

Unit 4 discussion board



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Unit 4 Discussion Board The multi-corporate structure is one of the popular forms of healthcare organizations for practical purposes. Essentially, this structure is characterized by a parent corporation with two or more subsidiaries depending on the size and complexity of the organization. Here, the parent institution provides overall management and a centralized administration services such as human resources, accounting billing and collections, management information systems, and so forth while the subsidiaries provide medical and other services. (Harris, p. 726) Healthcare organizations employing this system are generally vertically integrated systems, with comprehensive service capability for the continuum of care. Mount Sinai NYU Health is an example of a healthcare organization – a holding company – that has a multi-corporate entity. The health organization has several subsidiaries or healthcare divisions serving the greater New York City area. The hospital is listed in the book, Jonas and Kovner's Health Care Delivery in the United States (2002), as a conglomerate with subsidiaries in ambulatory care, hospitals, and employed and affiliated physician groups. Other subsidiary-companies provide traditional home health services for Medicare, Medicaid, private insurance, and self-payers and other services not covered by federal programs. The organization is centralized, as mission, plans, and CEO financial and acquisition powers are reserved as the parent company's while local units have separate boards with their strategic authority being limited. (Kovner & Jonas 2002, p. 163).

The advantages of a multi-corporate structure in the administration of a healthcare organization such as Mount Sinai NYU Health could be seen in two main areas: profitability and quality of service. In terms of profitability, the multi-corporate structure offers an increase in volume, cost savings, and

greater leverage in bargaining with managed care organizations. When it comes to the quality of service, a multi-corporate healthcare organization is said to have improved quality of care that results from standardization and specialized expertise. (p. 164)

Another important and obvious aspect about multiple-corporate structure is that it allows for greater flexibility in operations because each division or agency within the whole healthcare organization may assume its own separate legal entity. Therefore, as more services are provided or more subsidiaries are added, the other subsidiaries are less likely to be disturbed. There are critics who argue that the abovementioned advantages are hard to quantify, much less measure. According to Kovner and Jonas, those hospitals remaining independent can argue with some justifications that merged multi-corporate organizations have very little documentary proof in regard to their success. (p. 164) Then there is also the difficulty of organizing multiple organizations since everything that must be done for one must be done to all of them. A specific case is when a healthcare entity within the organization must always remember that it is separate as well as related to other subsidiaries and that accounting and information system must adhere to that fact.

All in all, there is no easy answer whether corporate diversification is the best or not appropriate for health care organizations. At this point, what is important is that the system of administration must fit the goals and objectives of the healthcare institution and such structure offers the best way of achieving them.

References

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