PRESENTED BY

MRS.AMUDHA.G

ASST.PROF

ICON

UNIT IX

FISCAL PLANNING

STEPS

How to do Financial Planning

What is Financial Planning ?

Financial planning a process where you plan your Investments in such a way which meets your financial goals over time.

You must be very disciplined when you do this , you must know from where you the money is going to come to you and how are you going to save or invest it , and in future how are you going to achieve your goals.

What are the Steps in Financial Planning

1. List down your Goals

Prepare a list of financial goals. It can be any requirement like Buying Home, Car , Child Education , Child Marriage , Vacation , Retirement etc . Along with this there must be a very clear timeline associated with the Goal. Something likes “I want to buy a Car after 3 years, which will cost 50,000 at that time".

2. List down Your Cash Flows and Cash Inflow

Prepare the list of your cash flows , cash flow means , how money is coming and going ? Any money coming in is Cash inflow and Any Expenses is Cash outflow.

It will help you in understanding how money is coming to you and how is utilized and how much is remaining for investing purpose. By Doing this , you can get very clear of how you are going to get money and how you are going to spend it, and how much you are left with to spend.

3. Understand and figure out your Risk-appetite

This is a very important part of financial Planning, Risk appetite is the amount of risk a person can take while investing. How much money you can afford to loose in order to earn high returns defines your risk taking ability.

For Example:

if you are ready to loose 60% of your money , your risk appetite is high

If you are ready to loose 25% of your money

, your risk appetite is moderate

If not at all ready to loose your money even 1% , you are not at all a risk taker.

It depends on you which category you belong in. it depends on individuals Physcology , Family Conditions , Attitude etc

Generally people in there early age have more risk appetite as they have less responsibilities and more freedom to invest . Later when they get married and have responsibilities , they cant risk money to loose.

4. List down your Financial Goals

At this point , you must be clear with your goals. Financial goals are the list of things for which you need money and you must have a predefined target time.

Example:

Manish earns 3,00,000 per year with 1,00,000 left for investment, he has moderate risk appetite.

Goals:

1. Buy a Car within 2 years worth 5,00,000.

2. Vacations in New Zealand worth 8,00,000 within 4 yrs.

3. Buy home worth 40,00,000 in 10 years.

Here, Goals are not compatible with amount invested per year and with that kind of risk-appetite. Therefore , Goals must be realistic and achievable , it must not look totally irrelevant.

5. Make sure your Goals are realistic

At this point you must make sure that your goals do not look unrealistic and unachievable . If they do , then you must either lower your goals or increase risk appetite or increase the investible amount per year. This gist of the matter is , Be Realistic !!!

6. Make the Plan

Once you are done with all these steps ,Its the time for the planning.

For each goal you must devise a systematic investment plan , by choosing the correct investment instrument. For example: For your child Education make sure you invest in something which is not very risky for the time period you are going to invest in that. You can invest in equities for that , as Equities are not risky in very long term and generate great return.

But for a short term goal like vacation in 1-2 yrs , don't invest in equities , rather go for a debt fund or a fixed deposit. In this way , you have to be clear how you are going to invest for achieving your goals.

Click here to read how you can create Huge Wealth by investing regulary a small amount

7. Review and Take advice

Revise your steps and make sure everything is correct. If you are unclear about anything meet some one who is more knowledgeable than you , See a financial planner or a knowledgeable friend.

8. Take Action and keep Reviewing

The last step is to take Action and start executing the plan with discipline and make sure you change yougoals , risk appetite as time passes and these things change over time.

I would be happy to read your comments or disagreement on any topic. Please leave a comment.

THERE ARE ANOTHER STEPS OF FISCAL PLANNING

The most arduous of journeys begin with a small step. When it comes to something as important as planning for child's education and marriage, that small step means setting yourself an important objective.

To put it plainly, the fundamentals of investing are no different for men or women; so you have to plan your investments, execute the investment plan and track it regularly. If this sounds a little complicated, don't worry, we have simplified the process for you.

Step 1: Define your objectives

The most important thing to do while you sit down to plan your finances is ask yourself why you want to invest. For a married woman with children, the answer could be the child's education or marriage.

For a woman whose children are already married, the desire to invest could stem from a dream to set up a small boutique, for instance. For a woman who is yet to get married, it could be for her marriage. So you could have a variety of objectives; when you get down to penning them down you will notice that the list is a lot longer than what you had bargained for.

When we began compiling a list of likely objectives for women we came up with some interesting options:

- Saving for your own marriage 5 years from today.
- Saving for your child's education 15 years from today.
- Saving for your child's marriage 20 years from today.
- Saving for a small business that you want to set up at a later date
- Saving for an overseas trip, maybe even a pilgrimage 5 years from today.
- Saving for a gift for your spouse or parents
- Saving for your retirement 30 years from today.

This seemingly long list could be even longer when you take into consideration objectives that are peculiar to you.

Once you have the investment objectives in place, the next step is to prepare an investment plan to achieve those objectives. This may sound daunting, but it isn't, when you consider that it's your investment consultant who has to draw up the investment plan and your role is limited to giving him inputs in terms of your investment objective, appetite for equity-linked investments, investment time frame, tax-efficient returns and the like.

