This course supports the assessment for Principles of Healthcare Business and Financial Management. The course covers 4 competencies and represents 3 competency units.

**Introduction**

**Overview**
Business and financial healthcare practices have a significant impact on organizational outcomes. In this course, future nurse leaders examine scarce resources, financial principles, and tools for financial and business management. They will also use financial budgeting and management practices and analyze the impact of regulations on the current healthcare environment.

**Competencies**
This course provides guidance to help you demonstrate the following 4 competencies:

- **Competency 7015.1.1: U.S. Healthcare Economics**
  The graduate applies the concepts of U.S. healthcare economics in administration of healthcare organizations.

- **Competency 7015.1.2: Financial Principles**
  The graduate applies the implementation of financial principles in the healthcare environment.

- **Competency 7015.1.3: Business Principles**
  The graduate applies business management principles in the healthcare environment.

- **Competency 7015.1.4: Business Law and Ethics in Healthcare**
  The graduate applies legal and ethical principles to business management of healthcare organizations.

**Activities at a Glance Outline**
If you would prefer to see all the readings, websites, and other materials for this course listed by topic, download the following document:

- “Principles of Healthcare Business and Financial Management Activities at a Glance”

**Course Mentor Assistance**
As you prepare to successfully demonstrate competency in this subject, remember that course mentors stand ready to help you reach your educational goals. As subject matter experts, mentors enjoy and take pride in helping students become reflective learners, problem solvers, and critical thinkers. Course mentors are excited to hear from you and eager to work with you.

Successful students report that working with a course mentor is the key to their success. Course mentors are able to share tips on approaches, tools, and skills that can help you apply the content you're studying. They also provide guidance in assessment preparation strategies and troubleshoot areas of deficiency. Even if things don't work out on your first try, course mentors act as a support system to guide you through the revision process. You should expect to work with course mentors for the duration of your coursework, and you are encouraged to contact...
them as soon as you begin. Course mentors are fully committed to your success!

**Preparing for Success**

The information in this section is provided to detail the resources available for you to use as you complete this course.

**Learning Resources**

The learning resources listed in this section are required to complete the activities in this course. For many resources, WGU has provided automatic access through the course. However, you may need to manually enroll in or independently acquire other resources. Read the full instructions provided to ensure that you have access to all of your resources in a timely manner.

**Automatically Enrolled Resources**

You can access the learning resources listed in this section by clicking on the links provided throughout the course. You may be prompted to log in to the WGU student portal to access the resources.

**VitalSource E-Texts**

The following textbooks are available to you as e-texts within this course. You will be directly linked to the specific readings required within the activities that follow.


*Note: These e-texts are available to you as part of your program tuition and fees, but you may purchase hard copies at your own expense through a retailer of your choice. If you choose to do so, please use the ISBN listed to ensure that you receive the correct edition.*

**Pacing Guide**

The pacing guide suggests a weekly structure to pace your completion of learning activities. It is provided as a suggestion and does not represent a mandatory schedule. Follow the pacing guide carefully to complete the course in the suggested timeframe.


*Note: This pacing guide does not replace the course. Please continue to refer to the course for a comprehensive list of the resources and activities.*

**U.S. Healthcare Economics**

U.S. healthcare economics is a complex world of increasing regulations, public policies, politics,
consumer demand for quality care, and declining reimbursements.

The Healthcare Economic Environment

The healthcare economic environment is changing rapidly. To navigate these changes effectively, leaders must understand the economic evolution of healthcare in the United States and the impact of new healthcare laws on patients, providers, payers, and government agencies.

This topic addresses the following competency:

- **Competency 7015.1.1: U.S. Healthcare Economics**
  The graduate applies the concepts of U.S. healthcare economics in administration of healthcare organizations.

This topic highlights the following objectives:

- Identify critical changes to the financial structure of U.S. healthcare as a result of the Patient Protection and Affordable Care Act (PPACA).
- Analyze how the Patient Protection and Affordable Care Act (PPACA) affects private payers and their reimbursement models.
- Compare fee for service (FFS) and pay for performance (P4P).
- Analyze the effect of value-based purchasing (VBP) on healthcare reimbursements.
- Recommend changes an organization must implement to become an accountable care organization (ACO).
- Analyze how patient-centered care affects the payment structures in healthcare.

