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Centro de Costeo para prestaciones de los Hospitales de la ciudad de Cuenca - Ecuador

Costing Center for the hospitals benefits in Cuenca city- Ecuador

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ABSTRACT

The private health services of Cuenca city consider better the need to know the profitability of the different goods or services business units or cost centers offered by them to the market than the application of their tools. Therefore, the purpose of this article is to investigate the correct structuring, analysis and implementation of cost centers, which will allow having a clear vision in order to make the best financial decisions that guarantee successful results, which is the fundamental objective of any organization. The applied research is of a non-experimental type as it seeks to collect information that allows knowing the reality of the cost centers application in private health services. It is also based on a mixed type research, retaining a qualitative approach.

Descriptors: Health policy; Business management; Finance and trade Finance and trade; Economic growth. (Words taken from the UNESCO Thesaurus).

INTRODUCTION

In Ecuador, according to figures from the National Institute of Statistics and Censuses, during the period 2007 to 2014, public and private health establishments showed a sustained increase in terms of their income, going from 3.67% in 2007 to 5.69% in the 2014 share with respect to GDP, that is, an increase of 54%. On the other hand, the per capita final consumption expenditure of the government increased an average of 15% annually, while that of households grew annually at 8%, that is, the Ecuadorian government through the Ministry of Public Health, the Ecuadorian Social Security Institute and public health establishment seek to address the health problems of Ecuadorians by means of large investments.

However, its coverage has not been able to satisfy the needs of the entire population, especially, highly complex care. For this, based on Ministerial Agreement 0091 related to Relationship Standard, it makes referrals for medical care with the Private Complementary Network, applying rates established in the National Tariff; while for Ecuadorian families this growth, despite not representing an increase that manages to exceed the cost of the basic food basket compared to the monthly family income, has allowed them to allocate for other types of expenses that they would have destined to health.

As a relevant result, it was obtained that the final consumption expenditure of health services in the private sector falls from 65% to 59% with respect to the final consumption expenditure (INEC, 2017) .In 2018, medical care was recorded in a total of 1,164,659, distributed in institutions of the Public Sector and Private Sector.

In the province of Azuay, Cuenca canton, the main public health establishments are located, specifically, Vicente Corral Moscoso Hospital and José Carrasco Arteaga Hospital, with more than 80 years of operation; and also private, such as Monte Sinaí

Hospital, Santa Inés Clinic, Santa Ana Clinic, Del Rio Hospital, Latinoamericana Clinic, Medica del Sur and San Juan de Dios. Most of these establishments have exceeded 20 years of institutional life, which are arose from the idea of certain groups of medical promoters who had the vision of transforming or turning around the quality of health care for families in the region, preventing them to move to other cities where large health care facilities were located with the best technology in medical equipment. (Iturralde, 2015).

The conditions of the economic and social environment have led to seeking efficiency through organizational changes in private health facilities, demanding a major reform in the conception of cost information. Its analysis allows us not only to determine how much is spent but also how much it is invested in each business unit, making comparisons among them and even among the different health establishments. When such establishments are approved, they must consider that, in their portfolio of services, both decision-making and efficiency of hospital administrative management may be improved to offer a better public health system. (Santamaria-Benhumea, Herrera-Villalobos, Sil-Jaime, Santamaría-Benhumea, Flores-Manzur & Del-Arco-Ortíz, 2015).

Private health establishments have accounting systems through which they report their financial statements in accordance with the general accepted accounting standards and IFRS, in which they present their financial results on a monthly, quarterly, semi-annual and / or annual frequency, but due to the complexity and the different business units that compose them, it becomes difficult to manage an adequate control of their costs. This problem is added to the high cost of the software and the little knowledge of the personnel who work in these hospital systems. With these limitations, little or no progress has been reached on this issue, since the profitability analysis is carried out manually, if not otherwise, through intuition, leading them to cope with errors or carry out information reprocessing, resulting, in this way, a delay in having relevant, timely and accurate information for the organizational decision-making process (Araque, 2018).

Based on the aforementioned, it is necessary to work on financial management, which allows the implementation of cost centers with the aim of monitoring the profitability or performance of the business units.

METHODOLOGY

The type of research that was used in the preparation of this work was non-experimental, since it was based on the observation of phenomena of organizations. It was also mixed, with a quantitative approach when collecting the information that was statistically analyzed. The inductive - deductive method was used by observing the facts of the organization that allowed us to establish general conclusions that were applied in particular facts.

The historical-logical method for the development of the theoretical framework was also considered. In addition, the analytical-synthetic method was used, by transforming causes to effects and principles to conclusions. Finally, the descriptive-explanatory method was applied, through the description of the facts and the explanation for their adequate application (Argudo-Tello, Erazo-Álvarez, & Narváez-Zurita, 2019). Surveys were used as research techniques and worked with 100% of the universe.

RESULTS

The results obtained through the application of research instruments to the personnel of private health service organizations in the city of Cuenca are shown below:

Accounting information

Every organization must have accounting information that allows publicizing a perspective of the economic reality of each; however, it is still frequent that such information is not available in most of them, which could put at risk the principles of opportunity , relevance and precision of the information necessary for decision making.

Opportunity

In measuring the frequency with which financial statements were prepared, the results showed that more than 62.50% of organizations applied a different frequency than those commonly used in most organizations, which reflects the importance that they adopted at the time of having accounting information, however, it could still be noted that 30%

applied a quarterly frequency, and a semi-annual and annual application frequency of 3.75% each respectively.

