TRANSITION GUIDE

*Understanding Healthcare Financial Management, Sixth Edition*
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Use this guide to transition your course materials from the fifth to the sixth edition.

**WHAT'S NEW IN THIS EDITION**
All aspects of the text discussion as well as references have been updated and clarified as needed. Particular care was taken to include content reflective of the changed healthcare financial environment after the 2008 financial crisis and passage of healthcare reform legislation in 2010. Also, contemporary real-world examples have been added throughout the text.

**CHAPTER BREAKDOWN**

**PART I THE HEALTHCARE ENVIRONMENT**

**Chapter 1 Introduction to Healthcare Financial Management**
- Lays the groundwork for the study of healthcare financial management.
- **NEW!** New content on current challenges.

**Chapter 2 The Third-Party-Payer System**
- **NEW!** The extensive history and detail about Medicare Part A is abbreviated.
- **NEW!** New content on the reimbursement methods used by Medicare for ambulatory surgical centers, inpatient rehabilitation facilities, and other providers.
- **NEW!** The section titled “Development of Premium Rates” that originally appeared in Chapter 17 is now in this chapter.

**Chapter 3 Time Value Analysis**
- Tried and true introduction to time value (discounted cash flow) analysis.
- Emphasizes use of spreadsheets.

**Chapter 4 Financial Risk and Required Return**
- Contains the traditional discussion of financial risk and return.

**Chapter 5 Debt Financing**
- Covers many facets of both long- and short-term debt financing.
- **NEW!** Expanded coverage of credit enhancement based on 2008 financial crisis.
Chapter 6  Equity Financing and Investment Banking  
- Discusses the acquisition and use of equity financing, primarily by for-profit providers.

Chapter 7  Securities Valuation, Market Efficiency, and Debt Refunding  
- Provides basic information about securities markets and security valuation. Focus is on for-profit providers.

Chapter 8  Lease Financing  
- Covers the essentials of lease financing and analysis from the perspectives of both the lessee and lessor.

Chapter 9  Cost of Capital  
- Discusses the theory and estimation of an organization’s cost of capital, with special attention paid to nonprofit providers.

Chapter 10  Capital Structure Decisions  
- Covers the theory and estimation of an organization’s optimal capital structure.

Chapter 11  The Basics of Capital Budgeting  
- Provides coverage of cash flow estimation and evaluation metrics.  
  - NEW! Expanded coverage of business unit forecasting.

Chapter 12  Project Risk Analysis  
- Continues the Chapter 11 discussion by adding risk analysis.

Chapter 13  Financial Condition Analysis  
- Focuses on ratio analysis of financial statement data, but also includes other metrics used in assessing an organization’s financial condition.

Chapter 14  Financial Forecasting  
- Discusses the techniques used in financial forecasting, with emphasis on those used to forecast an organization’s financial statements.

Chapter 15  Working Capital Management  
- Covers the management of an organization’s short-term assets and liabilities.  
  - NEW! Expanded coverage of the revenue cycle.

Chapter 16  Business Valuation, Mergers, and Acquisitions  
- Provides coverage of mergers and acquisitions, with emphasis on business valuation.  
  - NEW! Expanded coverage of merger activity.  
  - NEW! Expanded coverage of antitrust regulation.
Chapter 17 Capitation, Risk Sharing, Pay for Performance, and Consumer-Directed Health Plans

- NEW! Chapter has been extensively revised, with premium rates and most of the capitation discussion moved to Chapter 2.
- NEW! New content on has been added on consumer-directed health plans.
- NEW! The pay for performance content has been expanded significantly, and now includes an extensive example of how quality and productivity performance can be measured and rewarded.

Chapter 18 Financial Risk Management

- Covers basic risk management techniques.
- NEW! Expanded coverage of derivatives.

SUPPLEMENTAL (ONLINE) CHAPTER

Chapter 19 Distributions to Owners: Bonuses, Dividends, and Repurchases

ANCILLARY MATERIALS FOR STUDENTS

- Excel models. These illustrate the text calculations as well as additional calculations relevant to the chapter material.
- End-of-chapter problems. A set of problems in spreadsheet format is available for most chapters.
- NEW! Mini-cases. A mini-case in spreadsheet format is also available for most chapters. The mini-cases are more complicated than the end-of-chapter problems.
- Calculator tutorial. A short tutorial is available for students who use financial calculators to solve time value problems.
- NEW! Healthcare reform primer. A short primer that discusses healthcare reform and its effects on healthcare financial management is available.

ANCILLARY MATERIALS FOR INSTRUCTORS

- PowerPoint slides. Approximately 40 slides per chapter featuring concepts, graphs, tables, lists, and calculations.
- End-of-chapter problem solutions. A set of problems in spreadsheet format is available for most chapters.
- NEW! Mini-case solutions. Solutions to the mini-cases can be used to grade homework or to help students prepare for a case.
CASEBOOK – Cases in Healthcare Finance

Many adopters pair this text with the casebook, *Cases in Healthcare Finance*. This book is also available from Health Administration Press. The casebook contains 30 finance cases that present a comprehensive picture of the organization, along with a relevant financial-management challenge for students to solve. The majority of cases are accompanied by spreadsheet models to help students perform analysis and calculations. Also provided are six mini ethics cases to provoke thought about financial situations with ethical implications.