Read: The Health Care Environment

Chapter 2 in *Financial Management for Nurse Managers and Executives* provides an overview of historical and recent economic developments in healthcare. As you read the chapter, take notes on the following key points:

- goals of the PPACA (Table 2-1) (*Note: This act is also referred to as ACA.*)
- fee-for-service (FFS) definitions
- pay for performance (P4P) definitions
- value-based purchasing (VBP) concepts
- DRGs, MS-DRGs, and prospective payment systems
- managed care (group model and IPA model), capitation, PPO, POS, and ACO

Read the following chapter in *Financial Management for Nurse Managers and Executives*:

- chapter 2 (“The Health Care Environment”)

Read: Healthcare Management

As you read these articles, take notes on the following key points:
- definition of patient-centered care
- community health needs assessment
- Planetree philosophy
- requirements for accountable care organizations (ACOs)

Read the following chapter in *Effective Leadership in Nursing*:

- chapter 2 ("Designing Organizations")

Research: Value-Based Purchasing Measures

Read the following chapter in *Financial Management for Nurse Managers and Executives*:

- chapter 15 ("Performance Budgeting")

Research the CMS Value-Based Purchasing Measures for the next three years. You may want to begin by searching for information about VBP on the following website:

- Centers for Medicare and Medicaid Services

Self-Check: Review for Mastery

Check to see whether you have mastered the content for this topic by answering the following questions:

- What is patient-centered care?
- What are some ways organizations are attempting to influence consumer ratings?
- What are the goals of the PPACA? How are the goals to be accomplished?
- How does PPACA affect patients, providers, payers, and the government?

Also make sure you can define the following terms and others that appear in the objectives for this topic:

- DRG
- MS-DRG
- IPPS
- APC
- HHPPS
- MCO
- PPO
- POS
- HCAHPS

If you are not able to answer these questions or remember the definitions, review the readings listed at the beginning of this topic before moving on.

**Healthcare Providers and Services Rendered**

Reimbursement for provided healthcare services involves complex processes and continually
narrowing restrictions to assure payment. The nurse leader must be fluent with reimbursement structures specific to the area of healthcare provided in order to educate and coach staff to provide quality care with reduced costs.

This topic addresses the following competency:

- **Competency 7015.1.1: U.S. Healthcare Economics**
  The graduate applies the concepts of U.S. healthcare economics in administration of healthcare organizations.

This topic highlights the following objectives:

- Compare existing payment models for different healthcare settings.
- Discuss emerging trends in payment models.
- Explain how billing for ancillary services affects unit and organizational budgets.
- Describe how expenses for support services are accounted for in a budget.
- Explain how negotiated rates, uncompensated care, and Recovery Audit Contractor (RAC) programs affect budgets.

**Review: The Health Care Environment**

You should have read chapter 2 in *Financial Management for Nurse Managers and Executives* in the previous topic in this course. Now you will review the chapter to look for a few additional pieces of content related to the objectives in this topic.

Create a matrix (table) that compares payment sources to fill out as you review the chapter. Include healthcare settings such as hospitals/inpatient, ambulatory/outpatient, home health agencies, hospice, and nursing homes and individual healthcare providers such as physicians, nurses, and therapists.

As you review the chapter, also pay attention to the following key points:

- Medicare and Medicaid requirements for payment of services rendered
- inpatient prospective payment system (IPPS)
- third-party payers
- charity, philanthropy, and uncompensated care
- health acquired conditions
- cost controls utilized in healthcare settings

Review the following chapter in *Financial Management for Nurse Managers and Executives*:

- chapter 2 ("The Health Care Environment")
- chapter 3 ("The Role of Financial Management and Nurse Leadership in Healthcare Organizations")
- chapter 4 ("Key Issues in Applied Economics")
- chapter 5 ("Quality, Costs, and Financing")

**Read:** Budgeting and Budgets
In these chapters, you will study aspects of operating budgets and budgeting in general. The operating budget is a great place to begin a financial plan to manage expenses for the upcoming year. As you read the chapters, take notes on the following key points:

- billing for ancillary services
- expenses for support services
- accounting for all aspects of a budget
- negotiated rates
- uncompensated care

Read the following chapters in *Financial Management for Nurse Managers and Executives*:

- chapter 6 (“Accounting Principles”)
- chapter 12 (“Budgeting Concepts”)
- chapter 13 (“Operating Budgets”)

**Research: Billing for Ancillary Services**

Read the following chapters in *Financial Management for Nurse Managers and Executives*:

- chapter 9 (“Determining Healthcare Costs and Prices”)
- chapter 14 (“Revenue Budgeting”)

Research the methods, procedures, and requirements related to billing for ancillary services. You may want to begin by searching for information on the following website:

- Centers for Medicare and Medicaid Services

Find out, specifically, how your organization handles billing for these types of services.

You can also use other online searches or look in the WGU library to find more information.

**Self-Check: Review for Mastery**

Check to see whether you have mastered the content for this topic by answering the following questions:

- What mechanisms do the Centers for Medicare and Medicaid Services (CMS) and third-party payers use to limit reimbursements to healthcare providers? How do these mechanisms affect reimbursements?
- What mechanisms do healthcare providers use to maximize their reimbursement for services provided? How do these mechanisms affect the healthcare organization in terms of resources required?
- What is “bad debt” in terms of healthcare operations? How does bad debt impact the bottom line?
- What is “charity care” in terms of healthcare operations? How does charity care impact the bottom line?
What is the difference between bad debt and charity care?
What are “negotiated rates”? How does participating in reimbursement negotiations help the healthcare organization’s bottom line?

