

Research on the Effectiveness of Public Hospital Cost Accounting in the New Period

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Abstract: Modern hospital management system is an important part of the basic medical system with Chinese characteristics. This article analyzes hospital cost accounting under the situation of modern hospital management system, discusses the existing problems, and proposes effective solutions to promote the effective implementation of hospital cost accounting and promote the modernization of hospital governance system and management capabilities.

Keywords: the new era; public hospitals; cost accounting; effectiveness

1. Introduction

The No. 67 "Guiding Opinions on Establishing a Modern Hospital Management System", issued by the General Office of the State Council in 2017, (hereinafter referred to as the Guiding Opinions), proposes a sound financial asset management system, requires strengthening of cost accounting and control, and gradually implements full cost accounting for hospitals. In 2019, the Ministry of Finance issued the "Basic Guidelines for Cost Accounting of Public Institutions", and on January 26, 2021, the National Health Commission issued the "Public Hospital Cost Accounting Standards", which clearly required the standardization of public hospitals' cost accounting work, and established and improved the cost accounting system of public hospitals and modern hospital management system. Strengthening hospital cost accounting is essential for improving the competitiveness of hospitals and promoting the development of hospitals, and is an important guarantee for the sustainable development of hospitals.

2. The significance of hospital cost accounting

Hospital cost accounting is an activity in which the hospital collects and distributes the various expenses actually incurred in its business activities according to the determined cost accounting objects and cost items, calculates and determines the total cost, unit cost, etc. of each cost accounting object, and reports cost information to relevant parties. Cost accounting in hospitals can control the human resource consumption of medical services, control the cost of medical service items, types of diseases, bed days, and other objects, and allocate limited medical resources reasonably, so as to provide feedback and basis for related decisions. At the same time, it also provides standards for government supervision and third parties to meet the dual needs of micro governance and macro governance.

2.1 Strengthening the control of hospital cost accounting is the inevitable demand of the development of medical reform

The guidance suggests that hospitals should strengthen cost accounting and control, and gradually implement full cost accounting. In 2018, full cost accounting was introduced in all public hospitals, and some projects and diseases were selected based on the reform of medical insurance payment methods to implement project-based and disease-based cost accounting to form the main medical expenditure cost standard. In 2018, the key tasks of modern hospital management system construction again emphasized cost accounting and cost control, established and improved department cost accounting work systems, and explored cost accounting with medical service items and disease types as accounting objects. In 2020, a variety of payment methods based on disease-related diagnosis grouping (DRG) will be piloted nationwide. Hospitals will shift from the traditional project payment method to DRGS payment. This is a major change in Chinese medical insurance payment system, which will definitely affect hospital costs management. It can be seen that strengthening the control of hospital cost accounting is an inevitable demand for the development of medical reform and an important basis for

hospital reform.

2.2 Strengthening the cost accounting control can effectively improve the medical quality

The cost accounting system, as the core of the financial management system of tertiary public hospitals in the context of the new medical reform, is extremely important for promoting the return of public hospitals to public hospital reforms. By strengthening the cost accounting control of the hospital, it is possible to effectively improve the cost awareness of the hospital staff, reduce the consumption of medical materials, improve the level of medical service and technology, and thereby improve the quality of medical care.

2.3 Strengthening the cost accounting of hospitals to provide more accurate information for government pricing

Chinese medical reform has accelerated the establishment of a modern hospital management system and formed a dynamic price adjustment mechanism based on cost accounting and income changes, which is of great significance to the realization of scientific fee control and other aspects. Determine the price scale and reasonable compensation of medical services, and scientific and prudent cost accounting provides the government with more accurate information to formulate financial compensation policies.

2.4 Strengthening the cost accounting control of the hospital to provide an important basis for hospital management and decision-making

Cost accounting can be controlled through a variety of objects and directions, such as the service cost, type of disease, bed day and other directions of each project to control resource consumption, clearly reflect the income and expenditure gains and losses, so as to estimate and control costs. Hospital administrators can analyze the results of cost accounting and carry out cost control in a timely manner, thereby optimizing the economic management of the hospital and providing an important basis for hospital management, decision-making and operation.

2.5 Strengthening the cost accounting control is an important way to improve the level of hospital fine management

Cost accounting can effectively increase the hospital's emphasis on economic management, and the cost accounting concept is recognized to achieve the purpose of reducing consumption and reducing service costs, and generate more social and economic benefits with less investment, and achieve high efficiency and low consumption in a sustainable way, improve the hospital's refined management level. Cost accounting can provide a basis for improving the hospital's incentive system. Cost accounting is the overall cost assessment and cost control of the hospital's medical service process. The relevant leaders of the hospital can fully understand the cost elements in the medical service process, and costing accounting increases the enthusiasm of hospital staff's participation in cost control, improves the effectiveness of internal control management, forms a good internal incentive mechanism, forms an internal competitive atmosphere, and improves the quality of hospital medical services as a whole.

2.6 Strengthening the cost accounting of hospital is an important means to promote the sustainable development of hospital

Improve the internal management of the hospital. Internal management is an effective means to improve the efficiency and quality of hospital operations. Cost accounting can improve the internal management of the hospital, change the traditional management concepts, reduce the waste of management materials, improve management efficiency, and promote the sustainable development of the hospital.

