

# Management Accounting for Health Care Organizations

## Tools and Techniques for Decision Support

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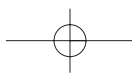
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This book is dedicated to those who have  
chosen to spend time and effort toward improving  
the wellness of our communities and the efficiency of  
our health care system.





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## PREFACE

This book is intended to give those who seek to manage health care organizations the foundation they need to assure that their organization produces information that will support their responsibility to make decisions. It focuses on decisions that involve choices among alternatives. Because the primary objective of such choices is to assure financial viability within a competitive environment that is demanding quality services and products, much of the content concerns costs. It can also serve as an introductory text for those who wish to concentrate in the areas of information systems in general and industrial engineering applications in health care.

The text assumes that costs are incurred in performing activities that must happen in order to produce outputs. It stresses those activities as the underlying cause of costs. Tools and Techniques for Decision Support. Writing the book was motivated by the happy meeting of an academic who had been teaching management accounting in graduate programs for health care organizations and a consultant who had been working in that area for some years. The thrust of our effort is to help managers understand how information is used, the determinants of information that is needed, the appropriate approaches to collecting data with which to generate that information, and effective ways to communicate that data to those who need and want it.

A basic objective is to improve the organization's ability to understand the relative cost of different intermediate services, care protocols, and services/products for which it is paid, in order to make wise choices among them. Traditional inventory cost calculations evolved for financial reporting purposes whereas, Medicare costing procedures are designed for reimbursement purposes.

The book also covers some common types of cost-dependent decision models and the necessity of using information based on accurate measurement of variables other than cost.

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For readers who have not recently studied financial accounting and statistical inference, there are appendixes in the back of the book. Understanding the material in these appendixes will prepare readers to be able to understand text material using concepts from those subject areas.

We are very interested in any comments readers might have to improve the content or usability of this book. We hope it is a help in improving managers' abilities to make quality decisions.

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