4.1 Overview: Generally Accepted Accounting Principles (GAAP) and the *Audit and Accounting Guide for Health Care Organizations*
- 4.2 Unique Considerations of Healthcare Organizations
- 4.3 Financial Reporting of Healthcare Organizations
- 4.4 Balance Sheet
- 4.5 Statement of Operations
- 4.6 Statement of Changes in Net Assets (Equity)
- 4.7 Statement of Cash Flows
- 4.8 Notes to the Financial Statements
- 4.9 Self Assessment Exercise

Learner Objectives

- Define Generally Accepted Accounting Principles (GAAP).
- Describe the three categories into which healthcare enterprises can be classified based on their operating characteristics.
- Describe the basic financial statements of a healthcare organization.
- Provide an example of unrestricted net assets used in not-for-profit accounting.
- Distinguish between uncompensated care and bad debt expense in a healthcare organization.

Core Program

Chapter 5. Auditing and Internal Control

- 5.0 Here's What You'll Learn
- 5.1 Elements of Internal Control
- 5.2 Basic Definitions
- 5.3 Administrative Controls
- 5.4 Accounting Controls
- 5.5 Characteristics of Internal Control
- 5.6 Oversight of Management and the Audit Committee
- 5.7 Self Assessment Exercise

Learner Objectives

- Discuss the two basic types of internal control.
- Describe characteristics of administrative and accounting control.
- Describe characteristics of internal control.
- Explain the key characteristics of an internal control procedure.
- Explain the importance of management and audit committee oversight.

Chapter 6. Capital Planning and Financing

- 6.0 Here's What You'll Learn
- 6.1 Assessing Long-Term Capital Requirements
- 6.2 Evaluating Alternative Sources of Financing
- 6.3 Understanding the Credit Evaluation Process
- 6.4 Accessing Capital Markets
- 6.5 Methods and Processes in Capital Purchase Contracts
- 6.6 Self Assessment Exercise

Learner Objectives

- Discuss the necessity for capital planning and financing in a healthcare organization.
- Describe the two primary types of debt financing.
- Explain the meaning and usage of debt-to-equity ratio.
- Describe how debt issues are rated and what factors determine the rating a debt issue will receive.
- Differentiate equity and debt financing.
- Define joint venture.
- Describe the two types of leases.
- Explain the credit evaluation process and its effect on an organization's ability to access capital markets.
- Describe the methodology and process used for capital purchase contracts.

Core Program

Chapter 7. Budgeting

- 7.0 Here's What You'll Learn
- 7.1 Types of Budgets
- 7.2 Budgeting Techniques
- 7.3 Productivity Measurement and Evaluation
- 7.4 Types of Cost Behavior
- 7.5 Reporting
- 7.6 Self Assessment Exercise

- **Learner Objectives**

- Describe the three main types of control budgets used in the budgeting process.
- Explain the three main types of budgets included within the operating budget.
- Explain the concepts of full-time equivalent (FTE) and units of service.
- Discuss the two most common approaches to budgeting.
- Describe the four types of variances and give an example of a volume variance.
- Define and give an example of each of the four types of cost behaviors.

Chapter 8. Strategic Planning

- 8.0 Here's What You'll Learn
- 8.1 Strategic Planning Defined
- 8.2 Establishing an Organization's Mission
- 8.3 Developing Goals and Objectives
- 8.4 Assessing an Organization's Internal and External Environments
- 8.5 Financial Feasibility
- 8.6 Implementation Strategies
- 8.7 Evaluation and Feedback Analyses
- 8.8 Self Assessment Exercise

Learner Objectives

- Describe the major benefits of strategic planning.
- Discuss key factors that must be present in strategic planning for a healthcare organization.
- Define the basic phases of a systematic approach to strategic planning.
- Describe sources of external data that are useful to healthcare organizations.
- Describe environmental issues healthcare organizations will have to cope with over the next 5 to 10 years.
- Discuss the primary factors that will have the greatest influence on a healthcare organization's long-term success based on internal environmental analysis.
- Explain the internal data analyzed to determine where a healthcare organization is headed.
- Discuss the importance of a healthcare organization's vision, mission, and objectives.
- Identify the key questions that must be answered during the strategy implementation of the strategic planning process.
- List performance indicators for monitoring the strategic plan developed by a healthcare organization.
- Discuss integration of the strategic plan with short-term planning activities.

