Trinity Mother Frances Health System

Financial Management of Healthcare Organization

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The selected case in this analysis is the Trinity Mother Frances Health System, Tyler, Texas. The case features Trinity Mother Frances Health System in need of financial leadership after the retirement of its long-term Chief Finance Officer. The Trinity Health Center had embarked on the mission of building a heart hospital and installation of the EPIC electronic information although the company was experiencing days of cash-on-hand financial strain at the same time the company was not prepared to enter the bond market due to lack of information on how to go about bond financing.

From the case study, Trinity was undergoing a period of financial strain as their long-term chief finance officer had retired at the same time the company lacked the necessary information regarding securing finances through bond financing. Although the company was experiencing a period of financial strain, it had embarked on the mission of constructing a heart hospital and installation of EPIC electronic information. These two projects required a lot of money, and this could prompt Trinity to source for other alternative financing options to finance the two projects.

Effective management of a company’s finances is dependent on proper leadership and management within the organization (Brigham & Ehrhardt, 2013). From the case study, Trinity Mother Frances Health System had problems regarding sourcing for funds through bond market due to lack of knowledge regarding bond financing as well as lack of proper financial leadership since the company CFO had retired and his replacement had not been done. Warbird provided customized healthcare finance team that included an interim CFO that helped the Trinity Mother Frances Health System move forward with its key financial activities. With the intervention of Warbird consulting partners, Trinity Mother Frances Health System was able to source bond financing at attractive rates, establish a department of internal audit to solve internal financial difficulties and issues, develop a robust investment policies including new asset allocation for corporate and retirement funds as well as establishment of a system to improve cash management within the facility.

The intervention by Warbird consulting partners also helped in restructuring bond portfolio with reduced interest expense and lower risk. Moreover, Warbird consulting partners harnessed the process to review and standardize physician incentive compensation program. It is imperative to understand that a clear structure of managing healthcare finances is necessary to establish a proper guideline on how the finances of the healthcare are utilized. Through a consultancy program, a healthcare organization can be able to properly manage its finances based on the guidance offered by the consultancy firm.

The basic activities involved in financial management in healthcare organizations involve financial evaluation and planning, making long-term investment decisions, working capital management, and financial risk management (Zietlow, Hankin, Seidner & O'Brien, 2018). These activities are critical not only to healthcare organizations but also other organization that handles cash and cash equivalents. Many times, organizations face financial difficulties like in the case of Trinity whereby the organization is not sure of how to go about bond financing to help in financing their long-term project. The aspect of financial management thus comes in to help resolve the financial dilemma by providing relevant information regarding other alternative sources of finance for the organization. Because Trinity had no proper financial leadership, engaging a consultancy firm was a noble idea as the firm was able to grant the company the necessary expertise to help solve the financial dilemma the company was facing. Healthcare organization should develop proper financial management guidelines backed by adequate leadership to ensure their success in the market (Finkler et al., 2016).

References

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