Step 2: Identify the investment consultant

Since your investment consultant has such an important role to play in helping you achieve your investment objectives, it is important that you 'connect' with the right consultant. To make your job simpler, we have prepared a checklist to help you select the right investment consultant:

- Both insurance and mutual fund consultants need certification before they begin advising clients. Insurance agents must be certified by the IRDA (Insurance Regulatory and Development Authority), while mutual fund agents must be certified by AMFI (Association Mutual Funds in India). The agent must have the certification on his person, so it's relatively simple to affirm whether your consultant is qualified.
- An investment consultant should be competent enough to understand your financial objectives and chalk out an investment plan that can best help you achieve them.
- It is critical that investment consultants are objective and unbiased in their advice. Being objective means placing the client's interest over your own. The investment consultant should be faithful to the plan that he has prepared for you and his advice must revolve around it.
- Value-add investment services is another area that your consultant must treat as priority. Tools and calculators, stock and mutual fund alerts, portfolio tracker, research on mutual fund schemes and life insurance plans are some of the value-added services that investment consultants provide. Of course, there are few consultants who do this, but those are the ones you must identify. Some of these tools are web-based and should appeal to women who are net-savvy.
- Even after you have taken the insurance policy or invested in a mutual fund scheme, your relationship with the investment consultant continues. You may need feedback on your investment, account statement, premium cheques to be submitted to the life insurance company, follow-up on dividends on your mutual fund investments and the like. It is the responsibility of the mutual fund agent to provide prompt after-sales service and resolve these issues efficiently.

Step 3: Preparing an investment plan

Once you have identified the investment consultant, you must get down to actually implementing the investment plan keeping in mind the investment objectives.

For this you need to bare your 'financial' soul and tell him exactly what you want to achieve, the time frame over which you want to achieve the investment objective, the amount of money you want to invest in equities (this is important because equities can give a push to your savings, but also carry higher risk).

If you find this a little too detailed and even unnecessary, remember it's important for the consultant to know this so that he can prepare a well-defined investment plan. It's a bit like telling your doctor everything so that he can prescribe the right medicine.

Step 4: Executing the investing plan

After preparing the investment plan, your investment consultant will help you execute it. This involves, for instance, taking the child insurance plan for your child's education/marriage, or the diversified equity fund to build a corpus to buy property after 10 years.

All the investments and insurance options that have been outlined in your investment plan have to be bought. Of course your consultant will help you with it, but it pays to be personally involved up to a level.

For instance, to the extent possible fill the application forms yourself so you learn about the relevant details. While filling the insurance application form, you have to give a true and fair picture of your medical history, accurate information on your weight and height and other details of this nature.

Giving inaccurate information on these points could lead to rejection of claim at a later date. Your investment consultant is unlikely to know these details better than you, so personal involvement is necessary. Likewise, appointing a nominee is common across mutual funds and life insurance, so ensure you have those details correctly filled in.

Step 5: Review the investment plan

Setting the investment plan in action is an important step towards achieving your financial goals. But to ensure you stay the course, a regular review of the investment plan is necessary. Of course, this will also be done under the guidance of your investment consultant.

There could be several reasons why your investment plan may need to be adjusted from time to time. One instance is when stock markets change course over a period of time and they disturb your asset allocation. So you may have to redeem some of your equity investments or buy more of them depending on how much risk you are willing to take.

As you approach the milestone (child's medical admission or marriage), you need to get out of equity investments since equities are risky in the short-term.

That money should be invested into short-term debt, which is relatively safe. Again, all this may sound very complicated, but your investment consultant is the one who will keep his eye on such events and will make necessary adjustments to your investment plan. On your part it helps to be informed since it's your money on the line.

Step 6: Redeem your investments

As the event you have been saving for, is upon you, you need to redeem your investments. With a mutual fund investment this involves signing on the redemption slip and having your consultant submit the same to the mutual fund. In case of a life insurance policy that you have taken, it involves having your consultant submit the policy documents to the life insurer and follow up for the maturity proceeds.

Then you will need to sit down with your consultant and understand the taxation issues involved with the redemption of your investments.

As you can see, setting financial goals, outlining an investment plan, executing it, reviewing it, is not really a difficult task. It may be time consuming but it's certainly not difficult. With a systematic and disciplined approach to investing and by identifying the right investment consultant, financial nirvana could be closer than you think.

BUDGETING IN NURSING PRACTICE

INTRODUCTION

A budget is a plan that uses numerical data to predict the activities of an organization over a period. The desired outcome of budgeting is maximal use of resources to meet organizational short and long-term needs. The budget's value is directly related to its accuracy, the more accurate the budget blue print, the better the institution can plan the most efficient use of its resources. Because a budget is at best a prediction, a plan and not a rule, fiscal planning requires flexibility, ongoing evaluation and revision.

DEFINITION

According to Webster's New Twentieth Dictionary, "a budget is a plan or schedule adjusting expense during a certain period to the estimated or fixed income for that period".

An effective budget is the systematic documentation of one or more carefully developed plans for all individually supervised activities, programmes or section (Herkimer).

A budget is an estimate of future needs, arranged according to an orderly basis covering some or all the activities of an enterprise for a definite period of time (Chhabra.T.N).

PURPOSES

The purposes of budgeting are:

1. Budget supplies the mechanism for translating fiscal 1-year objectives into projected monthly spending pattern.

2. Budget enhances fiscal planning and decision marking.

3. Budget clearly recognizes controllable and uncontrollable cost areas.

4. Budget offers a useful format for communicating fiscal objectives.

5. Budget allows feedback of utilization of budget.

6. Budget helps to identify problem areas and facilities for effective solution.

7. Budget provides means for measuring and recording financial success with the objectives of the institution.

FEATURES OF BUDGET

- It should be flexible
- It should synthesis at past, present and future.
- It should be product joint venture, co- operation of executives / department heads at different levels of management.
- It should be in the form of statistical standard laid down in the specific numerical terms.
- It should have a support at top management throughout the period of its planning and implementation.