If you are not able to answer these questions, review the readings listed at the beginning of this topic before moving on.

Financial Principles

Nurse administrators are responsible for some of the largest cost centers in the healthcare organization: nursing staff and nursing care units. Often, other departments and services also incorporate nurses and nursing functions into non-inpatient environments. The successful nurse administrator understands the financial impact that the nursing infrastructure has on the organization and can represent both revenue and expense issues related to nurses and nursing care using financial terms and constructs to communicate and advocate at the senior leadership level.

Organizational-Level Financial Concepts

Nurse administrators influence and guide financial decisions at the leadership level with a thorough understanding of the principles that are utilized by the finance department and chief financial officer (CFO).

This topic addresses the following competency:

- Competency 7015.1.2: Financial Principles
  The graduate applies the implementation of financial principles in the healthcare environment.

This topic highlights the following objectives:

- Define general accounting principles and terminology.
- Analyze financial statement information.
- Identify the concepts of financial management.
- Analyze the implications of patient care decisions on budget.
- Evaluate the financial impacts of nurse-sensitive quality indicator outcomes.

Read: Financial Accounting

Chapters 6 and 7 in Financial Management for Nurse Managers and Executives focus on the main aspects of financial accounting that you would need to be aware of as a nurse leader and manager. As you read these chapters, take notes on the following key points:

Chapter 6

- fundamental equation of accounting
- common terminology (assets, liabilities, revenues, expenses, journals, ledgers, net income)
- construction of a balance sheet
• generally accepted accounting principles (GAAP)
• key financial statements: balance sheet, operating statement
• profit versus not-for-profit

Chapter 7

• audit reports/management reports
• statement of cash flows
• statement of change in net assets
• common ratios: occupancy rate, size ratio, liquidity ratio, quick ratio, solvency ratios, profitability ratios, efficiency ratios
• ratio analysis
• EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)

Read the following chapters in Financial Management for Nurse Managers and Executives:

• chapter 6 (“Accounting Principles”)
• chapter 7 (“Analysis of Financial Statement Information”)

Read: Current Financial Issues

As you read chapter 23 and the listed pages from chapter 5, pay attention to the following key points:

• evidence-based practice
• allocation of nursing resources
• cost of care
• nursing revenues
• payer relations
• premium pay
• productivity
• clinical ladders

Read the following sections in Financial Management for Nurse Managers and Executives:

• pages 81–84 in chapter 5 (“Quality, Costs, and Financing”)
• chapter 23 (“Nursing and Financial Management: Current Issues and Future Directions”)

Self-Check: Review for Mastery

Check to see whether you have mastered the content for this topic by answering the following questions:

• What are the generally accepted accounting principles? How do they affect healthcare organizations?
• How and why is financial statement information analyzed? Who performs these tasks?
• What aspects of financial management are the responsibility of nurse leaders and nurse
management? How do these affect day-to-day operations?
- How do patient care decisions affect budgets?
- How do nurse-sensitive quality indicator outcomes affect finances in healthcare?

If you are not able to answer these questions, review the readings listed at the beginning of this topic before moving on.

**Department-Level Financial Concepts**

Nursing administrators are fluent advocates for unit-based capital, operational and personnel needs. A unit-based budget forecasts for marketplace trends and allocates resources to meet the needs of the patient population and staffing and educational requirements of the staff assigned.

This topic addresses the following competency:

- **Competency 7015.1.2: Financial Principles**
  The graduate applies the implementation of financial principles in the healthcare environment.

This topic highlights the following objectives:

- Compare types of budget reports.
- Describe the budgeting process.
- Differentiate budget types.
- Evaluate a zero-based budget for a new department.
- Describe variance analysis.
- Identify data sources and financial statements to be included for budget analysis.
- Explain how various operational delivery models affect budgets.

**Review: Budgeting**

You should have read chapters 12 and 13 in *Financial Management for Nurse Managers and Executives* in the previous topic in this course. As you review chapters 12 and 13 now, take notes on the following key points:

- the budgeting process
- capital budgeting
- operational budgeting
- personnel budgeting
- programmatic budgeting
- revenue budgeting

Review the following chapters in *Financial Management for Nurse Managers and Executives*:

- chapter 12 (“Budgeting Concepts”)
- chapter 13 (“Operating Budgets”)

**Self-Check: Review for Mastery**
Check to see whether you have mastered the content for this topic by answering the following questions:

- What types of budget reports are used in healthcare organizations?
- What is involved in the budgeting process?
- How do budget types (e.g., operating budget, zero-based budget) differ from one another?
- How would a zero-based budget be created and evaluated in healthcare?
- What is variance analysis? How does it factor into budgeting?
- What data sources and financial statements should be included for budget analysis in a healthcare organization?
- How do different operational delivery models affect budgets?

