Management Accounting for Health Care Organizations

Tools and Techniques for Decision Support

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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.
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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Professor Hankins received a bachelor of science in electrical engineering from Duke University, an MBA from The Ohio State University, and his doctorate in business administration from the Kenan-Flagler School of Business of the University of North Carolina at Chapel Hill. Over the past 20 years, he has taught management accounting and financial management in the Department of Health Services Management at Tulane University's School of Public Health and Tropical Medicine and in the Department of Health Administration at Southwest Texas State University. He is currently an associate professor of health administration at Xavier University in Cincinnati. Prior to teaching, he served as a U.S. Air Force officer holding both staff and command positions in technical support organizations.

Professor Hankins has published in journals such as Medical Care, Socio-Economic Planning Sciences, Healthcare Information Management, and the Texas Journal of Rural Health. He has been a principal investigator for a Health Care Financial Administration cooperative agreement project, a reviewer for the Academy of Management and the Southern Management Association, and a speaker for seminars held by organizations that include the American Public Health Association, Texas Public Health Association, Operations Research Society of America, American College Health Association, and the Health Care Financial Management Association as well as private professional education groups. His teaching and research is centered on the identification, generation, and presentation of information for decision making.

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Judith Baker received her bachelor of science in business administration from the University of Missouri, Columbus; a master's in human and organization systems
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