TYPES OF BUDGET

Since budget express plans and an organization may have different types of plans, there may be different types of budgets. These may be classified on the basis of

1. Coverage of functions master and functional budgets.

2. Nature of activities covered – capital and revenue budgets

3. Period of budgets – long term and short-term budgets

4. Flexibility adopted – fixed and flexible budgets.

Master and Functional budgets

A master budget is prepared for the entire organization incorporating the budget of different functions. For example when we refer to the annual budget of government of India, it incorporates the budget outlays of different ministries. In the business organizations, the maser budget incorporates various functions and units and their outlays. It generally includes sales, production, costs.

A functional budget is prepared incorporating a major function and its sub- functions. Since an organization may have a number of functions, numerous functional budgets are prepared. Eg. Production budget, cash budget in an organization.

Capital and Revenue budgets

Organization activities involve two processes- creating facilities for carrying out activities and actual performance activities. Creating facilities for carrying out activities include capital expenditure whose returns accrue

over a number of years. For such activities, capital budget is prepared which is essentially a list of what management believes to be worthwhile projects for acquisition of new assets together with the estimated cost of each project.

Revenue budget involves the formulation of target for a year or so in respect of various organizational activities such as production, marketing, finance, etc. Thus, a revenue budget includes expenditure and earning for a specific period like one year.

Long term and short-term budgets

Many organizations integrate their yearly budgets with long-term projections of business activities and along with yearly budgets; they prepare budgets for a longer period of 2 – 3 years. When one budget period is over, budgets are prepared for the next year and subsequent 2 -3 years.

The short term budget is for a year and is divided into a number of periods for effective implementation. For eg. Cash budgets are on yearly basis as well as on monthly or quarterly basis to facilitate better cash management.

Fixed and flexible budgets:

Generally, organizations prepare which pertain to only certain projected fixed volume of operations for a year or so. Such budgets are known as fixed of static budgets. When an organization's volume of business can be predicted with fair amount of precision, the fixed budget is satisfactory.

A budget which is designed to change in accordance with the activities of the organization is known as flexible budget. It considers several level of activity and assumes that labour, material or facilities used in production and hence cost vary with a known relationship to the actual of activity.

APPROACHES TO DEVELOP AN ORGANIZATION WIDE BUDGET

Organizations adopt different approaches for preparing their budgets. One of the most common approaches is in the form of traditional budget in which the current year's budget is taken as a base with the provisions of some additions and deductions in the next year's budget. The traditional approach of budgeting does not eliminate the draw back of the past. Therefore, newer approaches of budgeting have emerged. These have resulted into three types of budgeting.

1. Performance budgeting
2. Zero base budgeting
3. Strategic budgeting

1. Performance budgeting's

A performance budget is an input / output budget or costs and results budget. Performance budget emphasis on non-financial measures of performance, which can be related to financial measures in explaining changes and deviations from planned performance. Performance measurements are useful for evaluating past performance and for planning future activities. Performance budgeting, results into the following.

- It correlates the financial and physical aspects of every programme or activity.
- It improves budget formulation, review and decision making at all levels of the organization.
- It facilitates better appreciation and review of organizational activities by the top management.
- It makes possible more effective performance audit.
- It measures progress towards long-term objectives.

2. Zero base budgeting

This was applied for the first time in preparing the divisional budgets of Texas instruments of the USA in 1971.

Zero base budgets is based on a system where each function, irrespective of the fact whether it is old or new, must be justified in its entirety each time a new budget in detail from scratch that is zero bases.

The process of zero bases involves four basic steps:

1. Identification of decision units, that is cluster of activities or assignments within a manager's operations for which he is accountable.
2. Analysis of each decision units in the context of total decision package.
3. Evaluation and ranking of all decision units to develop the budget request.
4. Allocation of resources to each unit based

Benefits of zero base budgeting:

1. effective allocation of resources
2. improvement in productively and cost effectiveness
3. effective means to control costs
4. elimination of unnecessary activities
5. Better focus on organizational objectives.
6. Saving time of top management.

It is used as a tool of resource allocation to various strategic business units and other units of an organization. Under strategic budgeting, in determining the resource needs of various units, the basic question that put is "what sort of performance and results does the organization want to generate?" Another question is "what a key activity, organization units, is tasks jobs needed to be setup and organized to produce these results?" The answer should suggest the kinds of skills, expertise and funding which will be needed to allow the various organizational units to accomplish the designed results.

PLANNING THE BUDGET

Planning yields forecasts for one year and several years. The budget is an annual plan, intended to guide effective use of human and material resources, products or service and managing the environment to improve productivity. Budgetary planning ensures that the best methods are used to achieve financial objectives.

In nursing, budgetary planning helps to ensure that clients or patients receive the nursing services they want and need from satisfied nursing workers. A nursing budgeting is a systematic plan that is an informed best estimate by nurse administrators of revenue and nursing expenses.

Managing the financial end of nursing through an operational budget obviously can create a new dimension for nurse. The budget can be a strong support for developing written objectives for the nursing division and for each of its units.

STEPS IN THE BUDGETARY PROCESS

The nursing process provides a model for the steps in the budget planning.

1. Assessment

The first step is to assess what needs to be covered in the budget. Historically, top-level managers frequently developed the budget for institution without input from middle or first level managers. Because unit managers who participate in fiscal planning are more up to be cost conscious an better understand the institutions long and short term goals, budgeting today generally reflects input from all level of the organizational hierarchy. Unit managers develop goals, objectives and budgetary estimates with input from colleagues and subordinates. Budgeting is most effective when all personnel using the resources are involved in the process. Managers therefore must be taught how to prepare a budget and must be supported by management throughout the budgeting process.