If you are not able to answer these questions, review the readings listed at the beginning of this topic before moving on.

**Managing the Physical Environment**

The nurse administrator understands the effects of environment on both staff and patients, how ergonomic environments promote staff efficiency and reduce accidents and injuries on the job, and how certain physical environments promote well-being and hasten healing. Nursing leaders work closely with facility designers and engineers to guide in the planning and implementation of new construction and existing facility renovations. Their goal is to ensure that projects are completed on time, within budget and result in patient care environments that reduce length of stay and avoid injuries to staff and patients.

This topic addresses the following competency:

- **Competency 7015.1.2: Financial Principles**
  The graduate applies the implementation of financial principles in the healthcare environment.

This topic highlights the following objectives:

- Identify the financial benefits of improving healing environments.
- Identify components of facility planning that affect business and financial planning.
- Describe regulatory requirements and issues in facilities management.
- Identify life safety requirements for new construction and renovations.

**Read: The Physical Environment and Finances**

As you read these articles, take notes on the following key points:

- financial impact of environment
- relationship between facility planning and financial planning
- safety requirements for healthcare facilities' renovation and new construction

Read the following article:
Analyze: Requirements and Regulations

Read about the guidelines for designing healthcare facilities on the following web page:

- Whole Building Design Guide: Health Care Facilities

Also be sure to read about the four different types of healthcare facilities (hospital, nursing home, outpatient clinic, and psychiatric facility) by clicking on the names of these facilities in the left-hand navigation bar and visiting those pages.

You may also want to review some of the other information listed under the “Major Resources” section of the each page to help you understand requirements for healthcare facilities.

Self-Check: Review for Mastery

Check to see whether you have mastered the content for this topic by answering the following questions:

- How does improving the healing environment have financial benefits in a healthcare organization?
- What components of facility planning affect business and financial planning?
- What are the regulatory requirements and issues in facilities management for healthcare?
- What are the life safety requirements for new construction and renovations in healthcare?

If you are not able to answer these questions, review the readings listed at the beginning of this topic before moving on.

Business Principles

Nurse administrators utilize various business concepts and skills to identify problems, select goals and determine how best to get imperatives accomplished.

Business Planning Skills

Nurse administrators are able to forecast, communicate, and strategize using language and tools developed in the financial and business disciplines.

This topic addresses the following competencies:

- Competency 7015.1.3: Business Principles
  The graduate applies business management principles in the healthcare environment.

This topic highlights the following learning objectives:

- Identify effective collaborative communication strategies to use when communicating with various stakeholders.
• Identify processes for strategic management.
• Identify components of a framework for strategic planning.
• Identify components of a business plan.

Read: Collaborative Decision Making and Communication

This content in this chapter describes multiple mechanisms to communicate effectively with a variety of audiences. As you read the listed material below, take notes on the following key points:

• the communication process
• feedback as a communication tool
• crucial conversations
• principles of conflict management
• steps in the negotiation process
• techniques to improve listening
• encouraging others to listen
• sharing information and its impact on a healthy work environment
• leadership visibility
• oral communication
• written communication
• techniques for public speaking

Read the following chapter in Management and Leadership for Nurse Administrators:

• chapter 6 ("Collaborative Decision Making and Communication: Skills and Practices")

Read: Strategic Planning and Strategic Management

This content in this chapter describes multiple mechanisms to communicate effectively with a variety of audiences. As you read the listed material below, take notes on the following key points:

• components of the strategic planning process
• SWOT analysis
• gap analysis
• scenario planning
• forecasting

Read the following pages in Management and Leadership for Nurse Administrators:

• pages 342-358 (“Introduction” through “What is Planning?”) of chapter 9 ("Strategic Planning and Management")

Also read the following pages in Financial Management for Nurse Managers and Executives:

• pages 198-203 (“Strategic Planning”) and 207 (“Business Plans”) of chapter 11 ("Strategic Management")
Research: Business Plans

Research various examples of business plans. You may want to include this section of Essentials in Health Care Marketing in your research:

- Appendix A (“A Sample Business Planning Manual”)

After you have reviewed several different examples, create the outline of a business plan that you would use to develop a new service in your organization. The service can be real or imagined. By the time you complete this activity, you will have created your own version of a business plan.

Self-Check: Review for Mastery

Check to see whether you have mastered the content for this topic by answering the following questions:

- What types of strategies are effective for communicating with other nurse leaders? With superiors (CNO, Boards of Directors, etc.)? With direct reports?
- What are the processes for strategic management?
- What are the components involved in strategic planning?
- What are the necessary components of a business plan?

