

COST CONTROL IN HOSPITALS

OBJECTIVES

TO GIVE IMPROVED MEDICAL CARE AT LESS COST

1. By identifying the areas where cost can be saved
2. By identifying the ways to save material cost
3. By exploring possible reduction in man power cost

Strategies of cost control

- Improving operational efficiency
 - Giving job description to staff
 - Delegating powers
 - Fixing responsibilities

By a monthly information report of the relevant department the progress can be assessed

PERFORMANCE EFFICIENCY

- Improved quality care in clinical activities
 - b. Technology utilization ie. Updating the technology
 - c. Higher turnover ie., maximizing the volume

RESOURCE ALLOCATION

- Allocate funds on priority basis with the help of trend analysis and the future plan
- With the view of revenue potential
- To find alternatives and substitutes

EXPENSE ACCOUNTING

- May be Expense wise with department wise cost centers
- May be department wise with expense wise cost centers

Material cost control

- Indenting the minimum need
- Coding of drugs to avoid mix-up
- Clear specification
- Standardization of material
- Information on substitutes
- Value analysis

- * **Keeping minimum stock level**
- * **Keeping minimum power usage**
- * **Creating a healthy competition between various departments on cost reduction per patient**
- * **Regular and updated staff training**

CONTROL BY PHYSICIAN

- By cutting down Patients stay
- Avoiding unnecessary investigations & drugs
- Economy in use of Hospital supplies
- Optimizing use of men and machine

ADMINISTRATIVE COST CONTROL

- Controlling expenditures
 - On postage
 - Telephone
 - Stationery
 - Lightings
- Overtime payments
- Maintaining the salary expenditure within the norms of the industry

Managerial control through Accounting

- A good system of accounting could give the revenue and expenditure of each department
- This gives the per patient cost
- This reveals the utilization percentage of each department as a guide for future plan to improve
- This gives the profitable department and procedures
- This guides for the revision of rates
- This helps where there is industrial competition to fix the rates to the possible low
- This helps on the capital investment needed