



Chapter 1 - Management Accounting and Health Care's Impending

- Fiscal Crisis
- Learning Objectives
- Organization of the Chapter
- Four Forces Affecting Health Care Costs
- Demographic Changes
- Spending Patterns for the Elderly
- Morbidity in the Nonelderly Population
- Complexity of the Health Care Market
- Responding to the Four Forces
- Case Mix and Volume
- Resources per Case
- Cost per Resource Unit
- Fixed Costs
- The Health Care Food Chain
- The Food Chain versus the Value Chain
- Impact of the Affordable Care Act
- Cost Control Is Everyone's Business
- Management Accounting Systems
- Key Terms
- To Bear in Mind
- Test Yourself
- Suggested Cases
- Practice Case: Central Valley Primary Care Associates

Chapter 2 - Essentials of Full-Cost Accounting

- Learning Objectives
- Organization of the Chapter
- Uses of Full-Cost Information
- Pricing Decisions
- Profitability Assessments
- Comparative Analyses
- Issues to Consider in Calculating Full Costs
- Resource Use: A Conceptual Framework
- Units of Measure
- Limitations
- Cost Drivers
- The Full-Cost Accounting Methodology

- Decision 1: Defining the Final Cost Objects
- Decision 2: Determining Mission and Support Cost Centers
- Decision 3: Distinguishing between Direct Costs and Indirect Costs
- Decision 4: Choosing Allocation Bases for Support Center Costs
- Decision 5: Selecting an Allocation Method
- Decision 6: Attaching a Mission Center's Costs to Its Cost Objects
- Managerial Judgment
- Determining the Impact on Customer Prices
- Some Pricing Complications
- Summary of Cost Accounting Choices
- Key Terms
- To Bear in Mind
- Test Yourself
- Suggested Cases
- Practice Case: Mossy Bog Laboratories
- Appendix 2A: The Reciprocal Method of Cost Allocation
- Appendix 2B: Pricing in Nonprofit Organizations

Chapter 3 - Cost Behavior

- Learning Objectives
- Organization of the Chapter
- The Nature of Costs
- Fixed Costs
- Step-Function Costs
- Variable Costs
- Semivariable Costs
- Separating the Fixed from the Variable
- Relationship between Cost Behavior and Full-Cost Accounting
- Cost Behavior in Organizations
- Cost-Volume-Profit Analysis
- Unit Contribution Margin
- Incorporating Other Variables into CVP Analysis
- Profit or Surplus Considerations
- Special Considerations in CVP Analysis
- CVP Analysis with Semivariable Costs
- CVP Analysis with Step-Function Costs
- CVP Analysis with Multiple Products or Services
- The Impact of Product Mix
- CVP Analysis for a New Product
- Contribution
- Key
- To Bear in Mind

- Test Yourself Suggested Cases
- Practice Case A: Huntington Hospital
- Practice Case B: Jiao Tong Hospital

Chapter 4 - Differential Cost Accounting

- Learning Objectives
- Organization of the Chapter
- The Differential Cost Concept
- Principle 1: Full-Cost Information Can Be Misleading
- Principle 2: Differential Costs Can Include Both Fixed and Variable Costs
- Principle 3: Assumptions Are Needed
- Principle 4: Causality Is Needed
- Principle 5: Sensitivity Analysis Can Be Helpful
- Principle 6: A Contribution Income Statement Can Be Useful
- Sunk Costs
- Sunk Costs and Intuition
- Sunk Costs in Organizational Settings
- The Strategic Perspective
- The Outsourcing Situation
- Keeping or Dropping a Product Line
- Sporadic Use of the Strategic Perspective
- Precision of Depreciation
- Growing Importance of the Strategic Perspective
- Nonquantitative Considerations
- Allocated Overhead
- Misleading Allocation Bases
- Effects of the Stepdown Sequence
- The Analytical Effort
- Key Terms
- To Bear in Mind
- Test Yourself Practice Case: Narcolarm
- Suggested Cases

Chapter 5 - Activity-Based Costing

- Learning Objectives
- Organization of the Chapter
- Health Care's Stage 2 Challenge
- The Ratio of Costs to Charges
- Solving the Problem
- A Functional Classification of Manufacturing Costs
- Direct Manufacturing Costs
- Indirect Manufacturing Costs

- Applicability to Health Care
- Some Terminology Cautions
- Computing a Product's Full Cost
- Process System
- Job Order System
- Unit Costs
- The Overhead Rate
- Absorption Costing in Health Care Organizations
- Activity-Based Costing
- Conditions for ABC
- Establishing Multiple Second-Stage Overhead Rates
- A General Approach
- Key Terms
- To Bear in Mind
- Test Yourself
- Suggested Cases
- Practice Case A: Lincoln Dietary Department
- Practice Case B: Owen Hospital

Chapter 6 - Responsibility Accounting: An Overview

- Learning Objectives
- Organization of the Chapter
- Cost Accounting and Responsibility Accounting
- Designing a Responsibility Accounting System
- The Responsibility Accounting Structure
- Types of Responsibility Centers
- Role of Senior Management
- The Design Process
- Aligning Responsibility and Control: The Fairness Criterion
- The Responsibility Accounting Framework
- Strategic Planning
- Task Control
- Management Control
- Formal Management Control Activities
- Programming
- Budgeting
- Operating and Measuring
- Reporting
- Key Terms
- To Bear in Mind
- Test Yourself
- Suggested Cases
- Practice Case: Akron Public Health Department

