Financial management of Healthcare Organization

Herzing university

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The healthcare sector in the United States has been facing challenges triggered by the high costs of healthcare and quality issues. The United States has one of the most expensive healthcare systems in the world as compared to other developed countries such as the United Kingdom. Hospitals across the nation have been facing reduced revenues and increased costs of operation due to the increase in labor costs influenced by inflation rates. Healthcare organizations have responded by implementing financial management strategies aimed at reducing operating costs and enhancing operational efficiency without reducing the quality of healthcare offered to the public (Dong, 2015). The Medicare Payment Policy introduced incentives to be paid to healthcare organizations across the nation based on value-based purchasing (Canady, 2015). The introduction of different strategies and federal government policies is an indication that financial management in healthcare is crucial for normal operations and the existence of the organizations. This paper provides an analysis of financial management in the Miami University Hospital. It includes the current economic status of the facility, value-based purchasing, sustainability, and financial management in the acute care unit.

**Healthcare Economics of the Organization**

The Miami University hospital has been ranked among the top four best-performing healthcare organizations in Florida. The organization has witnessed a gradual increase in its revenue over the last six years due to constant changes in healthcare delivery and the adoption of effective networking strategies. The healthcare organization recorded an increase in revenue to over $217 in the 2018 and 2019 financial year. It recorded an increase in net income in the first months of 2019, reaching about $54 million, which was a 365% increase compared to the previous years. Current economic reports show that the organization has experienced about 27% decrease in operating income. The increase in revenue over the last two years in the Miami University Hospital is attributed to return on investment. The organization increased its investment in modern technological systems, including modern surgical equipment, information system, and laboratory equipment (Miami University Hospital, 2019).

The Miami University Hospital experienced an increase in operating costs by about 10% in 2019 due to the increased medical and surgical supplies. The investment in additional medical and surgical supplies is due to an increase in the number of patients seeking treatment in the organization. The customer portfolio has increased at a significant rate in the organization due to the provision of quality services to the community. Despite the dramatic changes in healthcare economies across the United States, the organization has successfully managed to stay in the market. The current economic achievements in the organization are attributed to effective planning and resource allocation towards the services that are required by the community (Miami University Hospital, 2019).

**Value-based Purchasing**

The University of Miami Hospital has implemented strategies to enhance quality patient care and safety across all units without having to increase the costs of healthcare services. The organization provides one of the high-quality patient care services across as compared to other organizations. The Miami University Hospital was ranked among the best performing hospitals in the nation due to its quality services in different specialties, including gynecology, cardiology and heart surgery, and nephrology. The organization has invested in the implementation of modern technology for the diagnosis and treatment of cancer. Breast cancer diagnosis and treatment using evidence-based interventions have been improved in the organization. The Miami University Hospital offers quality MRI and radiotherapy services to outpatient cancer patients, which has enhanced easy access to quality cancer treatment in the community (Miami University Hospital, 2019).

The Miami University Hospital has invested in modern technology to enhance quality and safe care to patients with complex chronic conditions. Nuclear medicine, which involves the use of radiological systems to diagnose and treat disease, is well developed in the organization. Cancer patients have increasingly preferred the organization for early screening and treatment. The nephrology unit is another value-based investment in the organization, offering the community quality services at an average cost. Medicare and other private health insurance, including Sunshine Ambetter, Molina Marketplace, and Aetna Um employee have contracted the Miami University Hospital to promote quality access to healthcare by their customers (UHealth, 2020). The insurance plans have realized the difference between the organization and other facilities in the provision of specialized treatments for chronic diseases. Private health insurance plans in Florida are attracted by the affordability of healthcare services to prevent losses. As such, the Miami University Hospital has provided an alternative for the insurance companies to provide quality and safe healthcare services to patients.

The Miami University Hospital offers quality and safe care to patients with different conditions at an affordable price. As a private facility, it has balanced profits and quality patient care. The organization has invested in the recruitment of nurses to meet patient needs through an appropriate nurse to patient ratio. It has continued to hire employees and the procurement of equipment without changes to downscale the number of staff in each unit, as observed in other private facilities in the United States (UHealth, 2020).

**Financial Stability of the Organization**

The Miami University Hospital has implanted appropriate strategies to enhance its financial stability despite the fluctuations in the healthcare sector. The organization recorded a deficit in revenue of about $94.5 million in 2017 due to high expenses triggered by the labor costs. The organization witnessed financial issues early in 2016, which resulted from low admission rates. However, the organization bounced back within one year. The organization posted an increase in profit in 2018 and 2019 by over $217 million, which shows its capabilities to regain after a financial challenge (Miami University Hospital, 2019). The organization invested in the refurbishing of the facility in 2018 with modern operating rooms, laboratory equipment, and recruitment of additional employees to work in the cancer center. The organization's expenses have increased gradually with a correlation to the patient population seeking healthcare in the organization. The allocation of resources for the right projects in the organization has enhanced its financial stability. The growing profit margins over the past years shows that the Miami University Hospital will record an increase in profit by about three times the 2019 profits this year despite the current COVID-19 pandemic.

The organization injected $110 million into the development of the cancer center to accommodate the growing number of cancer patients. The outpatient services are offered without changes in the structure of the facility, which has reduced expenses. The Miami University Hospital is part of the UHealth network in Miami, which allowed the organization to integrate its electronic health record system to facilitate the easy sharing of patient information without extra costs. The organization's profit and loss projection shows a positive long-term growth due to its financial stability (UHealth, 2020).

**Management and Contribution of the Unit**

The organization's management has initiated appropriate strategies to increase revenue and reduce labor costs across all units. The acute care unit in the organization plays a critical role in the organization's financial stability. The management initiated the expansion of the acute care by increasing the number of beds to accommodate more patients at once. The unit recently increased the number of acute care beds by 20%, which has contributed to the increase in revenue. Proper management of financial resources through the allocation of funds for modern operating room equipment has enabled the organization to attend to many patients at once. The admission rate has significantly increased over the last two years, with an average daily census of 400 as compared to 322 in 2017 (UHealth, 2020). Financial stability in the organization is an important aspect that has received the attention of every unit to restructure workflow.

The organization's management has realized the importance of reducing labor costs by hiring nurses on contract basis. The organization hires nurses on a travel basis where the nursing shortage is filled by non-permanent nursing staff from other agencies. The use of travel nurses has enhanced quality care to the acute care patients while reducing labor costs in the organization. The travel nurses are not provided with health insurance by the facility. They are also hired based on the arising need to prevent costs incurred when nurses are hired on a permanent basis. Travel nurses have been useful during the COVID-19 period as many patients seeking care for disease complications can access quality care. The organization's investment in electronic health records to facilitate easy access to patient data and real-time retrieval by nursing staff has promoted patient safety in acute care, which reduces readmission rates to prevent Medicare penalties (UHealth, 2020).

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Center for Medicaid and Medicare:

[https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/HospitalQualityInits/Hospital-Value-Based-Purchasing-.html (Links to an external site.)](https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/HospitalQualityInits/Hospital-Value-Based-Purchasing-.html)

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Prepare a written review of a unit within your organization and the management of financial resources by the unit.

Include the following:

* Provide an overview of the healthcare economics of the organization, value-based purchasing relevance to patient care, and the financial stability of the organization.
* Compare the management and contribution of financial resources/practices and stability of the unit.
* Support statements and assessments with professional references.
* A minimum of four scholarly, peer-reviewed, professional literature is required. Articles must be within the last five years.
* Written paper, 12-point font, APA format with 6-page limit (not including title page or references).