



Transition Guide

Gapenski's Fundamentals of Healthcare Finance, Third Edition, Third Edition

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Gapenski's Fundamentals of Healthcare Finance provides a comprehensive introduction to the basic principles and applications of healthcare finance that managers use daily. In clear and succinct language, the book provides readers—from students and entry-level managers to more experienced practitioners with newly added management or financial responsibilities—with a detailed overview of finance topics ranging from planning and budgeting to financial operations, capital investment, and risk analysis. Practice scenarios, examples, self-test questions, sidebars on financial practices in healthcare, and running glossary definitions help bring these topics to life.

Important Changes in the Third Edition:

Overview

The text and end-of-chapter problems have been clarified where appropriate and examples and statistics have been updated throughout. Callouts of all sidebars have been added at appropriate points in the text.

Additionally, this edition includes new or expanded information on:

- Current community benefit reporting requirements
- Service line costing
- Applications of capital investment decision analysis
- International financial reporting standards
- Not-for-profit accounting standards
- Financial accounting
- Healthcare legislation

Authorship

A substantial change to the third edition of this book involves authorship. This book's original author, Louis C. Gapenski, PhD, was recognized both nationally and internationally as an expert in healthcare finance. In this new edition, authors Kristin L. Reiter and Paula H. Song further refine Dr. Gapenski's concepts and teachings

Updates by Chapter

Chapter 2 – Healthcare Business Basics

Added a brief discussion of new community benefit reporting requirements for not-for-profit hospitals.

Chapter 4 – Estimating Costs

A new section on service line costing has been added. The section includes discussions of the cost-to-charge ratio method and the relative value unit method of costing services.

Chapter 9 – Capital Investment Decision Basics

A new “For Your Consideration” sidebar has been added that discusses how capital investment decision analysis could be applied to assessing the business case for quality.

Chapter 11 – Reporting Profits

The “For Your Consideration” sidebar on international financial reporting standards has been updated to reflect the effort’s current status.

Chapters 11 (Reporting Profits) and 12 (Reporting Assets, Financing, and Cash Flows)

The example financial statements and those in the end-of-chapter problems have been updated to conform with current accounting principles. Example financial statements from a not-for-profit hospital have been added to compare and contrast the form and content of financial statements for a homecare business versus a not-for-profit hospital.

Chapter 12 – Reporting Assets, Financing, and Cash Flows

A brief discussion of new not-for-profit accounting standards effective for annual financial statements issued for fiscal years beginning after December 15, 2017 has been added.

Chapter 13 – Assessing Financial Condition

Financial statements have been updated to conform with current accounting principles, and financial ratio calculations have been revised as needed. Where available, benchmark data has been updated to reflect current performance.