

Midwest healthcare system

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Handling Financial Crisis at Midwest Healthcare System Handling Financial Crisis at Midwest the Healthcare System This paper gives an overview of the measures taken by the newly appointed Chief Financial Officer (CFO) of Midwest Healthcare System. The paper begins by illustrating the type of information needed from several key personnel at the hospital. The plan is dependent on the following information. There is a loss of operating cost. Previous operating losses were funded with investment income from restricted net assets. The board of directors has ruled that the practice be discontinued and restricted investment income to capital expenditures. A capital expenditure refers to a commitment of resources that is expected to produce benefits during a reasonably long period, at least two or more years (Cleverly, O., Cleverly, W. & Song, 2010). The CFO sought to get the views of key hospital personnel in order to come up with a suitable financial plan. They include System's Chief Executive Officer, Chief Operating Officer, Medical Director and the Vice President of Nursing.

1. The Vice President of Nursing.

Questions asked;

What is the total number of all nurses at the hospital?

How much does the nursing department spend per day, week, month and annually?

What are the most essential expenditures?

State the activities that do not require urgent funding.

State the probable causes of an emergency that would require funding.

The answers expected include the total number of nurses, the department's total expenditure (on a daily/weekly/monthly and yearly basis), activities that do not warrant immediate funding and factors that might call for immediate

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funding.

2. Medical Director.

Questions asked;

What is the total number of all medical professionals under his department?

How much does the department spend per day, week, month and annually?

What are the essential services that require funding? Identify activities or services that do not require urgent funding.

What are his suggestions?

The medical director needs to clarify the total number of medical professionals under his department, the departments operating cost, activities whose funding can be cut and his suggestions to the current crisis.

3. Chief Operating Officer

Questions asked;

Which department requires the most /least funding?

What is the total operating cost daily/weekly/monthly and annually?

Identify departments/activities/services whose funding can be cut or delayed.

State the total number of salaried employees.

The chief operating officer will be required to clarify the operating cost of the hospital on a daily/weekly/monthly and annual basis.

4. System's Chief Executive Officer.

Questions asked;

What caused the current financial crisis?

Identify areas/activities/departments whose funding can be cut or delayed.

What suggestions does he have regarding what can be done to alleviate the current financial situation?

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The answers expected; the causes of the current financial crisis and departments/activities whose funding can be cut or delayed. In addition, the chief operating officer needs to identify factors that contributed to the current crisis and give his suggestions.

The above information will enable the CFO to identify the causes of the current crisis and the operating cost on a daily/weekly/monthly and annual basis. In addition, the CFO will be able to identify services or activities that are essential and those that are not essential. Thus the CFO can comprehend the essential operating cost. He will also identify services/activities whose funding can be cut or delayed. This will enable him divert resources to the most appropriate services/activities.

Financial Plan

Department managers make most of the internal requests for capital expenditure approval. In many healthcare facilities, formal systems for approving capital expenditure have been developed to receive, process and answer departmental requests (Cleverly, O., Cleverly, W. & Song, 2010). A basic tenet for fiscal managers is that the capital process must be managed to properly operate the institution (Eastaugh, 2004). Thus, the data collected will assist the CFO to;

Determine the expected daily/weekly/monthly and annual operating cost.

Secure funding for the most essential services capital expenditure.

Divert expenditure spent on non essential services or activities to the most essential and

Set a side a given amount of money for emergency services or activities.

References

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