2. Develop a plan

The second step is to develop a plan. The budget plan may be developed in many ways. A budgeting cycle that is set for 12 months is called a fiscal year budget. This fiscal year which may or may not coincide with calendar year, is then usually broken down into quarters or subdivided into monthly, quarterly or semiannual periods. Most budgets are developed for a one-year period, but a perpetual budget may be done on a continual basis each month. So that 12 months of future budget data are always available. Selecting the optimal time frame for budgeting is also important; a budget that predicted too far in advance has greater probability for error. If the budget is short sighted, compensating for unexpected major expenses or purchasing capital equipment may be difficult.

3. Implementation

The third step is implementation. In this step, ongoing monitoring and analysis occur to avoid inadequate or excess funds at the end of fiscal year. In most health institutions, monthly-computerized statements outline each department's projected budget and any deviations from the budget. Each unit manager is accountable for budget deviations in their unit. Most units can expect some change causes and remedial actions must be taken if necessary .some managers artificially inflate their department's budgets as a cushion against budget cuts from a higher level of administration. If a major change in the budget is indicated, the entire budgeting process must be repeated. Top-level managers must watch for and correct unrealistic budget projection before they are implemented.

4. Evaluation:

This is last step. The budget must be reviewed periodically and modified as needed throughout the fiscal year. With each, successive year of budgeting, managers can more accurately predict their unit is budgetary requirements.

BUDGET STAGES:

The nursing budget follows three stages of development.

1. Formulation
2. Review and enactment
3. Execution

Formulation stage

It is usually a set of number of month before the beginning of the fiscal year for the budget. One of the first steps in writing a budget is gathering data for accurate prediction of expenses and revenues (income). Primary sources of data are the objectives for the division of nursing and each cost center .other data include programmes from other departments that will require use or expansion of nursing resources, expansion of nursing clinics and client teaching programmes, incentive awards, library requirements, clinical and office supplies and equipments etc.

Review and enactment stage

Review and enactment stage are budget development process that pull all the pieces together for approved of a final budget. Once the cost center managers present their budgets to the budget council, the chief nurse executive will consolidate the nursing budget. The chief executive officer of the organization and the governing broad will then give their approval. Throughout this process, conferences will be held at which budget adjustments are made.

Execution stage

Execution of the budget involves directing, executing, and evaluating activities. The nurse administrator and managers who planned the budget execute it. Revisions in execution of the budgets are scheduled at stated

intervals, frequently once or twice during fiscal year. Certain procedures are followed for evaluating the budget at cost center levels.

THE BUDGET CALENDAR

Formulation stage:

1. Develop objectives and management plans

2. Gather all financial, historical and statistical data and distribute

to cost center managers

3. Analyze data

Review and enactment stage:

4. Prepare unit budgets

5. Present unit budgets for approval

6. Revise and combine into organization budget.

7. Present to budget council

8. Revise and present to governing board

9. Revise and distribute to cost center managers

Execution stage

10. Direct and evaluate expenses and receipts

11. Review budgets if indicated

BUDGETING FOR THE HOSPITAL

The hospitals are health care organizations need to make a number of decisions related to finance. They are required to invest for capital-intensive machines, equipments and apparatus. The management of finance in hospital is found a bit difference to other profit making organizations. Since the products of hospital are found of sensitive natural, a financial advisor manager requires professional excellence to manage things efficiently.

Budgeting is an opportunity to consider better performance by the hospital. All departments and sections must co-operate in the preparation of budget. The individual plan of the departments and sections must fit into the overall plan of the hospital.

TYPES

1. Operating budget
2. Capital budget

Operating revenue budget

In order to have a proper revenue budget, we must have full statistical data.

The revenue comes from activities of hospital:

- Patient services
- Activities incidental to patient services
- Income from investments
- Other income donation, grant etc.

The income from patient services represents the largest part of revenue for voluntary and private hospitals. It consists of two parts.

1. Daily service changes (room, nursing care, diet etc.) This varies with daily census, mix of accommodation and type of service. There may be fees for outpatient registration or consultations.

2. Special services (operative procedures, investigations, etc) This may be some deductions, such as free or confessional care.

Operating expenditure forecast

Recurrent (operating) costs are required for the operation or maintenance of facilities and services. The more important costs are for salaries and wages, supplies like drugs, dressings, fuel, etc, utilities including electricity, water, telephone, etc and equipment maintenance and purchase of spare parts.

Salaries and wages

Once we know the workload for each service unit, the staff requirement could be easily projected. We should know

Doctor: Patient ratio

Nurse: Patient ratio

Lab technician: test ratio

X-ray technician: examination ratio

The trend could be analyzed, over staffing could be avoided. The salaries have to be fixed for all the personnel. In fixing the salary, consideration must be given to the requirements of qualification, experience and skills, nature of work, fatigue, and prevailing salaries in similar, nearby hospitals, etc. In addition to salaries, provision has to be made provident fund contributions, gratuity and other benefits.

Supplies

Supplies indices could be developed for various services, working out per OPD visit, I.P.days, normal and abnormal delivery, various types of operation, laboratory test, meals, housekeeping, radiograph etc.

Utilities

There is need to know expenditure on utilities of high consuming areas like x-ray, central AC, CSSD, laundry, kitchen and others.

Capital budget

Funds should be available for expenditure on expiate items. These are required for

1. Growth with new facilities being provides.

2. Replacement of obsolete, worn out equipment, furniture and machinery.

Case budget

Enough cash must be available to meet the obligations as and when they arise. There is need to maintain the right flow of cash. Cash receipts and disbursemements must be estimated: amounts and time.

FACTORS AFFECTING HOSPITAL EXPENDITURES

Size of hospital

There is an optimum size of each type of hospital and the area it serves. As the size of the hospital increases, the range and comprehensiveness of services increases, resulting usually, in higher cost per patient day.

Volume of activity

Higher the patient turnover, higher the number of staff required and greater the total number of procedures carried out. This leads to higher total operating costs, the unit cost may be lower.