Also make sure you can define the following terms:

- conflict management
- collaborative communication
- SWOT analysis
- gap analysis
- forecasting

If you are not able to answer these questions and define these terms, review the readings listed at the beginning of this topic before moving on.

Prepare: Marketing Organizer

Create an advanced organizer to help you as you study the concepts in this topic. You may use a paper notebook, a word processing document, a table, note cards, or an app. Choose a format that works for you. Create sections in your organizer for the following concepts:

- 4 Ps of marketing
- situational assessment
- differential advantage
- growth market strategies
  - market penetration
  - market development
  - product development
  - diversification
strategic alliances
- consolidation strategies
  - divestment
  - pruning
- retrenchment
- harvesting
- 12 elements of business strength
- market share
- brand loyalty
- brand recognition

Read: Management and Leadership for Nurse Administrators

As you read these selections, fill in sections of your organizer with definitions, descriptions, examples, and other information that will help you prepare for the assessment in this course.

Read the following sections in Management and Leadership for Nurse Administrators:

- pages 311–314 of chapter 8 ("Human Resource Development: Recruitment, Retention, and Managing Conflict")
- pages 374–375 of chapter 9 ("Strategic Planning and Management")
- chapter 21 ("Transformational Leadership and Evidence-Based Management in a Changing World")

Read: Marketing

As you read these selections, fill in sections of your organizer with definitions, descriptions, examples, and other information that will help you prepare for the assessment in this course.

Read the following chapters in Essentials of Health Care Marketing:

- chapter 1 ("The Meaning of Marketing")
- chapter 2 ("Marketing Strategy")

Also answer the Chapter Problems 3, 4, and 7 on page 38 of chapter 1 ("The Meaning of Marketing").

Read: Buyers, Markets, and Customers

As you read these selections, fill in sections of your organizer with definitions, descriptions, examples, and other information that will help you prepare for the assessment in this course.

Read the following chapters in Essentials of Health Care Marketing:

- chapter 4 ("Buyer Behavior")
- chapter 6 ("Marketing Segmentation")
- chapter 7 ("Developing Customer Loyalty")

Apply: Marketing and Financial Stability
Based on the readings you have done in this topic, add answers for these questions to your notes:

- How does market share affect healthcare organizations?
- How does brand loyalty affect healthcare organizations?
- How does brand recognition affect healthcare organizations?
- How does each concept affect the financial stability of a healthcare organization?

Apply what you have learned about marketing and its relationship to financial stability in a specific healthcare organization. You may want to examine your own workplace if you work in a healthcare setting. Look at the ways in which market share, brand loyalty, and brand recognition affect the financial situation in the organization.

**Research: Magnet or Baldrige**

Read the following chapters in *Management and Leadership for Nurse Administrators*:

- chapter 16 (“Tools for Evaluating Operations and Care Delivery Systems”)
- chapter 22 (“Magnetism: Exemplary Nursing Excellence”)

As you conduct your research, answer the following questions:

- What are the requirements, both initial and ongoing?
- What are the benefits?
- How would having the award designation affect a healthcare organization?

Based on your research, explain whether you believe the return on investment (ROI) of pursuing and achieving the ANCC Magnet Designation or Baldrige Award is valuable to a specific healthcare organization. You may analyze the ROI for your own workplace if you work in a healthcare setting. Justify your explanation with specific examples and facts about the requirements for the award designation you have researched.

**Community Relationships and Public Relations**

The nurse administrator is keenly aware of the healthcare needs of the community served and establishes mechanisms to facilitate ongoing relationships with the public.

This topic addresses the following competencies:

- **Competency 7015.1.3: Business Principles**
  The graduate applies business management principles in the healthcare environment.

This topic highlights the following learning objectives:

- Identify the services required to address population healthcare needs within a community or region.
- Compare various processes used to improve public and community relations.
- Evaluate educational needs and the provision of resources to meet current and future
workforce needs.

- Analyze the value of academic partnerships.

**Prepare: Public Relations Organizer**

Create an advanced organizer to help you as you study the concepts in this topic. You may use a paper notebook, a word processing document, a table, note cards, or an app. Choose a format that works for you. Create sections in your organizer where you can answer the following questions:

- What is a community health needs assessment (CHNA)?
- Why is a CHNA helpful to the healthcare administrator?
- What is “community engagement” in a healthcare organization?
- What does the healthcare administrator hope to gain by facilitating community engagement?
- How can the healthcare administrator influence the community in their use of healthcare services?
- How can nurse leaders use their influence to improve community health? (Consider epidemiology like the flu, environmental issues like pollution, preventive health screenings, etc.)
- How can nurse leaders advise other community leaders on current issues and requirements to maintain community health and safety?

