

## UNDERSTANDING THE IMPORTANCE OF FINANCIAL MANAGEMENT IN HEALTHCARE ORGANIZATIONS IN INDIA

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### ABSTRACT

*In today's time the key challenge faced by the Healthcare Industry is to find the perfect governing balance in Healthcare Financial Management with enhanced efficiency and accountability. At the same time new challenges are equally emerging in the shared services such as budgeting, growth planning, cost-effectiveness and benchmarking. The importance of financial management in healthcare organizations is clear: people who run medical practices of any sort need specific taskforce to handle the business and financial aspects of operating a medical facility. With strategic cost-reduction efforts and unconventional revenue-generating ideas, healthcare facilities have a chance to extend profitability, improve patient care, and supply ample job opportunities within the subsequent years.*

**Keywords:** Healthcare Financial Management, Operational Efficiency, Technology, Care, Revenue.

### Introduction

In today's time the key challenge faced by the Healthcare Industry is to find the perfect governing balance in Healthcare Financial Management with enhanced efficiency and accountability. At the same time new challenges are equally emerging in the shared services such as budgeting, growth planning, cost-effectiveness and benchmarking. Considering the increased expectations for the cost-effectiveness and result-driven solutions, the conventional Financial Management approaches needs an overall proper financial management at each and every time.

The same can be well managed through proper financial planning and management. Healthcare organizations need to address the challenges and increase the operational efficiency through effective healthcare financial management solutions especially designed for the hospitals. They must go for evident-based solutions which are derived from skilled financial managers.

Healthcare organizations should look forward towards the solutions that are tailored to suit the specific needs of a particular healthcare practice with proper understanding as each hospital's financial management system demands a unique solution. There could be two similar financial scenarios but implementing the same solution for both is not ideal!

Healthcare organizations must apply a unique activity-based management approach to align the activities, fix the priorities and reduce the financial complexities.



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- **Investment Planning:** Investment management solutions should be seen as the long-term and result-driven investment planning for healthcare practices.
- **Budget Planning:** Steering the performance of a healthcare practice has completely relied on the effectiveness of the budget plan. The agility and the foresight need to be intact while planning the budget of healthcare organizations.
- **Growth Planning:** Visualizing to uncover the future trends and the insights that deliver results are the factors which determine the growth of a hospital. Healthcare organizations should have analytical abilities, expertise in streamlining the profitable channels, and the constant drive for adapting and improvising the apt solutions to meet the growth bars to form a perfect platform.
- **Financial Strategy:** They can switch to unique financial strategy models that forecast the risk, uncertainty and increased volatility in the economic environment.
- **Cost-Efficiency:** Being cost-efficient is a meaningful goal of every healthcare practice but remained to be something that a very few could achieve. Finance Management Experts who are also experienced in Healthcare Operations Management can help in effective resource utilization to manage the financial operations with increased efficiency.
- **Profit Planning:** Healthcare practices with the consistent results that are in-line with the business interests are considered to be in profit. And, it is dependent on the cost-volume-profit relationship.

### **Importance of Financial Management in Healthcare Organizations**

Due to the high cost of medical care in the healthcare industry efficient investment management is critical, while all industries rely heavily on it. The importance of financial management in healthcare organizations is clear: people who run medical practices of any sort need specific taskforce to handle the business and financial aspects of operating a medical facility. The specific and dedicated finance team focuses on overseeing facility operations, information technology, personnel, and accounting—all while improving patient care and reducing the costs of medical services.

### **Healthcare Investment Management**

At the same time the healthcare industry faces challenges new challenges along with the one's which already exist, such as new legislation, advancement in technology and efficient & effective treatment cost. This calls for Healthcare administrators to make up dation in the strategies and to address these matters to keep them financially viable. Same can be done by keeping in mind significant cost factors and identify potential solutions to achieve financial savings.

Through strategic healthcare investment management, healthcare companies can outsource maintaining financial operations that provide quality patient care, investing in necessary updates, and creating new revenue streams to financial experts. Routine tasks involving finances—including maintaining budgets, negotiating contracts, and ensuring sufficient funds are available to meet expenses—are also dealt with by the financial management team. Budget planning alongside the board of directors is an additional task that financial management departments oversee to ensure the acquisition of all supplies, equipment, and personnel necessary in maintaining operations.

