



**THE ARC TRAINING GROUP**  
 A Division of The ARC Consulting Group, Inc.  
 A Profit Enhancement Firm  
 Providing Educational and Consultative Services to the  
 International Business Community

## **SEMINAR FACT SHEET**

### **COST ACCOUNTING FOR HEALTH CARE ENTITIES ARC COURSE NO. 021**

**SEMINAR OVERVIEW**

We designed and developed this intensive program specifically for accounting and cost professionals who serve health care entities. This program will give you a clear and concise grasp of health care cost accounting. You won't find a better program to show you how to effectively determine the true costs of determining the true cost of services and protocols. The most successful health care facilities truly understand the cost of their operations including managed care, governmental-backed insurance entities, private insurance, pharmaceutical services and inventories, and other activities integral to your facility. You'll learn how to develop budgets and standards, track and determine the true causes of variances, and use the cost information as a profit enhancement tool Also, you will learn how to determine pricing for goods and services and make the best use of people, money and materials.

You will take a step-by-step walk through typical cost accounting procedures. You will solve realistic cost-process problems than can be immediately applied to your unique environment...comparing job-costing and process-costing procedures...determining how to apply direct costing techniques...and developing a master plan that coordinates accounting and budgeting.

**WHO SHOULD ATTEND**

Cost professionals with more than two years of hands-on experience and need to take their expertise to the next level. Also, internal and external auditors, CEO's, CFO's, Cost Managers, Marketing Professionals who have a fundamental product cost background, brand managers, plant management personnel, and anyone who needs to use product cost information to support strategic decisions.

<b>AUDIT PROFESSIONALS</b>	<b>FINANCIAL PROFESSIONALS</b>	<b>TECHNICAL PROFESSIONALS</b>	<b>OPERATIONAL PROFESSIONALS</b>	<b>STRATEGIC MANAGEMENT</b>
■ Staff	■ Staff	■ I / T	■ Supervisors	■ Managers
■ Seniors	■ Controllers	■ Engineers	■ Team Leaders	■ Directors
■ Managers	■ Directors	■ Proj. Managers	■ Managers	■ Vice Presidents
■ Directors	■ VP's & CFO's	■ ISO & Quality	■ Plant Managers	■ CEO's

**WHAT WILL BE COVERED**

You will take a step-by-step walk through the unique aspects of the health care industry's cost accounting procedures and requirements. You will solve realistic cost-process problems than can be immediately applied to your unique environment...comparing job-costing and process-costing procedures...determining how to apply direct costing techniques...and developing a master plan that coordinates accounting and budgeting.

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**SPECIAL FEATURE:** You can tailor this program by using your internal cost reports in lieu of the standard reports provided with the materials at no additional charge. ARC can modify this program to reflect the unique aspects of your accounting system at no additional charge.

### **How You Will Benefit:**

From the examination of the elements of cost to a hands-on case study in which you analyze cost control, this program provides you with all the tools and information to put cost accounting best practices to work for your facility.

This program will address tough issues such as:

- Developing effective Cost Standards that provide a realistic basis against which actual performance can be measured
- Calculating Variances against Standard that provide operational management a starting point to identify the causes of unfavorable variances
- Using cost accounting to improve operations
- Making sound pricing decisions
- Developing the cost reporting system for private and Medicare lines of business
- Develop cost-based models that ensure the optimization of the use of resources
- Understanding how to apply cost standards to DRG's
- Knowing the benefits of Absorption vs. Direct Costing
- Supporting capital budgeting decisions
- Using Activity-Based Costing techniques
- Using the Cost System as a key tool in the creation of FRAUD RESISTANT COMPANY®

### **PROGRAM AGENDA**

#### **DAY ONE:**

- **THE INTERNATIONAL BUSINESS ENVIRONMENT**  
This section provides an overview of the strategic, tactical, and operational aspects of today's global health care entity. During this session, participants develop their specific learning objectives for the program, and gain an understanding of the benefits and limitations of cost analysis.
- **OVERVIEW OF HEALTH CARE COST MANAGEMENT**  
This section will provide an overview of the responsibility accounting environment, and the unique aspects of the needs and applications of cost information within the health care environment.
- **FUNDAMENTALS OF COST ACCOUNTING**  
Understanding what costs truly are, how they behave, and typical classifications of cost is the first step. In this section, you will learn the various objectives of effective cost accounting, what costs are, and the various classifications of costs including, total vs. conversion, direct vs. indirect, operational vs. corporate, fixed vs. variable, and much more.

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### ACTIVITY-BASED COSTING AS AN EFFECTIVE COST ACCOUNTING TOOL

Activity-Based Costing (ABC) is the most effective cost methodology in existence. However, many companies fail to use this key tool due to the perceived incongruence with GAAP Accounting. . However, there are a number of ABC concepts which you can integrate into many of cost accounting techniques which will help tell you not only the “What” of service costs, but also “Why.” In this section, you will learn how to use the concepts of ABC to move cost information from the tactical stage to the strategic level.