To this, it could be added that 86.25% of the organizations always validated the information that was provided to them before expressing their responsibility signature, still remaining 12.5% that sometimes did it, and 1.25% that did not do it; according to this result, we could classify it as little interest or too much confidence in this administration. 73.75% of the population considered that the information presented in their financial statements met their expectations, while 23.75% believed that it probably did and 2.5% were undecided. Regarding whether the financial statements of each organization were uniform and consistent, we obtained that 81.25% of the population considered that such information was, while 17.5% of the population estimated that it probably was, and finally 1.25% were undecided.

Relevance

When asking if they had heard about cost centers, we could see that 77.5% of the population affirmed that they would have listened, while 15% claimed a high probability of having heard about cost centers, and on the other hand, other respondents remained undecided, others probably have not and definitely have not heard, that is, 3.75%, 2.5% and 1.25% respectively. Regarding whether they considered the application of cost centers important in private health service organizations, we found that 85% definitely considered it important, 12.5% considered that it probably was, and 2.5% showed they were undecided in their answer. Regarding the importance of having information from a department or cost area, we had that 87.5% of the population considered to a high degree as definitely yes, and 12.5% was shown as probably yes.

In the same way, it was asked whether they considered that there was enough reliable, systematic and complete statistical information on the different business units or cost centers, we could see that 68.75% of the population said definitely yes, 17.5% alleged that probably, 8.75% affirmed that probably not, while 3.75% and 1.25% were undecided and others stated that did not have this information respectively.

It was consulted whether the computer system that was available allowed the adequate development of cost center structuring, we could see that 67.5% of the population considered that definitely yes, 27.5% showed probably yes, and the rest of the population were between undecided and probably not, that is to say 2.5% respectively. When making the query respect to the efficiency of cost centers for the profitability of companies, we obtained that 87.5% considered that definitely yes, 11.25% answered that probably yes, and 1.25% of the population showed that they were undecided. In this way, we could observe that not all the surveyed organizations had a clear knowledge about the cost centers, or although they handled this information, they were still in a process of implementation or structuring that allowed them to provide accurate information to make the better decisions.

Degree of satisfaction in the information for management

It was also relevant to know about the importance of the financial statements for the future economic projections of the consulted companies, we obtained that 65% of the population considered it essential, and only 35% considered it extremely important. 93.8% of the population stated that the transparency of financial management within their organizations was important, while 6.2% considered that it was probably important. When consulting if the financial audit influenced the economic decision making of the company, we obtained that 90% of the population said that it was definitely yes, 9% indicated that it was probably yes and 1% was undecided. With this, the respondents supported that accurate information from each of their organizations would allow a broad development in their financial management.

PROPOSAL

Once the analysis of the results obtained has been concluded, the following proposal is made in order to implement cost centers:

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Cost centers

2. Management Tools

The preparation and implementation of annual budgets is proposed, which will allow the projections of both income and expenses, for this, we will base ourselves on historical data taking into consideration relevant aspects such as installed capacity, used capacity, customers, market, that allow anticipate possible financial gaps and take the necessary measures.

In the same way, an essential tool in organizations is the elaboration of cash flows, in which the capacity to generate cash will be demonstrated during a certain period of time, usually one year. With respect to this, we must place greater emphasis on activities operations such as those related to health services, financing and investment, since we must bear in mind that constant technological renovations require that this type of organization constantly renews medical equipment, software, adaptation of facilities, that is, the ones with the greatest impact.

Once they have full control of these essential tools, the implementation of the Balanced Scorecard is proposed in order to provide customer satisfaction, quality, innovation, customer service and the skills of employees to organize themselves in a strategic way.

3. Management of Financial Resources

Without any doubt, the financial resources of organizations require special management and care, that is why the hiring of a financial administrator or manager with the necessary capacity and skills is proposed to achieve the speed in solving and obtaining the best sources for financing.

4. Cost system / cost center structure

As a solution to the problems in determining the profitability of the different goods or services that are available in the market, the implementation of a cost system is proposed through the structuring of cost centers, for which it is necessary to start with the establishment of business units that activate the production structure.

Undoubtedly, the review of the software used in each organization is proposed, in such a way that the capacity and usefulness of this tool can be established in order to have clarity for determining the precise moment to the starting point. As a key element, it is also projected to carry out training for accounting personnel so that they can capture the most relevant information in the respective financial statements.

5. Decision making

Having a cost system improves the frequency and quality of financial information, since it constitutes the primary input to strengthen decision-making process. With this, it will be possible to guarantee the objective of investors or shareholders whose objectives are based on obtaining the maximization of profits. For this purpose, the use of Matrix X (Hoshin-Kanri) is suggested.

CONCLUSIONS

The implementation of cost centers in private health services within the city of Cuenca will facilitate the adoption of necessary measures focused on achieving better results; for this reason, it is imperative to have management systems that allow providing quality information for achieving good financial projections. Their development and implementation demand a high commitment from the areas involved, so the investment of the organization in all the necessary tools must be considered.

At present, most organizations, knowing the importance of having cost centers, still maintain calculation templates in their analysis methodology, or in the setting of prices through the consultation of the competition or market value, faltering for lack of iniciatives to make structural changes that allow them to obtain continuous improvement.

FINANCING

Non- monetary.

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