### **The Benefits of Economic Management**

Although financial management within the healthcare sector exclusively deals with financial matters, it offers various benefits across the healthcare industry for providers and their patients:

#### **Analysis and Reporting**

Investing in medical research and specialized equipment through a financial management company allows practice owners to more effectively track and analyze their expenses and therefore the overall cost of related patient outcomes. Strategic medical investing also can provide healthcare facilities with the data needed to determine successful and cost-effective tactics to make smart investments for future growth. In an exceedingly 2010 case study from the Journal of Business Case Studies, Cleveland Clinic established a strategic financial management plan that may ensure an extended range of economic success focused on the mission and vision of the organization.

#### **Risk Management**

Though the healthcare industry has an acute specialise in preventing patient-related risks, healthcare risk management makes it a priority to observe other threats beyond patient-related concerns. This includes ensuring that the healthcare facility's medical records are protected against hackers to

assist prevent fraud or the misuse of funds. to confirm confidentiality of records, an understanding of the reimbursement policies of the govt. and insurers is crucial so as to own a significant comprehension of compiled patient information.

### **Quality of Care**

As healthcare providers implement value-based payment models, caregivers are paid supported the health outcomes instead of the services that doctors performed. This model allows healthcare providers to help patients in reducing their risk of chronic disease and reducing the long-term cost of care by improving their immediate health concerns.

### **New Revenue Sources**

Hospitals should use caution about the new revenue streams they can—and should—invest in because the healthcare marketplace continues to grow and shift. Through healthcare investment management systems, new strategic revenue opportunities are developed per the subsequent guiding principles:

- Alignment with the healthcare facility's broader mission
- Respect towards the facility's core business capacity
- Delivery of a strategic advantage

To discover new revenue sources, hospital facilities must follow the present trends dominating the healthcare industry.

### **Emerging Healthcare Trends**

Modern technology is impacting every aspect of our world—including healthcare. Trends like AI (AI) and massive data can assist in developing digital health tools for preventative care and technology-based services for enhancing access to patient care and satisfaction.

As we see a decline of in-patient hospital admissions, outpatient service models allow additional revenue growth by influencing hospital facilities to partner with or take over physician practices to deliver outpatient services.

Demographic trends are a source for potential opportunities to develop programs, products, and methods to serve specific populations. Similarly, telemedicine and therefore the increasing prevalence of digital healthcare apps also help drive patient growth and make value for investors by rendering their services to elderly patients or patients in remote locations who cannot visit a hospital.

### **The Healthcare Industry - A Growing Market**

As the American population continues aging, the healthcare industry grows faster than the other within the USA. By 2030, there'll be a critical need for medical professionals who specialise in the distinct needs of the elderly as we observe a 50% shift in age demographics with 72 million Americans aged 65 or older. The healthcare industry continues to possess ample career opportunities across various markets, like the expectation of a 49% increase in care aide employment by 2022. Other healthcare careers expected to grow 41% or more by 2022 include diagnostic medical sonographers, therapy assistants, and residential health aides.

### **The Importance of Monetary Management in Healthcare**

Healthcare organizations shouldn't be discounted. Although financial management could be a challenging task that faces new financial difficulties day by day, providers remain diligent in improving patients' lives. With strategic cost-reduction efforts and unconventional revenue-generating ideas, healthcare facilities have a chance to extend profitability, improve patient care, and supply ample job opportunities within the subsequent years.

### **Conclusion**

As the healthcare industry faces challenges new challenges along with the one's which already exist, such as new legislation, advancement in technology and efficient & effective treatment cost. The healthcare administrators have to look for changes in the strategies and to address these matters to keep them financially viable. Same can be done by keeping in mind significant cost factors and identify potential solutions to achieve financial savings. The healthcare industry continues to possess ample career opportunities across various markets, like the expectation of a 49% increase in care aide employment by 2022. Other healthcare careers expected to grow 41% or more by 2022 include diagnostic medical sonographers, therapy assistants, and residential health aides.

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