

New Opportunities for the Development of Education at the Technical University of Liberec

Specific objective A2: Development in the field of distance learning, online learning and blended learning

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Virtual Mobility: New Challenges for Management Accounting

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Students presentations on given topics



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THE IMPORTANCE AND SPECIFICS OF MANAGEMENT ACCOUNTING IN THE HEALTHCARE SECTOR

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INTRODUCTION



MANAGEMENT ACCOUNTING

It provides key insights and analysis to help inform management decisions. It helps to provide a better understanding of the current financial performance of the organization and can be used as a forecasting tool for future performance.



HEALTH SECTOR

It's an aggregation and integration of sectors within the economic system that provides goods and services to treat patients with curative, preventive, rehabilitative, and palliative care.

SCOPE OF THE MANAGEMENT ACCOUNTING

COST ACCOUNTING

FINANCIAL ACCOUNTING

FINANCIAL MANAGEMENT

FINANCIAL STATEMENT ANALYSIS

BUDGETING AND FORECASTING

INTERPRETATION OF DATA

MANAGEMENT REPORTING

INFLATION ACCOUNTING

SCOPE OF HEALTHCARE INDUSTRY

United Nations International Standard Industrial Classification (ISIC)



Medical and
dental
practice
activities



Hospital
activities



"Other human
health
activities"

SCOPE OF HEALTHCARE INDUSTRY

The Global Industry Classification Standard and the Industry
Classification Benchmark



healthcare
equipment and
services



pharmaceuticals,
biotechnology and
related life sciences

HEALTHCARE ACCOUNTING

Includes several unique aspects that don't apply to general or business accounting

Similarities to other professional accounting roles: analyzing reports, maintaining financial records and tracking cash flow analysis

The complexity of the layers of health care functions



FIVE DRIVERS OF HEALTHCARE COSTS

01/02

CASE MIX AND VOLUME

related to morbidity patterns in the population

03

RESOURCES PER CASE

It involves understanding the specific resources utilized for each patient encounter or medical case



04

VARIABLE COST PER RESOURCE UNIT

- fluctuate with changes in the level of activity or output.
- E.g. the cost per unit of service provided, such as the cost per diagnostic test, per consultation, or per procedure.

FIXED COSTS

- Healthcare organizations bear substantial fixed costs, often attributed to factors like depreciation on infrastructure and equipment.
- Includes expenses such as rent, salaries of permanent staff, and other overhead expenses.

05



ACCOUNTING FOR HEALTH CARE ORGANIZATIONS

Accounting in health care follows generally accepted accounting principles (GAAP). We have many basic and advanced concepts of general accounting such as:

Accrual and cash accounting

Reporting

Depreciation

Payments and receivables related to medical services

Payer mixes and chargemasters

Credit balances and outstanding checks



ACCRUAL AND CASH ACCOUNTING

includes a model that allows the businesses to record revenues and expenses and helps them to obtain an accurate picture of their exchange rates

DEPRECIATION

involves calculating the cost of the asset in question as well as its useful life. From there, the asset's depreciation expense will be recorded across each accounting period.



REPORTING

Produce financial reports that indicate fiscal performance. Details in these reports may include cash flow, balance sheets, statements of operations and changes in net assets.

PAYER MIXES AND CHARGEMASTERS

Health care providers manage revenue from numerous sources.

Some hospitals use a chargemaster, fee-for-service list, or bundled set of payments like MS-DRGs to determine prices.



SEVERAL ASPECTS OF MANAGEMENT ACCOUNTING IN THE HEALTHCARE SECTOR

BUDGETING AND PLANNING

It helps to efficiently allocate resources, set realistic financial goals and plan future investments.

DECISION SUPPORT

Provides decision support, offering data and financial analysis to make strategic decisions

RISK MANAGEMENT

Management to assess and mitigate financial risks, ensuring resilience to policy changes, regulatory uncertainty and economic fluctuations



PERFORMANCE MEASUREMENT

Designing performance measurement systems that enable to identify trends, make data-driven decisions

REGULATORY COMPLIANCE

Ensure that financial processes and reporting comply with regulatory standards

COSTING AND PRICING

Using costing methods to determine actual patient care expenses, allowing organizations to set appropriate prices for services



EXAMPLES OF CHALLENGES FOR THE HEALTHCARE SECTOR



AGING POPULATION

In 2022, more than one fifth (**21.1 %**) of the EU population was aged 65 and over.



Difficulties in forecasting demand for healthcare services among an aging population

Managing and containing rising costs while ensuring quality care

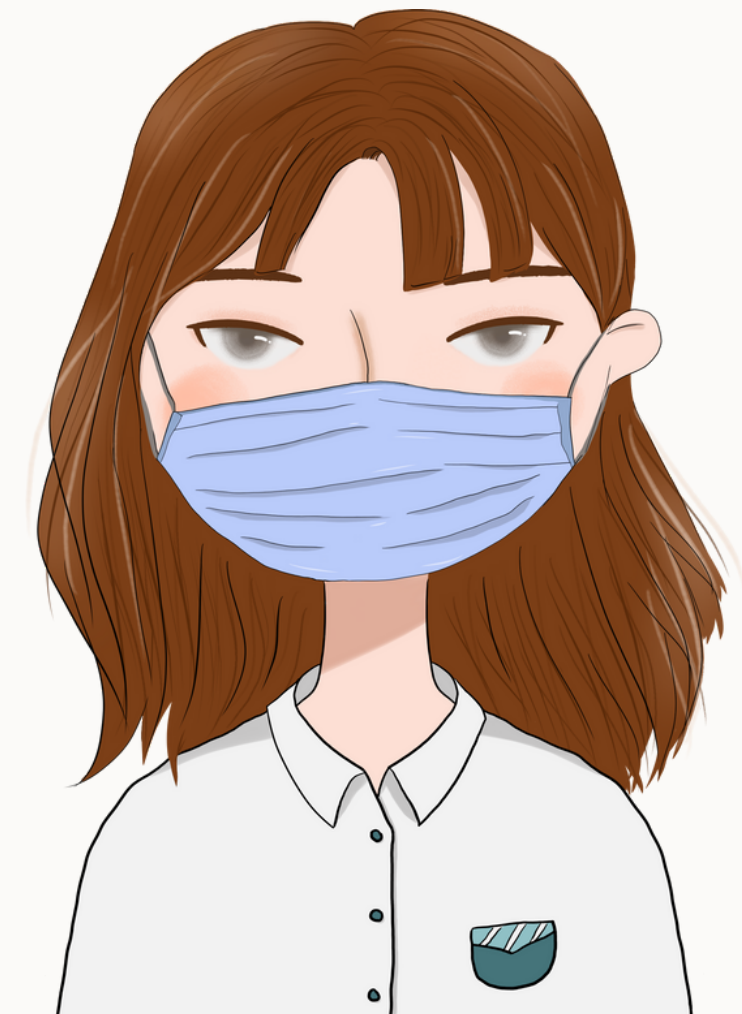
The need for advanced technologies and infrastructure to support geriatric care places a strain on budgets

PANDEMICS AND PUBLIC HEALTH EMERGENCIES

A critical challenge is managing resources efficiently during a sudden surge in patients

Global supply chains may be disrupted, affecting the availability and cost of medical supplies.

The need for additional healthcare staff during a public health crisis can strain budgets.



CONCLUSION

Management accounting helps find ways to improve the financial efficiency of a facility's patient care strategy without sacrificing the overall quality of care

It is necessary to monitor the cost of treatment, manage the efficiency of medical processes, plan the budget and analyze the financial performance of care units