Core Program

Chapter 9. Investments and Cash Management

- 9.0 Here's What You'll Learn
- 9.1 Cash Forecasting
- 9.2 Cash Management
- 9.3 Investments
- 9.4 Self Assessment Exercise

Learner Objectives

- Discuss the primary purpose and specific uses of a cash budget.
- Differentiate a short-term and long-term cash budget.
- Describe the basic steps used to prepare a short-term cash budget.
- Explain the three methods that can be used to prepare a cash budget.
- Discuss elements of cash management, including receipts, disbursements, and account reconciliation.
- Explain components of a healthcare organization's investment policy.
- Describe specific questions an organization should consider when evaluating investment managers.

Chapter 10. Information Systems

- 10.0 Here's What You'll Learn
- 10.1 Healthcare Information Systems Defined
- 10.2 Administrative and Clinical Information Systems
- 10.3 Network and Communication Technology
- 10.4 Enterprise-Wide System Management and Decision Support Systems
- 10.5 Electronic Data Interchange (EDI)/Applications
- 10.6 Management and Control of Information Systems
- 10.7 E-commerce/Data Warehousing
- 10.8 Self Assessment Exercise

Learner Objectives

- Explain the key components of a healthcare information system.
- Describe the main functions of a typical healthcare information system.
- Describe the main administrative, clinical and financial modules.
- Explain the two categories of clinical information systems.
- Describe an enterprise-wide information system and explain how it differs from other systems.
- Explain the significance of EDI in health care.
- Describe the options available to providers in the 835 format.
- Explain the healthcare claim (837) and UB-04.
- Describe several basic control features for information technology.
- Explain the significance of e-commerce in health care.
- Discuss the significance and impact of data warehousing in health care.

Core Program

Chapter 11. Patient Financial Services/Revenue Cycle

- 11.0 Here's What You'll Learn
- 11.1 Policy, Planning, and Evaluation
- 11.2 Measuring Receivables Performance
- 11.3 Registration/Admission
- 11.4 Documentation, Charge Capture and Coding (HIM)
- 11.5 Billing and Collection
- 11.6 Payment Validation and Contract Management Cycle
- 11.7 Legal Aspects
- 11.8 Patient Friendly Billing
- 11.9 Pricing Transparency
- 11.10 Self Assessment Exercise

Learner Objectives

- Discuss the key functions and processing steps of accounts receivable operations in a healthcare organization.
- Describe how a healthcare provider can decrease the payment waiting period.
- Calculate days revenue in receivable.
- Describe publications that govern accounting for healthcare receivables in a healthcare organization's financial statements.
- Describe the categories into which revenue and receivables by payer can be classified.
- Describe information gathered during outpatient or physician office registration or inpatient admission that is needed to process a healthcare claim.
- Explain the four essential tasks of financial counseling as a collection technique.
- Describe how charity care is handled in a healthcare organization's financial statements.
- Define bad debt.
- Describe the three steps of the credit granting process.

Core Program

Chapter 11. Patient Financial Services/Revenue Cycle

Learner Objectives (cont'd)

- Discuss benefits of preadmission to the healthcare organization.
- Describe activities completed by the HIM department.
- Define Coordination of Benefits (COB).
- Discuss collection techniques used to secure payment from third-party payers.
- Explain payment alternatives that a provider can offer to the patient.
- Describe criteria that a healthcare organization should use in analyzing collection agency performance.
- Describe the general content of federal laws that can affect a healthcare organization's billing and collection policies and procedures.
- Articulate the philosophy of the Patient Friendly Billing project.
- Explain pricing transparency.

Chapter 12. Corporate Compliance

12.0 Here's What You'll Learn

12.1 Introduction to Corporate Compliance

12.2 Federal Statutes Affecting Corporate Compliance

12.3 Compliance Plans

12.4 Sarbanes-Oxley Act of 2002

12.5 Corporate Ethics

12.6 Self Assessment Exercise

Learner Objectives

- Describe the history of regulatory and corporate compliance programs
- Describe the benefits and components of an effective corporate compliance program
- Describe several laws and regulations applicable to fraud and abuse in the healthcare industry.
- Explain how the Sarbanes-Oxley Act is being applied to non-public companies and organizations
- Describe the importance of a clear, implemented, and monitored statement of corporate ethics.