Also create sections in your organizer for the following concepts:

- 10 key lessons for policy makers when evaluating the needs of the healthcare workforce
- Considerations for estimating the future needs and demands of the healthcare workforce
- Potential challenges when completing a health worker needs assessment
- 4 main approaches that have been used in the past to estimate future needs

**Read: Essentials of Healthcare Marketing**

As you read these selections, fill in sections of your organizer with definitions, descriptions, examples, and other information that will help you prepare for the assessment in this course.

Review the following sections in *Essentials of Health Care Marketing*:

- pages 19–23 of chapter 1 (“The Meaning of Marketing”)
- chapter 7 (“Developing Customer Loyalty”)

Also read the following chapters in *Essentials of Health Care Marketing*:

- pages 359–360 (“Publicity”) of chapter 11 (“Promotion”)
- chapter 12 (“Advertising”)
- chapter 14 (“Controlling and Monitoring”)

**Read: Workforce and Academic Connections in Healthcare**

As you read these selections, fill in sections of your organizer with definitions, descriptions,
examples, and other information that will help you prepare for the assessment in this course.

Read the following sections in *Management and Leadership for Nurse Administrators*:

- **chapter 20** ("Building a Portfolio for Academic and Clinical Partnership")

**Reflect: Future Needs**

Add your own reflections on the issues you have read about to your notes on this topic.

- As a nurse leader, what are your concerns regarding the future needs of the healthcare workforce?
- What issues worry you the most?
- Which issues do you look forward to tackling in the future?

**Disaster Management**

Healthcare organizations have a responsibility to their employees and physicians, their patients and their communities at large to anticipate, plan for, respond to and recover from a great variety of disasters, both natural and man-made.

This topic addresses the following competencies:

- **Competency 7015.1.3: Business Principles**
  The graduate applies business management principles in the healthcare environment.

This topic highlights the following learning objectives:

- Discuss the requirements of healthcare organizations to have disaster readiness and management plans.
- Describe preparation plans for protecting healthcare workers in situations that endanger their health.
- Compare emergency operations plans for two different organizations.
- Describe how an organization’s emergency plan integrates into community, regional, and national emergency plans.

**Read: Preparing for Emergencies**

As you read the material listed below, take notes on the following key points:

- U.S. hospital response to emergency preparedness since 9/11/01
- difference between emergency room triage and disaster triage
- 4 core competencies of nurses in disaster management

Read the following chapters in *Management and Leadership for Nursing Administrators*:

- **chapter 19** ("The Professional Nursing Staff")
- **chapter 20** ("Building a Portfolio for Academic Clinical Partnership")]
Read the following chapter in *Effective Leadership and Management in Nursing*:

- chapter 20 (“Preparing for Emergencies”)

Also answer the Questions to Challenge You on page 300.

**Research: National Response Framework**

Research the National Response Framework on the following website:

- [FEMA](https://www.fema.gov)

Your textbooks for this course are also an excellent research source.

As you research, answer the following questions:

- What is the state role in disaster management?
- What is the federal role in disaster management?
- What National Response Framework activities would you engage with as a private citizen? What would you engage with as a nurse leader?
- What are the essential private sector responsibilities? Who would you interact with in fulfilling those responsibilities?
- What might an organization undertake for each action listed below?
  - planning
  - organizing
  - equipment
  - training
  - exercising
  - evaluating and improving
  - responding

Also define the following terms:

- incident command
- unified command
- mutual aid and assistance
- situational awareness
- crisis action plans

**Self-Check: Review for Mastery**

Check to see whether you have mastered the content for this topic by answering the following questions:

- What is required of healthcare organizations in disaster readiness and management plans?
- What plans should healthcare organizations have in place for protecting workers in situations that could endanger their health?
How does an organization’s emergency plan integrate into community emergency plans?

What is the relationship between an organization’s emergency plan and regional and national emergency plans?

If you are not able to answer these questions, review the readings listed at the beginning of this topic before moving on.

**Business Law and Ethics in Healthcare**

The nurse administrator understands and applies the principles of business law and ethical practice in the effective management of a healthcare organization.

**Healthcare Business Management and the Law**

The nurse administrator utilizes best practices in business management in conjunction with a thorough understanding of legal principles.

This topic addresses the following competencies:

- **Competency 7015.1.4: Business Law and Ethics in Healthcare**
  The graduate applies legal and ethical principles to business management of healthcare organizations.

This topic highlights the following learning objectives:

- Describe the effect of healthcare law on business and financial management.
- Describe basic components of business contracts.
- Analyze the focus and scope of corporate compliance requirements within a healthcare organization.
- Describe the scope and effect of corporate liability.
- Analyze the effect of patient safety issues on organizational decision making.
- Explain how risk management and liability affect business operations in healthcare.
- Explain how to mitigate the impact of fraud, waste, or fiscal abuse on a healthcare organization.