Competition

Competition between hospitals usually does not lower charges to patient. If often results in higher costs but more facilities and convenience are provided by the more competitive hospitals.

Service intensity

Specialization leads to higher cost per patient day. High technology care warrants sophisticate costly equipment, expensive procedures, great use of consumables and supplies and more skilled staff.

Degree of investment

Higher operating costs result when capital and fixed costs are high. Availability of costly equipments and facilitates lead to greater use and higher costs to the patient.

Efficiency

With an efficient management system, manpower and material resources are deployed economically, resulting in a better output to input ration.

Design of hospital

The age, location, architecture, layout, type of building material and facilities provided have a bearing on maintenance costs, number of staff employed, work flow, etc and thus affects hospital expenditure.

Reports and statements for effective management

Daily reports

- Daily cash collection and cash disbursement.
- Daily census report
- Daily bank / cash position

Monthly reports

- Monthly financial report
- Free and confessionals care

Quarterly reports

- Budget performance

Half-yearly reports

- Revenue / expense summary with comparative analysis
- Balance sheet
    - Current ratio
    - Working capital
    - Inventory turnover

- Collection period
- Payables outstanding

Yearly reports

- Comparative balance sheet
- Analysis of departmental income and expenses and balance sheet
- Cost analysis – broken down by departments
- How much does it cost to a patient, general, semi private or service wise.
- Salary and wages content.

Preparation of income and Expenditure

Separate the OPD income and expenditure from inpatient income and expenditure. Depending on the size of the hospital, the income and expenditure of various departments are varied.

Income

Routine services

- Room, medical care, nursing care, food, etc.
- OPD services like registration, consultation, dressing, injection, operation and other procedures
- Casualty services
- Nursing / neonatal care services

Special professional services

- Operating theatre
- Delivery room
- Intensive care unit
- Medical and surgical wards
- Clinical pathology
- Radiology
- Pharmacy
- Physiotherapy

Free care and concessional services

These should be shown as a deduction from the operating income.

Other income

- Fees for training programmes – school of nursing, laboratory training, radiographers training and others
- Recoveries from staff for accommodation, food, electricity, water, etc.
- Income from ambulance, canteen, parking lot, etc.

Non-operating income

- Donation
- Grants
- Bank interest
- Property income
- Invest returns
- Sales of assets

Expenditure

- Operating expenditure
- Salaries and wages including employee benefits like provident fund and gratuity.
- Supplies and expenses
- Utilities
- Maintenance
- Administrative expenses.

Other expenses

- Training programmes – school of nursing, laboratory training.
- Community health and community development.

Non-operating expenses

- Depreciation
- Fund raising – internal and external
- Property management.

Model Budget

Income	Budget (Rs)	Actual (Rs)	Expenditure	Budget (Rs)	Actual (Rs)	Variance over budget (Rs)
Inpatient Out patient other funds short term Loan Building and equipment fund Donation Grant			Establishment Hospital supplies Water Electricity Repairs and maintenance Postage Telephone fee and concessions Salary and wages			

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PREPARATION OF BUDGET FOR SCHOOLS AND COLLEGES

Introduction:

Quality of Schools and colleges depend on budgeting plans which provide the resources necessary for the proper functioning of the institution. Budgeting is an ongoing activity in which the revenues and expenses are managed to maintain fiscal responsibility and health. The manager has financial responsibility and accountable for preparing and managing the budget in school and colleges.

Meaning of Budget:

The term budget derived from the French work “Bougettee” denoting in leather pouch in which funds are appropriated for meeting anticipated expenses.

Definition of Budget:

Budget is a concrete precise picture of the total operations of an enterprise in monetary terms (Donovan H. M, 2000)

Purposes of Budgeting:

The purpose of budgeting is

1. Budget supplies the mechanism for translating fiscal objectives into projected monthly spending pattern
2. Budget enhances fiscal planning and decision making
3. Budget clearly recognizes controllable and uncontrollable cost areas
4. Budget offers a useful format for communicating fiscal objectives
5. Budgeting allows feedback of utilization of budget
6. Budgeting helps to identify problem areas and facilitates for effective solution
7. Budgeting provides means for measuring and recording financial success with the objectives of the institution.

Features of budget:

a. It should be flexible
b. It should be synthesis at past, present and future
c. It should be in the form of statistical standard laid down in the specific numerical terms.
d. It should have a support at top management throughout the period of its planning and implementation.
e. It should use available resources.

Types of budget:

Since budget express plans and an organization may have different types of plans; there may be different types of budgets. These may be classified on the basis of

1. Coverage of functions – master & functional budgets
2. Nature of activities covered – Capital & revenue budget

3. Period of budgets – long term and short term budgets
4. Flexibility adopted –fixed and flexible budgets

1. Master & functional budgets

A master budget is prepared for the entire organization incorporating the budget of different functions. For example when we refer to the annual budget of government of India, it incorporates the budget incorporates various functions and units and their outlays. It generally sales, production, costs.

A functional budget is prepared incorporating a major function and its sub functions. Since an organization may have a number of functions numerous functional budgets are prepared. E.g. Production budget, cash budget in an organization.

2. Capital & Revenue budget

An organization activities involves two process – creating facilities for carrying out activities and actual performance activities. Creating facilities carrying out activities include capital expenditure whose returns occur over a number of years. For such activities, capital budget is prepared which is essentially a list of what management believes to be worth while projects for acquisition of new assets together with the estimated cost of each project.

Revenue budget involve the formulation of target for a year or so in respect of various organizational activities such as production, marketing, finance etc. Thus a revenue budget includes expenditure and earning for a specific period like one year.