#### DAY TWO:

- **DEVELOPING STANDARDS AS A STRATEGIC DECISION SUPPORT TOOL**

The development of cost standards has risen to an entirely new strategic level in many of today’s health care organization. In order to effectively manage the unique challenges of a health care provider, you must be able to identify the true drivers of costs. The need for timely and realistic cost information now overshadows the use of standards strictly as a tool for service cost determination. The provider’s need for reasonable total product cost to support strategic business decisions is greater than ever. These include service pricing, Medicare and Medicaid cost reimbursement reporting, determination of the true cost of protocols, service continuation and new service introduction. In this section, you will learn how to set standards that address not only external reporting requirements but provide a basis for key internal decision support.

- **EFFECTIVE DETERMINATION OF JOINT COSTS**

Many facilities, by the nature of their patient care processes, create certain products that are “spin-offs” of their core product lines. These “joint-products” present the health care cost professional with a unique set of challenges. In this section, you will discuss situations in which a facility would incur joint costs. You will learn how to apply the various methods for allocating joint costs. You will also discuss the non-relevance of joint costs for decision making.

- **USING THE COST ACCOUNTING SYSTEM TO HELP CREATE THE FRAUD RESISTANT COMPANY<sup>®</sup>**

The development of Standards and the calculation of key Variances is a big step toward the creation of Fraud Resistant Company<sup>®</sup>. Healthcare organizations must be ever vigilant to the Red-Flags of fraud. It attacks from every direction, providers, suppliers, employees, third-parties, contractors – everywhere. This section will highlight several of the key techniques that today’s leading-edge organizations are using to both deter fraud, and to serve as an Early Warning System to detect the presence of fraud.

#### DAY THREE:

- **VARIANCE ANALYSIS AS A PROCESS IMPROVEMENT TOOL: ANALYZING THE TRUE CAUSES OF PRODUCT COST VARIANCES**

Once you have developed standards, you then need to determine how variances will be calculated and reported to the level of management within the organization than can identify and eliminate the cause. Variances are powerful tools to in the health care industry to identify changes essential for operations. The true benefit of variance analysis is when you use it as a process-improvement tool. This section will go far beyond the typical labor and material variances into the strategic world of total health care cost management. You will learn how to calculate those variances that are essential to strategic decision-support.

- **DEVELOPING THE TARGET COST MODEL**

Your facility continually faces the issue of pricing a service to achieve a reasonable margin vs.

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the customer's level of perceived value and quality. This section provides the tools and insight essential to support the strategic decisions associated with analyzing proposed service and revenue streams to meet specific cost limitations, pricing a product or patient service to achieve required levels of profitability, and the potential of line expansion or abandonment. You will learn how to augment the cost data typically presented in traditional cost reporting systems to support these key decisions including Cost-Volume-Profit analysis.

- **FIXED ASSETS AND COST ACCOUNTING**

Today's cost accountants must know the impact of investments in fixed assets to the facility cost structure. Using depreciation as a cost standard may lead to erroneous service cost and price determinations. In this section you will learn how to effectively account for asset consumption costs, as well as alternatives to the common fixed asset costing techniques.

- **DEVELOPING THE CAPITAL SPENDING BUDGET AND JUSTIFICATION MODELS**

Is the investment in an additional fixed asset truly justified? Are you using the right tools to ensure the organization will maximize its investment in capital spending? In this section, you will learn how to develop the Capital Purchase Model, perform Lease/Purchase analysis, evaluate the potential benefit of Outsource v. Purchase decisions and other key analysis that are key to the maximization of the use of scarce capital resources.

- **COURSE SUMMARY AND WRAP-UP**

This section provides you with the opportunity to address any specific issues with the total group as a resource, to review any specific issue or topic addressed in the program, or to just recap the benefits received from the program and the group as a whole.

### SEMINAR PRICING AND LOGISTICS

<b>Duration:</b> 3 Days	<b>Program Level:</b> Introductory
<b>Prerequisites:</b> None	<b>Advanced Preparation:</b> None
<b>Maximum Attendance:</b> 25	<b>CPE Hours:</b> 24
<b>Delivery Method:</b> Group Live	<b>Booking Instructions:</b> Call (904) 268-1148
<b>Our fees include all instructor travel, living and professional fees, and all participant materials. You are responsible for training facility, audio-visual requirements, and other creature comforts. For information regarding refund, complaint and program cancellation policies, please visit our website at <a href="http://www.arctraining.com">www.arctraining.com</a>, or call Kate Robbins at (904) 268-1148.</b>	
<b>For additional savings to your organization, invite participants from companies in your area who may also be interested in this program. The ARC Training Group places no restrictions on who you can ask to join your group.</b>	

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