

# U03d1 health care perceptions



Running Head: HEALTH CARE PERCEPTIONS u03d1 Health Care Perceptions

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There are a number of different views and perceptions about the debt and borrowing of the health care industry. The financial management of the industry will be discussed in this paper. The paper also aims at detailing some of the major risks that are associated with the borrowings and the debt in the industry and also why particular structures tend to be more risky than others. Before moving into the topic, it is essential to note that there are two main types of debts. One is where the debt is a short term debt, and the maturity of the debt is lesser than one year. Second are long term debts, where the maturity of the debt is longer than one year. Both these debts are equally risky as well as have the advantages and disadvantages (Zelman, McCue, & Glick, 2009). Considering the long term debts, it is essential to note that there are two primary models that are present, one where the debt is a term loan and second where the debt is a public offering mostly in the form of bonds.

The health care industry has a mixture of debts which can be used to meet the needs of an optimal investment; it is essential to note that a more diversified portfolio proves to be very beneficial for the industry and can in a number of ways increase the anticipation of an investment. It is also important to note that the investments are not always accurate and the growth is not easily measurable. In the case of banks, it is possible to determine the financial situation using the debt to equity ratio, however considering the health care industry this can be a little risky and the outcome and overall organization can be difficult to manage.

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There is a high level of risk that is involved in the risk of borrowing and debt when compared to the risk of equity. Also as explained by Moore (2009), there is a high level of interest rates that need to be considered and these have to a great extent impacted a number of people across the world, leaving them defaulting on the loans.

Considering the health care industry and the consumers, it is definite that the hospital finances are not found. Also considering the hospitals, it is important to note that the debt related issues is a very unconventional problem. The chances for the health care industry to be faced with high levels of debt ratio (Abel, et. al., 2009). There are a number of different opinions and ideas that the customers have about the financial condition of the health care industry and the consumers in most cases will not get a true peek into the financial condition of the organizations. Hence there is a vast range of opinions and ideas that the customers have in terms of the financial condition of the health care providers.

#### References

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