Core Program

Chapter 13. Managed Care/Consumer-Directed Health Care

- 13.0 Here's What You'll Learn
- 13.1 Managed Care and Managed Care Organizations (MCOs)
- 13.2 Utilization Management (UM)
- 13.3 Health Maintenance Organizations (HMOs)
- 13.4 Physician/Hospital Integration
- 13.5 Provider Contracting
- 13.6 Approaches to Reimbursement
- 13.7 Contracting Issues
- 13.8 Managed Care Versus Non-Managed Care Products
- 13.9 Consumer-Directed Health Plans (CDHP)
- 13.10 Self Assessment Exercise

Learner Objectives

- List the three characteristics required for an entity to qualify as an HMO as defined under the Federal HMO Act.
- Explain the approaches used in managing care to provide an opportunity for the managed care organization to influence practice patterns resulting in better outcomes for the patients at a lower cost.
- Discuss the complexity and structures used in managed care contracting.
- Describe the approaches used by providers and physicians to allow for risk sharing that has resulted from managed care.
- Describe the primary methods for determining reimbursement under a managed care contract.
- Discuss the differences between managed care and non-managed products. Explain why you think these differences will continue or diminish.
- Describe consumer-directed health plans and how health savings accounts are used.

Core Program

Chapter 14. Regulatory Environment

14.0 Here's What You'll Learn

14.1 Federal/State Governmental Policies

14.2 Medicare, Medicaid and SCHIP Programs

14.3 Federal Agencies That Influence the Healthcare Industry

14.4 Facility Accreditation and Licensure

14.5 Fraud and Abuse

14.6 Health Insurance Portability and Accountability Act (HIPAA) and Related Issues

14.7 Self Assessment Exercise

Learner Objectives

- Explain the current environment for tax-exempt entities.
- Define an excess benefit transaction.
- Explain the significance of the Emergency Medical Treatment and Active Labor Act (EMTALA) in hospital operations.
- Discuss the classes covered by Medicare insurance benefits.
- Explain the Medicare Prospective Payment System.
- Describe the Outpatient Medicare Prospective Payment System.
- Explain the goals of the following healthcare regulatory agencies:
 - Centers for Medicare and Medicaid Services (CMS)
 - Federal Trade Commission (FTC)
 - Internal Revenue Service (IRS)
 - Office of the Inspector General (OIG)
 - Department of Justice
 - The U.S. Public Health Service (PHS)
- List fraudulent acts under Medicare.
- Describe goals of the Health Insurance Portability and Accountability Act (HIPAA).
- Describe the implementation specifications for each of the three major categories of HIPAA.
- Discuss the statutory requirements for tax-exempt status.

Core Program

Chapter 15. Health Information Management and Case Management

15.0 Here's What You'll Learn

15.1 Health Information Management (HIM) Functions

15.2 Electronic Medical Record (EMR)

15.3 Release of Information

15.4 Coding

15.5 Regulatory Issues

15.6 Case Management

15.7 Self Assessment Exercise

Learner Objectives

- Discuss the core content areas focused on by health information management (HIM).
- Explain the standards and features for electronic medical records (EMRs).
- Describe the activities involving the patient record during admission.
- Explain the record processing required following discharge.
- Explain the key points of the record retention schedule.
- Discuss characteristics of major coding systems.
- Describe the coder activities in regard to a record.
- Describe the requirements for release of medical records.
- Identify regulatory agencies impacting medical records policies.
- Discuss the significance of the case management activity.
- Describe profiling.

Chapter 16. Quality and Patient Safety

16.0 Here's What You'll Learn

16.1 Concepts in Quality of Health Care

16.2 Applications of Quality of Health Care

16.3 Patient Safety Act of 2005

16.4 Self Assessment Exercise

Learner Objectives

- Explain how quality and quality improvement are related to health care.
- Explain the role of medical errors and patient safety as related to quality improvement.
- Discuss the human and financial costs of quality health care.
- Describe the importance of continual and systemic quality improvement.
- Explain the role of evidence-based medicine and technology in healthcare quality improvement.
- Explain the goals of the Patient Safety Act of 2005.