3. The current problems in the full cost accounting of hospitals

3.1 Weak cost awareness and insufficient knowledge of cost accounting

In the early stage of the medical reform, public hospitals focused on expanding their scales, and the

main management focus of hospitals was on infrastructure construction, equipment purchase, and medical technology upgrading. Some managers simply think that revenue and expenditure accounting is cost accounting, and the purpose of cost accounting is performance distribution, and simple revenue and expenditure balances are used as a means of distributing performance. With the continuous advancement of the new medical reform, the performance evaluation standards of public hospitals have been promulgated, and the original administrative management thinking mode and management concepts cannot meet the needs of the new medical reform. In fact, hospital costs include personnel expenses, medicine expenses, sanitary material expenses, depreciation and amortization expenses, risk fund calculations and other expenses. Cost accounting is a work involving all aspects of hospital management and the entire process, and it is a wide-ranging work, with a large workload and complete accounting system, and insufficient cognition has caused great obstacles to cost accounting management, control, and optimization.

3.2 The theory and method of hospital cost accounting are not perfect

The modern hospital management system proposes that hospitals should strengthen cost accounting and control, and gradually implement full cost accounting. China has not yet established a complete set of full cost accounting theory for hospitals, and lacks systematic theoretical guidance. The existing cost accounting principles and methods of hospitals are based on or imitate the principles and methods of corporate cost accounting. However, compared with enterprises, there are significant differences in the nature of special accounting objects in hospitals, which hinders the role of enterprise cost accounting systems in hospital cost accounting. And because the accounting methods at this stage are not standardized and highly dependent on subjective factors, many hospitals perform incomplete cost accounting without accounting for indirect costs, types of diseases, bed days, etc., which cannot be grasped by analyzing all aspects of cost data, and cannot achieve the purpose of driving the economic growth of the hospital [1].

3.3 Lack of cost accounting data affects effective control

Full cost accounting has a high requirement on data collection, and manual statistics cannot achieve statistical information. Although hospital administrators may understand some of the hospital's costs, the large amount of cost data, the large number of centralized departments, and the staggered business processes make it difficult to effectively implement the cost accounting data set, and the cost control lacks effective proportioning and consistency of caliber. The inadequate cost accounting management data make it not convenient account for direct cost, indirect cost, fixed cost, variable cost, department cost, medical service item cost, bed day cost, disease cost, consultation cost, and discharge cost, and not be effectively supervised and controlled. Then controlling hospital costs becomes empty talk.

4. Countermeasures to improve the effectiveness of hospital cost accounting

4.1 Strengthen system construction and intensify cost control awareness

Raising awareness and strengthening system construction are the prerequisites for hospitals to continue cost accounting. Hospital cost accounting is an important part of the scientific management of hospitals. It is necessary to establish an essential cost management organization, with personnel with professional knowledge and skills in economic management taking the lead in the work, and at the same time giving play to the subjective initiative of the hospital leadership and business department staff, from top to top giving full support and cooperation. Strengthening the research on cost accounting theory by hospital management personnel at all levels, enhancing the understanding of the importance of cost accounting theory, establishing a cost accounting management system and implementing it at all levels to achieve the integration of industry and finance.

4.2 Improve supervision mechanism and optimize information construction

To standardize cost management, a multi-level supervision and management method is required. Internal supervision and external supervision are combined to establish a complete cost management and supervision system. Cost management needs to start from the details, standardize the division of cost units, and refine the cost content into accounting units to complement the business departments. It involves so many departments that hospitals should pay attention to self-evaluation and

self-examination performance appraisal, and carry out economic operations, medical services, social benefits, and sustainable development [2]. At the same time, we can consider introducing the external supervision power of a third-party evaluation agency to objectively and fairly carry out performance evaluation of cost accounting work to achieve the sustainable development of the hospital.

The quality of cost accounting largely depends on the quality of the initial data. The establishment of an information platform requires network system communication, management software development, information database construction, and the integration of mutual functions to realize the connection between accounting, budget management, asset management, logistics systems, HIS systems, electronic medical records and other systems, which provides the cost control a reliable basis.

4.3 Formulate cost control goals and dynamically manage

Implementing a procurement supervision and evaluation system, combining budget control, formulating cost targets, linking performance evaluation, improving the initiative and enthusiasm of hospital staff, aligning the interests of employees and hospitals, jointly improving economic management, and ensuring the good operation of the hospital. Starting from the unit cost, hospitals should establish a database of unit cost for outpatients and inpatients, and implement dynamic cost accounting management, such as material procurement, hygiene material procurement, fixed asset management, outsourcing service supervision, etc. It is necessary to establish and improve dynamic cost accounting, revise relevant systems and procedures in a timely manner, and achieve scientific and dynamic management and control to the greatest extent.

4.4 Actively explore and implement advanced cost accounting theories and methods

According to the big data collection of the business system, aggregation and analysis, and continuous exploration of advanced cost accounting methods maintain the smooth operation of the hospital. In the practice of hospital cost accounting, new methods such as project cost accounting and disease cost accounting are continuously introduced [3], such as the use of DRGS technology as a starting point to explore new methods of hospital cost management, and real-time improvement of tasks in the medical service stage to promote the long-term development of hospital. Cost accounting is a dynamic, continuous and fully controlled project. In order to reliably reflect the cost of hospital operation and management, the use of cost accounting data can manage budgets in advance, analyze and verify cost differences during the period, and perform analysis afterwards to achieve the goal of reducing medical costs and effectively controlling costs.

5. Conclusion

As the scale of revenue and expenditure of public hospitals continues to expand, economic activities such as budgeting, capital assets, cost management, and resource allocation activities as manpower, property, and technology have become more complex. Hospitals must strengthen cost accounting, which plays the role in medical service pricing, cost control and performance evaluation, strengthen the application of cost data and analysis results, promote the integration of business management and economic management, improve operational management and operational efficiency, optimize resource allocation and propel high-quality development of hospitals.

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