

Health care case study: financial statements

[Business](#)



Effect's of Revenue Sources on Financial Reporting A company's revenue comes from a variety of sources, including the sales of goods interests on loans, and income from renting or leasing.

Accountant's first record venue in informal accounting ledgers to track capital as it comes into the company. Information ledgers are transferred to more formal, official financial statements. The income statements, balance sheets, retained earnings statements and statements of cash flows are the four basic types of financial statements affected by revenue sources.

Revenues and Expenses Grouped for Planning and Control The hospitals revenues and expenditures are plans and cohesively to track revenues and expenditures efficiently. The two main categories of revenue are, revenue producing, and non revenue producing. In non revenue producing services have two subdivisions, general services, and support services.

General services are services, such as maintenance, and dietary. The support services are administrative costs relate to employee services, such as salaries, and employee welfare services.

Revenue producing has two groups: nursing services and other professional services. Nursing services has five cost centers ranging from the intensive care units to the operating room. Professional services have 15 cost centers, such as emergency room and pharmacy.

These cost centers correlate to specific expenditure categories. Expenditure grouping is separate into two categories, diagnoses, and procedures. Most revenue in health care organizations is either diagnoses or procedures.

Major diagnostic categories (Meds) group costs with a 27-classification system for diagnosis-related groups (Dress). Each DRUG represents a category of the services for patients. This classification assigns procedures provided to patients with current procedural terminology (CAP) codes.

“ CAP codes represent a listing of descriptive terms and identifying codes for identifying medical services and procedures performed” (Baker ; Baker, 2011, p. 44). Conclusion Discrepancies were found in three areas between the audited and unedited statements.

The differences between the statements were vast with patient accounts showing a \$1 difference, the statement of revenue and expenses showing a \$1 difference, and a net income difference of \$254, 000. Corporate revenue comes from many sources.

Revenue is reported on various financial forms like income statements, balance sheets, retained earnings statements, and cash flow statements, which are the four basic types of financial statements affected by revenue. Different categories and services exist to group revenues and expenditures onto cost centers that correlate to different Drag's.