Core Program

Chapter 17. Management Skills

- 17.0 Here's What You'll Learn
- 17.1 Definitions and Functions of Management
- 17.2 History of Management Theory
- 17.3 Motivation Theory
- 17.4 Communication Theory
- 17.5 Managing Change
- 17.6 Managing Workers from Different Generations
- 17.7 Coaching
- 17.8 Performance Review
- 17.9 Leadership
- 17.10 Negotiation Theory and Techniques
- 17.11 Self Assessment Exercise

Learner Objectives

- Describe the eight functions of management.
- Differentiate the management theories that evolved through the 20th century.
- Describe the behaviors that employees typically display when their needs are not met and they are not motivated.
- Explain the steps used during the communication process.
- Discuss how managers can overcome employees' resistance to change.
- Describe managerial behaviors that can help employees deal with change.
- Describe the characteristics of different generations and how they are managed differently.
- Discuss behaviors for coaching employees effectively.
- Explain the steps for successfully completing a performance review.
- Describe the skills and traits of an effective negotiator.

Core Program

Chapter 18. Human Resources Management

- 18.0 Here's What You'll Learn
- 18.1 Regulatory Requirements - Labor Relations
- 18.2 Regulatory Requirements - Legal Benefits
- 18.3 Regulatory Requirements - Other Regulations
- 18.4 Compensation and Benefits
- 18.5 Recruitment and Placement
- 18.6 Position Descriptions and Personnel Policy
- 18.7 Developing the Work Force
- 18.8 Performance Appraisal
- 18.9 Self Assessment Exercise

Learner Objectives

- Explain the six types of unfair employer conduct condemned by the National Labor Relations Act (NLRA).
- Describe the six specific illegal actions condemned by the Taft-Hartley Act of 1947.
- Discuss the six specific requirements set by the Fair Labor Standards Act.
- Explain other regulations affecting most employers.
- Explain the four main types of injuries covered under workers' compensation.
- Discuss the key aspects of employee perception of compensation.
- Describe the basic types of employee benefit plans.
- Describe the benefits of job descriptions.
- Explain the benefits of personnel policies.
- State and explain the four phases of a successful staff training program.
- Evaluate the characteristics of an effective appraisal process.

Core Program

Chapter 19. Legal Aspects

- 19.0 Here's What You'll Learn
- 19.1 Characteristics of a Contract
- 19.2 Contractual Responsibilities
- 19.3 Self Assessment Exercise

Learner Objectives

- Explain the purpose of a contract.
- Describe the four elements necessary for a valid contract.
- Define the terms mutual assent, consideration, capacity, and legality as they apply to contracts.
- Describe several examples of illegal agreements.
- Explain conditions that make oral contracts enforceable.
- Define terms commonly used in a contract, and explain the purpose of the definitions section of the contract.
- Describe typical healthcare contractual obligations.
- Explain the payment issues covered in a contract.

Chapter 20. Physician Practice

- 20.0 Here's What You'll Learn
- 20.1 Physician Coding and Payment Systems
- 20.2 Physician Compensation Methodologies
- 20.3 Physician Practice Organization Models
- 20.4 Credentialing for Managed Care Organization
- 20.5 Self Assessment Exercise

Learner Objectives

- Describe Medicare's physician payment system.
- Explain the use of CPT, HCPCS, and ICD-9-CM coding systems as they relate to physician practices.
- Describe the difference in fixed versus variable physician compensation.
- Describe the different physician practice models and discuss the most important factors in determining which compensation method to use.
- Explain the function of credentialing.
- Describe the persons and entities impacted by credentialing.
- Discuss the typical requirements for credentialing health care practitioners (e.g., physicians, nurse practitioners, physician assistants, etc.).
- Describe the pertinent National Committee for Quality Assurance (NCQA) standards for credentialing and re-credentialing.
- Illustrate the importance of timely and accurate responses to credentialing requirements.

Core Program

Chapter 21. HFMA Overview

- 21.0 Here's What You'll Learn
- 21.1 HFMA Organization Overview
- 21.2 National HFMA
- 21.3 HFMA Certification
- 21.4 Certification Maintenance
- 21.5 Self Assessment Exercise

Learner Objectives

- Describe the organizational structure of HFMA including components that comprise national and regional HFMA leadership.
- Explain the role and responsibilities of the following Boards:
 - HFMA Board of Directors
 - HFMA Board of Examiners
 - HFMA Principles and Practices Board.
- Explain the HFMA Forums.
- Describe the requirements for becoming HFMA certified and maintaining the designation.
- Describe the specialty groups for which members can be identified.