3. Long term and short term budgets:

Many organizations integrate their yearly budgets with long term projections of business activities and along with yearly budgets; they prepare budgets for a longer period of 2-3 years. When the budget period is over, budgets are prepared for the next year and subsequent 2-3 years.

The short term budget is for a year and is divided into a number of periods for effective implementation. For eg Cash budgets are prepared on yearly basis as well as on monthly or quarterly basis to facilitate better cash management.

4. Fixed and flexible budgets:

Generally, organizations prepare budgets which pertain to only certain projected fixed volume of operations for a year or so such budgets are known as fixed or static budgets. When an organization's volume of business can be predicted with fair amount of precision, the fixed budget is satisfactory.

A budget which is designed to change in accordance with the activities of the organization is known as flexible budget. It considers several level of activity and assumes that labour, material or facilities used in production and hence cost vary with a known relationship to the actual volume of activity. Flexible budget is quite useful for control as well as for planning purposes in uncertain environment.

Stages of Budget Preparation:

1. Preparation of position papers
2. Preparation of budget

1. Preparation of position papers:

Preparation of position papers providing background on which strategic budget is prepared such as position papers include environment, organizational resources and constraints, past performance and direction for future activities.

a. Position paper on environment;

These include economic, regulatory, political, marketing and competitive technological factors. The paper may cover the environments trends likely to affect the organizations performance specifying the assumption involved. This position paper is likely to provide reference base for the development of annual plan to ensure the required between strategic plan and annual plan.

b. Position paper on organizational constraints and resources:

This paper would specify at broad level the resources available for achieving the targets by way of personnel, funds, technological, capital expenditure etc. Similarly the paper also suggests the likely constraints faced by the organization so that the resources are deployed by keeping these constraints in mind.

c. Position paper on past performance:

This paper can show the performance based on strategic business units or responsibility centers. There is alignment between needs and products.

d. Position papers on future direction of activities:

This paper would suggest the various short term or long term targets to be fulfilled. The targets may be identified again for the organization as a whole and for different strategic responsibility centers. The paper would also indicate the way the organization will take over various activities to match itself with environmental requirements like meeting the competitive threats.

The paper may also include the various tracts to be adopted to meet the above objectives. These may include the fixation of levels for working capital, credit level, waitage of materials and other physical factors.

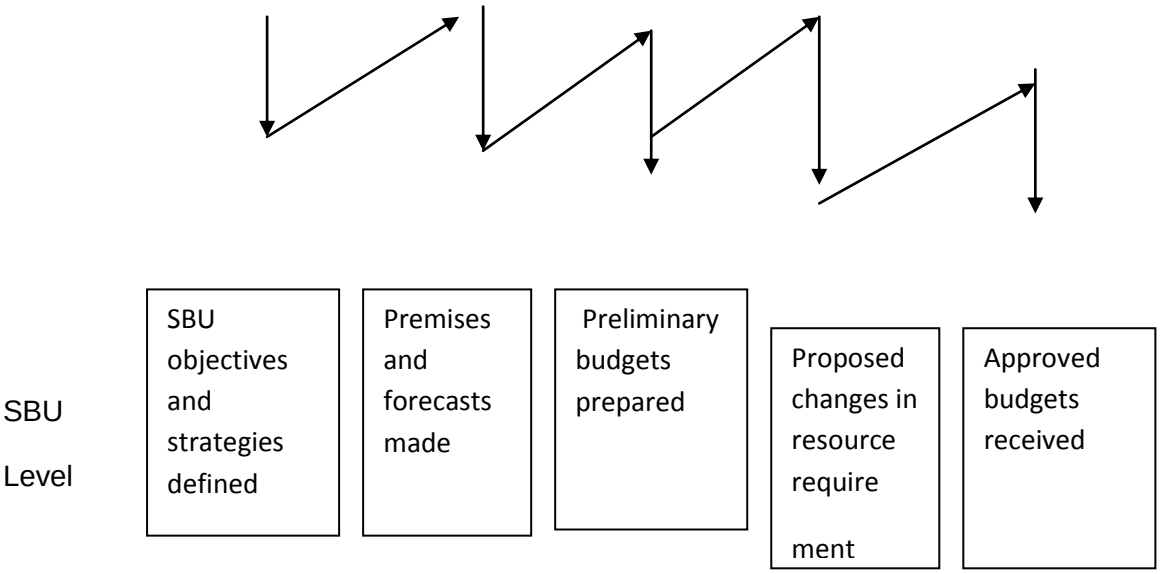
2. Preparation of Budget:

The strategic budget as prepared through the interaction between corporate level and SBU level in the light of position papers. The process will go like the one given as follows.

Corporate objectives & strategy with	SBU objectives strategies accepted	Budgets are called for	Budgets requests reviewed accepted	Master budget prepared SBU

Corporate

Level



- Budget preparation will actually start when SBU managers are communicated about the likely covers of future action in the light of environmental factors, organizational resources and constraints and past performance.
- It is better to initiate the budget preparation from the bottom in the light of position papers.
- Everyone responsible in the organization must ask for resources allocation will be integrated in a master budget for the organization as a whole.
- Since budget demand at each level is based on the chosen strategy of the organization. Every possibility that master budget will allow the allocation of various resources according to the needs and importance of various functions products or business, thereby ensuring the better use of organizational resources and achievements of organizational objectives.

Budgeting Expenditure:

- Salaries and wages
- Material
- Utilities
- Service and maintenance

- Expenditure an academic activities
- Research activities
- Miscellaneous — Sports activities
  — Welfare of students
- Library

Budget Model:

Based on steps of budget preparation a new budget model prepared for school and Colleges. Student's strength – 50 members.