Chapter 7 - Designing the Responsibility Accounting Structure

- Learning Objectives
- Organization of the Chapter
- Making Profit Centers Work
- The Fairness Criterion
- The Goal Congruence Criterion
- Transfer Pricing Arrangements
- The Cross-Subsidization Policy
- Design Complications
- Matrix Organizations
- Complex Matrix Organizations
- Responsibility Centers and Motivation
- Role of Contingent Compensation
- Overarching Themes
- Link to the Responsibility Accounting System
- Transfer Pricing Problems
- Issues to Consider in Setting Transfer Prices
- Autonomy versus Central Control
- Rules of the Game
- Price Consistency
- Standby Capacity
- Relation to Informal Authority and Influence
- Key Terms
- To Bear in Mind
- Test Yourself
- Suggested Cases
- Practice Case: Valley Hospital

Chapter 8 - Programming

- Learning Objectives
- Organization of the Chapter
- Programming: An Overview
- Capital Budgeting Techniques
- Capital Investment Decision Making
- Tax Effects
- Selecting A Discount Rate
- Step 1: Agree on an Interest Rate for Equity
- Step 2: Determine the Interest Rates for Liabilities
- Step 3: Compute the Weighted Cost of Capital
- Step 4: Use the WCC to Determine the Rate of Return Needed for Fixed Assets
- Incorporating Risk into the Analysis
- Nonquantitative Considerations

- Link to Strategy
- Link to Conflict Management
- Key Terms
- To Bear in Mind
- Test Yourself
- Suggested Cases
- Practice Case: Erie Hospital
- Appendix 8A: The Concept of Present Value
- Appendix 8B: Special Programming Issues in Governmental Organizations

Chapter 9 - Operational Budgeting

- Learning Objectives
- Organization of the Chapter
- General Nature of the Operating Budget
- Relationship between Programming and Budgeting
- Contrast with Manufacturing Companies
- Managerial Context for the Operating Budget
- Organizational Context
- Budgeting Context
- Budget Formulation
- Reporting Results
- Components of the Operating Budget
- Revenues
- Expenses
- Nonfinancial Measures
- Steps in Formulating the Operating Budget
- Step 1: Disseminating Guidelines
- Step 2: Preparing Revenue Budgets
- Step 3: Preparing Expense Budgets for Profit and Standard Expense Centers
- Step 4: Preparing Expense Budgets for Discretionary
- Expense Centers
- Step 5: Preparing the Master Budget
- Use of Models
- Important Features
- Related Organizational Aspects
- Expense Creep
- Behavioral Issues
- Role of Professionals
- Toward More Effective Budgeting
- Key Terms
- To Bear in Mind
- Test Yourself
- Suggested Cases

- Practice Case: Los Reyes Hospital
- Appendix 9A: Budgeting Misfits

Chapter 10 - The Cash Budget

- Learning Objectives
- Organization of the Chapter
- Link to the Dual-Aspect Concept
- Cash-Related Cycles
- The Operating Cycle
- The Financing Cycle
- The Revenue Cycle
- Financial Accounting versus Financial Management
- Key Cash Management Concepts
- Debt Structure
- Leverage
- The Role of Profit (or Surplus)
- Making the Forecasts
- Growth
- Product Line Changes
- The Statement of Cash Flows
- Operating Activities
- Investing Activities
- Financing Activities
- Key Terms
- To Bear in Mind
- Test Yourself
- Suggested Cases
- Practice Case: Gotham Meals on Wheels

Chapter 11 - Measuring and Reporting

- Learning Objectives
- Organization of the Chapter
- The Measuring Phase
- Aligning Responsibility with Control
- Measuring Techniques
- Flexible Budgeting
- Variance Analysis
- A Graphic Illustration
- Calculating Variances
- Managerial Uses of Variances
- Limitations of Variance Analysis
- The Reporting Phase

- Timeliness
- Hierarchy of Information
- Relevance and Accuracy
- Behavioral Factors
- Measuring and Reporting Nonfinancial Information
- Criteria for Good Nonfinancial Reports
- Linking Nonfinancial to Financial Performance
- Key Terms
- To Bear in Mind
- Test Yourself
- Suggested Cases
- Practice Case A: Oak Street Nursing Home
- Practice Case B: El Conejo Family Planning Clinic

Chapter 12 - Implementing a New Responsibility Accounting System

- Learning Objectives
- Organization of the Chapter
- Criteria for A Good Responsibility Accounting System
- Structural Criteria
- Process Criteria
- Behavioral Criteria
- Key Characteristics of a Good Responsibility Accounting System
- The Responsibility Accounting Context
- Managing the Change Effort
- Resistance to the Change Effort
- Dealing with Resistance
- Short-Term Wins
- Consolidating and Moving Forward
- Key Terms
- To Bear in Mind
- Test Yourself
- Suggested Cases
- Practice Case: Hillside Hospital
- Appendix A: Answers to "Test Yourself" Questions
- Appendix B: Solutions to the Practice Cases
- Glossary of Selected Terms and Concepts
- Index