

Questions to Debate

■ Why are the numbers so complicated? Concepts like “cost per case” or “percentage of postoperative infections” seem simple enough. Why must we adjust the numbers, use FASB rules, do statistical analyses, and maintain internal and external audits? What would happen if we did not do these things?

■ Why is budgeting split into two processes—operating and capital? What measures would you seek to evaluate a hospital’s budgeting processes? How would you identify opportunities for improvement in the process? How would you go about implementing improvements like faster service with budget packages, helping operating managers develop their goals, and matching the operators’ goals to the governing board guidelines?

■ How would you respond if a service line reports that it is unable to improve its costs next year because the burden of transfer charges and allocated overhead is too great? These managers have improved their internal operations, but the total cost is still substantially below benchmark.

→ above

■ How does the organization evaluate its capital and liquid-asset management program? What questions would you ask, and what numbers would you ask for, if you were exploring this question with the CFO and the financial management team?

■ How much should the audit function cost? The system described is expensive; many organizations complain that it is excessive. What exactly are the benefits the organization gains from those expenditures, and how are they measured? How will the organization judge whether the investment is wise?

Personnel and Organization

Many elements of the management role involve the organizational culture, seeking one that accepts and welcomes the rigor necessary for excellence. The tools for building the culture are now well known. They include careful selection, sensitive listening, avoidance of blame, training, reinforcement, and celebration (these are discussed in Chapter 12). The tools apply equally to clinical, information, finance, and accounting units.

Suggested Readings

Baker, J. J. 1998. *Activity-Based Costing and Activity-Based Management for Health Care*. Boston: Jones and Bartlett.