**Read: Health Policy, Laws, and Regulatory Issues**

As you read the listed material below, take notes on the following key points:

- Figure 14-1 Illustrative Health Policy Issues for the United States
- Figure 14-3 Federal Laws, Worker Protection, and Considerations
- HIPAA (Note that the acronym is HIPAA not HIPPA, as indicated in the text.)
- protection of human subjects
- credentialing of individual practitioners

Read the following sections in *Management and Leadership for Nurse Administrators*:

- chapter 14 (“Health Policy, Laws, and Regulatory Issues”)
Apply: Healthcare Policy in Organizations


Read: Risk Management and Legal Issues

As you read the listed material below, take notes on the following key points:

- civil law
- tort law
- unintentional torts
  - negligence
  - medical malpractice
- intentional torts
  - defamation
  - false imprisonment
  - assault and battery
- criminal law
- corporate negligence
  - respondeat superior
- credentialing
- 6 key areas of nursing negligence
- 4 most common nursing liabilities
- 2 leading causes of malpractice
- 7 organizational subcultures that contribute to patient safety
- steps of the legal procedure
- responsibilities of a risk management department

Read the following chapter in Management and Leadership for Nurse Administrators:

- chapter 15 (“Risk Management and Legal Issues”)

Research: Business Contracts

Use the Internet to research basic information about business contracts, particularly those used in the healthcare industry. As you research, answer the following questions:

- What are the basic components of a business contract?
- Where in your practice would you expect to utilize a business contract?

You may also use the search feature in your textbooks or look in the WGU library to find more information on this topic.

Apply: Managing and Improving Quality

As you read the listed material below, answer the following questions in your notes:

- What is a “sentinel event”?
• What sorts of incidents must organizations report?
• Why are incident reports used?
• How are incident reports important to patient and organizational safety?
• What are the components of an incident report? How should staff address these components?
• What is corporate compliance? Why did it become a necessary function in healthcare organizations?
• How does a Corporate Compliance department ensure that HIPAA requirements are enforced within a healthcare organization?
• How does a Corporate Compliance department ensure that antitrust/Stark violations do not occur in the healthcare organization?
• How does a Corporate Compliance department manage organizational malpractice issues?

Read the following chapter in Effective Leadership and Management in Nursing:

• chapter 6 (“Managing and Improving Quality”)

Research: Root Cause Analysis

Use the Internet to research basic information about business contracts, particularly those used in the healthcare industry. As you research, answer the following questions:

• What is the purpose of a root cause analysis (RCA)?
• What is the process of performing an RCA?
• As a nurse leader, how would you develop a culture of safety in your organization that utilizes the reporting of incidents and near misses and the RCA process?
• Discuss the timely reporting of potential and actual incidents and the maintenance of a just culture.

You may also use the search feature in your textbooks or look in the WGU library to find more information on this topic.

Create: Incident Reporting Guidelines

Use what you have read and your notes to create a list of guidelines for staff members in a particular healthcare organization to use when reporting incidents. Focus on what new staff members would need to know within their first few weeks at the organization. You may create these guidelines for a healthcare organization where you work, or for another that you know well. Be sure to cover the legal and ethical elements that are related to incident reporting.

Analyze: Checks and Balances

In your notes, explain the role of accounting controls (checks and balances) in a healthcare organization. How do the general rules of accounting apply? You may want to review sections of the textbooks that you have previously read about this topic.

After you have explained the role of accounting controls in general, analyze your own healthcare organization. Interview your coworkers and members of other departments within the
organization if needed. Answer the following questions:

- What is the process for assuring checks and balances in your organization?
- How are accounting controls used to identify potential instances of fiscal abuse, including fraud and waste?
- How does the organization mitigate the impact of fraud, waste, and fiscal abuse?
- What does the organization do to prevent fraud, waste, and fiscal abuse from happening?

Self-Check: Review for Mastery

Check to see whether you have mastered the content for this topic by answering the following questions:

- How does healthcare law affect business and financial management in healthcare organizations?
- What are the basic components of business contracts?
- What is the focus of corporate compliance requirements within a healthcare organization?
- What is the scope of corporate compliance requirements within a healthcare organization?
- What is the scope of corporate liability in healthcare?
- What is the effect of corporate liability in healthcare?
- How do patient safety issues affect organizational decision making in healthcare?
- How does risk management affect business operations in healthcare?
- How does liability affect business operations in healthcare?
- How do healthcare organizations mitigate the impact of fraud, waste, or fiscal abuse?

If you are not able to answer these questions or remember the definitions, review the readings listed at the beginning of this topic before moving on.