Subject	**Particulars**	**Amount in rupees**
Sports Fees	For purchase of Sports goods 65%	2340.00
	Tournament – 30%	1080.00
	Others – 5%	180.00
	Total - 100%	3600.00
Library Fees	Regular subscription of newspaper, magazines 50%	1800.00
	For purchase of books 30%	1080
	For binding old books/new 10%	360.00
	For repair charts 5%	180.00
	For repair furniture's 5%	180.00
	Total 100%	3600.00
Medical examination fees	For honorium to doctors 50%	450.00
	For first aid 20%	180.00
	For assistance to doctors 10% `	90.00
	Total	720..00
Vocational education books	For purchase of materials 60%	1080.00
	For books purchase 10%	180.00
	For registration with the commission fees 20%	1800.00
	Total	3600.00
Audio visual aids	Type of model 60%	2800.00
	Repairing old A.V. aids 20%	800.00

	Maintenance 20%	800.00
	Total	4400.00
Laboratory fees	Solutions 40%	1000.00
	Test tube / equipments 40%	1000.00
	Maintenance 20%	800.00
	Total	200.00

COLLEGE OF NURSING BUDGET MODEL

S.NO.	PARTICULARS	Previous year(2007)		Current year (2008)		Future year(2009)	
		Income	Expenditure	Income	Expenditure	Income	Expenditure
01.	Opening Balance	150000		1565000		223900	
02.	Admission fees	8010000		8610000		9615000	
03.	Transport fees	150000	100000	150000	100000	80000	
04.	Exam fees	160000	100000	160000	100000	170000	100000
05.	Funds	30000		30000		35000	
06.	Transcript	20000		30000		30000	
07.	Library fees	150000	100000	155000	100000	180000	130000
08.	Salaries		500000		500000		850000
09.	Provident Fund		400000	16000	400000		400000
10.	Maintenance		250000	10000	200000		600000
11.	Tax		200000		200000		200000
12.	Stationeries		150000	15000	150000		150000
13.	Furniture		20000		20000		150000
14.	Laboratory		100000		100000		100000

15.	Tournament		80000		90000		90000
16.	Cultural programmes		60000		70000		71000

S.NO.	**PARTICULARS**	**Previous year(2007)**		**Current year (2008)**		**Future year(2009)**	
		Income	Expenditure	Income	Expenditure	Income	Expenditure
17.	Equipment		50000		50000		50000
18.	Prize distribution		50000		50000		50000
19.	Books, Record & Diary		50000	703000	60000	900000	40000
20.	Uniform fees		60000	85000	60000	900000	60000
21.	Miscellaneous		335000		540000		60000
	Total	**8670000**	**7105000**	**11529000**	**9290000**	**14149000**	**11311000**

BALANCE SHEET:

S.NO.	**BALANCE SHEET**	**2007**	**2008**	**2009**

1.	INCOME	8670000	11529000	14149000
2.	EXPENDITURE	7105000	9290000	11311000
		1565000	**2239000**	**2838000**

SCHOOL OF NURSING BUDGET MODEL

S.NO.	**PARTICULARS**	**Previous year(2007)**		**Current year (2008)**		**Future year(2009)**	
		Income	**Expenditure**	**Income**	**Expenditure**	**Income**	**Expenditure**
01.	Opening Balance	58000		93500		131000	
02.	Capitation fees	760000		862000		1975000	
03.	Tuition fees	30000		30000		30000	
04.	Library fees	15000		20000		20000	
05.	Uniform fees	12500	5000	12500	5000	12800	6000
06.	Books, record and dairy	26000	15000	26000	15000	38000	16000
07.	Transport		20000		20000	20500	
08.	Exam fees	15000	10000	16000	10000	18000	10000

09.	Tournament fees		20000		20000		20500
10.	Funds		15000		10000		10000
11.	Miscellaneous		118000		120000		260000
12.	Transcript	10000		15000		20000	
13.	Salaries		500000		600000		800000
14.	Stationeries		10000		15000		15000
15.	Maintenance		50000		50000		50000
16.	Laboratories		20000		20000		20000

S.NO.	**PARTICULARS**	**Previous year(2007)**		**Current year (2008)**		**Future year(2009)**	
		Income	Expenditure	Income	Expenditure	Income	Expenditure
17.	Furniture		50000		20000		20000
18.	Stipend		20000		20000		20000
19.	Prize distribution		10000		10000		10000
20.	Equipment		5000		5000		5000

21.	Tax		20000		20000		20000
	Total	**966500**	**873000**	**966500**	**980000**	**2294800**	**1335500**

BALANCE SHEET:

S.NO.	**BALANCE SHEET**	**2007**	**2008**	**2009**
1.	INCOME	966500	966500	2294800
2.	EXPENDITURE	873000	980000	1335500
		93500	**131000**	**959300**

The responsibilities of nursing administrator in budget are

1. Participation in budget
2. Consultation with subordinate in determining the needs of the unit for ensuring year.
3. Requesting sufficient funds to suggest a sound programme such as to provide for developing programme provision, expansion of programme, to attend and hold qualified staff to provide for expansion of physical facilities, supplies etc.
4. Submit budget request with justification with proposal expenditure.
5. When the budget is allotted, the administrator should support the budget she should interpret the budget to the subordinates.
6. Budget controlling: once the administrator receives her approved budget, a plan of action is necessary for review and control during the fiscal year.

Summary:

So far we have discussed about the definition of budget, purposes and features of budgeting, types of budget, stages of budgeting preparation, budget model, college of nursing and school of nursing budget model and responsibility of nurse administrator in budget.

Conclusion:

Budget is an important plan for building the nursing schools and colleges. It has to be revised periodically to find deviatory and make correction in the plan and prepare them effectively.

