

Simulation review paper

[Economics](#), [Insurance](#)



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January 10, 2012 David Catoe Some point in the lives of many to all there are choices and decisions that are to be made. These individual choices and decisions we make help guide us to a certain destination or point in life where one would like to be. Not to say that reaching these set destinations will be easy to get too but they aren't hard to accomplish with positive thinking and actions.

Financial and economic decisions in a business perspective are difficult and could feel like we are outside trying to look in at times when put in a tough position. My goal is to further review the financial account of a Cardiac care hospital to implant strategies to resolve some ongoing financial concerns. The cardiac care hospital in review is Elijah Hearts Center (EHC). EHC is facing many critical downfalls that are causing financial concerns to arise. Several of those downfalls are; Capital shortage, capital expansion, accounting systems and funding options.

Critical thinking, planning and leadership skills are needed to help figure out a new financial process for the organization and that is what will be given and shown in today's paper. After analyzing and reviewing the current status of the company I must figure out what's beneficial for the organization in regard to capital shortage. Considering my options I decided to reduce cost in funding by cutting down on staff. This decision I made was hard but considering the facts at hand I made this choice with an open mind and positive thinking.

The downsizing of staff has a slight effect on the hospital but nothing to damaging to their functions and operations. Not only have I decided to downsize staff but I have also chosen to change the skill mix. This will better help increase patient volumes and allow for the organization to solve the capital shortfall. As for my choice in loan options I went with loan option one vs. loan option two for a few different reasons. When picking which loan was best it was simple due to the given interest rates and monthly installments which were very similar in pricing and percentage. However the concern was in that of loan option two. There was a prepayment limitation of 6 represented for loan option two which loan option one had a prepayment limitation of 0. The critical and visual aspect of what was provided helped me in my choices resulting in a solved problem with the capital storage at EHC. Moving on with all the advancements with technology it is considered by Mr. Sanchez to acquire a High-Speed CT Scanner, an X-Ray Machine and a New Ultrasound system.

These systems will provide more satisfying quality of care to EHC patients. My given option of ensuring the hospital has these equipment's are either buying new or refurbished including loan options of a capital or operating lease. Starting with the high-speed CT scanner, after review of my options and looking over the new equipment details I have made a pick. I chose to have EHC invest into a refurbished machine. The choice was the correct one for EHC and its financial status.

It is shown that the price is cheaper which also technology for this equipment is bound to change in a few years. The X-ray machine was tough to choose

the right option but I chose a capital lease. The reason was the equipment is new and after the lease ends the company is given an option of purchasing the equipment or not. The capital lease also allows for EHC to claim ownership on their balance sheets within the provided lease period. Next is the Ultrasound system and my decision was between a capital lease and an operating lease.

After closer review I believe the operating lease was the best option. The equipment at this point is two years old and change with technology every few years. This would allow EHC to be current with technology and future options of keeping what machinery is needed or if not handing back outdated equipment. As with that said the operating lease is not treated as if its apart of the assets of the company but as a rental. The decisions that I have made were all correct and EHC is now doing better allowing for growths in profits and patient care.

Capital expansion is important for EHC so I chose HUD 242 Loan Insurance Program as the best fit. The company is due to have increased revenues within the seventh year of operating the new expansion which allows time for saving. HUD 242 loan insurance program best fits because interest payments begin 8 years after start date. This is perfect and falls in line with the company's financial status, future revenue and help save funds. The decisions that I have made have proven to provide well for EHC and now the company is back on track and in good financial status.

The simulation that was provided served me with great hands on experience and knowledge of how critical thinking can benefit not only me but many

others in different ways. The choices that I made just don't happen in a matter of a minute but took a matter of time. Remember the turtle won the race being steady and careful and that's how I feel I took this simulation review. I had to review and analyze arrears of different categories trying to figure out the best options for EHC. The financial aspect within a business such as EHC has many different bridges which some might be easy to cross while others are difficult.

This simulation did challenge me to consider not only what I wanted for the company but what was best compatible. I worked though the simulation with nervousness but then again I was confident and come out with correct choices. In Conclusion EHC has allowed me a great opportunity to help resolve their financial matters in which all worked out fine. The medical equipment that EHC has now allows for patient to wait in lesser lines for tests or treatments. By being moving more quickly and efficiently patients become lessstresswhen in the hospital.

The downsizing of staff at this point was right but in the future more job opportunities will be open allowing for returning staff growth. Since EHC is moving ahead in a positive manner the organization set forth \$75 million dollars for an expansion. The expansion called for a plan that HUD 242 loan insurance program could help with in funding. The choices made lead EHC to have good cash flow resulting in a steady income. Introduced were strategies for future and current use and the purpose is that bridges that one though couldn't be crossed have been crossed through careful thought and analyzing.