Ethical Business Management in Healthcare

The nurse administrator understands complex ethical issues and is able to apply that knowledge to ensure clinical and organizational ethical responses, activities and interventions.

This topic addresses the following competencies:

- **Competency 7015.1.4: Business Law and Ethics in Healthcare**
  The graduate applies legal and ethical principles to business management of healthcare organizations.

This topic highlights the following learning objectives:

- Compare codes of ethics from healthcare administration groups to those of clinical practice professions.
- Analyze policy statements from professional organizations for their underlying ethical principles.
• Analyze an organization’s communication and training associated with assuring patient rights are respected.
• Describe the processes and systems used within an organization to protect human rights.
• Identify the principles and practices of ethics committees.
• Describe how timely reporting and transparency of medical errors or incidents demonstrate ethical practice.
• Explain ethical considerations involved in incorporating research into practice.

Prepare: Ethics in Management Organizer

Create an advanced organizer to help you as you study the concepts in this topic. You may use a paper notebook, a word processing document, a table, note cards, or an app. Choose a format that works for you. Create sections in your organizer for the following concepts:

• biomedical ethics
• ethical theories
• ethics policies
• ethics committees
• autonomy
• beneficence
• competence
• confidentiality
• consent
• decision making capacity
• informed consent
• nonmalfeasance

Also create sections in your organizer where you can answer the following questions:

• What are the 3 primary principles of biomedical ethics?
• What are the 3 types of moral problems?
• What are the major ethical theories and the main constructs for each?
• List examples of ethics policies.
• What are the 4 ethical principles of professional practice?
• What is the purpose of an ethics committee?
• What are the core competencies for successful ethics consultations?
• What are the 2 fundamental goals ethics consultants must be able to address?
• Why do ethics committees tend to be underutilized?
• What is the purpose of an Internal Review Board (IRB)?
• How does the IRB protect patient rights?
• Why did IRBs develop?
• What are the ethical principles related to research?
• What are the ethical principles related to quality improvement?
• What are the ethical principles related to program evaluation?
• How does a healthcare organization provide information for patients, families, and the community regarding the protection of healthcare information?
Read: Ethics

As you read these selections, fill in sections of your organizer with definitions, descriptions, examples, and other information that will help you prepare for the assessment in this course.

Read the following chapter in *Management and Leadership for Nurse Administrators*:

- chapter 4 ("Ethical Nurse Leadership")

Compare: Codes of Ethics

Compare some of the commonly referenced codes of ethics from several different organizations. Visit the websites for the following organizations:

- ACHE Code of Ethics
- AMA Principles of Medical Ethics
- ANA Code for Nurses

In your notes, write about how the ACHE Code of Ethics compares to the AMA Principles of Medical Ethics and the ANA Code for Nurses.

- Which elements of these codes of ethics are familiar to you?
- Which, if any, are surprising or unfamiliar to you?
- How closely do you feel your actions follow to these codes?
- How closely do you feel your healthcare organization follows these codes?

Complete: Performance Task

Complete the following task in TaskStream:

- App Hlthcr Bus & Fin Man Princ: Task 1

For details about this performance assessment, see the "Assessment" tab in this course.

Final Steps

Congratulations on completing the activities in this course! This course has prepared you to complete the assessment associated with this course. If you have not already been directed to complete it, schedule and complete the assessment now.

The WGU Library

The WGU Library is available online to WGU students 24 hours a day.

For more information about using the WGU Library, view the following videos on The WGU Channel:

Introducing the WGU library
Note: To download this video, right-click the following link and choose "Save as...": [download video].

Searching the WGU library

Note: To download this video, right-click the following link and choose "Save as...": [download video].

Center for Writing Excellence: The WGU Writing Center

If you need help with any part of the writing or revision process, contact the Center for Writing Excellence (CWE). Whatever your needs—writing anxiety, grammar, general college writing concerns, or even ESL language-related writing issues—the CWE is available to help you. The CWE offers personalized individual sessions and weekly group webinars. For an appointment, please e-mail writingcenter@wgu.edu.

Feedback

WGU values your input! If you have comments, concerns, or suggestions for improvement of this course, please submit your feedback using the following form:

- [Course Feedback]

Accessibility Policy

Western Governors University recognizes and fulfills its obligations under the Americans with Disabilities Act of 1990 (ADA), the Rehabilitation Act of 1973 and similar state laws. Western Governors University is committed to provide reasonable accommodation(s) to qualified disabled learners in University programs and activities as is required by applicable law(s). The Office of Student Accessibility Services serves as the principal point of contact for students seeking accommodations and can be contacted at ADASupport@wgu.edu. Further information on WGU's Accessibility policy and process can be viewed in the student handbook at the following link:

- [Policies and Procedures for Students with Disabilities]