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COST EFFECTIVENESS OF COMPUTERIZATION AND CONTINUING EDUCATION

INTRODUCTION

Nursing has only recently become interested and become involved with hospital computers and new technologies. There are usually two reasons for implementing automated system in health care that is to improve patient care and to reduce costs. The cost benefit analysis is a tool which is useful in setting priorities for various

courses of action to meet objectives. The computers and also continuing education in nursing will be essential for managing and delivering a patient care.

COST

Cost is the amount of expenditure actual (incurred) or notional (attributable) relating to a cost object. (Jawaharlal, 2004)

Cost is the cash or cash equivalent value sacrificed to obtain some goods or services.

EFFECTIVENESS

"Is defined as the effect of producing the profit effect"

(Oxford Dictionary)

COST EFFECTIVENESS

Cost effectiveness is methods are those that search for the least costly way of achieving a defined result. (Marequis L .B, 2000)

COST EFFECTIVENESS ANALYSIS

The cost effectiveness analysis is the technique for choosing from alternative courses of action, a preferred choice when objectives are not very clear in such areas as sales, costs or profits.

(Sokharkar BM, 2003)

In cost effectiveness analysis, decision criteria may include

a. Achieving a given objective at least cost
b. Attaining it with reasonable resources
c. Providing a trade – off of cost for effectiveness

Cost effectiveness analysis is not an analysis for cost reduction it is an optimization approach to a specific set of goals. After the objectives have been determined, cost effectiveness analysis considers the number and type of alternatives available. After determining the possible alternatives, resources requirements for each alternative viz people, money, equipment and facilities are determines and converted to monetary costs. The analysis first determines the criteria to be used in determining the effectiveness of each cost factor and then prepare cost effectiveness models for each alternative. Some of the criteria of effectiveness are as follows.

1. Capacity
2. Accuracy
3. Degree of physician acceptance
4. Quantity of output
5. Performability
6. Quantity of output
7. Mean – time between repair
8. Professional Acceptance
9. Error rate
10. Flexibility
11. Inconvenience to other departments
12. Spill – over effects
13. Power Consumption
14. Personal Safety

COST BENEFIT ANALYSIS

The cost benefit analysis is a tool which is useful in setting priorities for various courses of action to meet objectives and provide an estimate of the net financial value associated with each course of action (e.g. manpower and labor, material and equipment, facilities). All inputs and outputs have to be converted into monetary terms because all inputs (i.e. costs) and all outcomes (ie. benefits) are valued in money terms. Eg of some outputs for cost evaluation are as follows cost of direct expense per day.

COST EFFECTIVENESS OF COMPUTERIZATION

There are usually two reasons given for implementing automated system in health care to improve patient care and to reduce cost still those who are knowledgeable about both computers and health care are strongly convinced that computer technology is not only potentially helpful, but will soon be absolutely essential for managing and delivering patient care but computer systems are expensive. Jut at the time when administrators are awakening to the potential of the computers and the technology is maturing enough to live up to its potential, the economic climate is health care is forcing a rigid appraisal of all capital expenditures. The dominant question in assessing the mention of any new expenditure is no longer, does it improves patient care but Is it cost effective ?

DEFINITION

According to porter and Millar (1989) the cost of computer power relative to the cost of manual information processing is at least 8 times less than the cost (Mc. Loskey)

The rapid growth, proliferation increased power, flexibility and usefulness of the personal computers are all factors that are stimulating changes in attitudes towards computerization.

USE OF COMPUTERS IN CLINICAL NURSING PRACTICE:

a. Admission, discharge or transfer
b. Documentation

Computer can store standard nursing care plan in a format determined by the institution to be used by nurses as the basis for developing individualized client care plan. Computers help in the analysis of the data and even make interpretation regarding the patients' condition.

Patient's histories and medical record can computerized. It improves the usability of patient information. For Eg. Using a computer a nurse or a physician could lasily examine the history of symptoms that a patient experience and leaves the nurse with more time or reflect upon care plan.

Nurse's notes can be recorded more easily since most rotations can be selected from a menu of programmed entries. Care plans can also be developed more easily with a computer.

Computerization also facilitate communication among nurses particularly between shifts.

USES OF COMPUTERS IN NURSING ADMINISTRATION :

Clients are assessed on a number of criteria and their abilities and needs for nursing care are rated.

- Help in client billing system
- Word processing
- Shifts are all performed
- Computers can help in following areas
  - Planning nursing care
  - Monitoring and interpreting physiologic varies
  - Administering medications
  - Patient classification system
  - Scheduling Shift
  - Record keeping

As health care delivery becomes more complex and care givers become more dependent on each other for continuously updated patient information, each manager requires a supply of information to control system operation.

Today's nurse manager must communicate with machines increasingly used in hospital and clinics to improve efficiency, decrease errors and reduce cost.

Superintendent can prepare separate file of each staff, which includes positions, responsibilities, salary increments, leave record etc., She can prepare duty schedules. She can get information of any particular patient on the screen immediately.

In nursing school for each student separate file can be prepared since admission and time to time file can be updated till completion of the course and finally that file can be closed. Paper Checking, calculation of marks, taking out percentage, preparing results graphs, for the record of curriculum activities any disciplinary action taken and master file of college can be prepared with the help of computer.

COST EFFECTIVE ANALYSIS (CEA)

For some computer applications, the answer is clearly tend to be circumscribed and usually related to the financial services (such billing, pay roll and purchasing) and to ancillary services (such as laboratory, pharmacy or central supply) When one can document that, all things taken into account, a specific computer system can perform more units of service at the same or less cost then the computer system can be said to be cost effective.

Cost consideration must include information about the accessibility to software. Software accessibility and their capacity for inter charge among various micro computer is key to cost consideration. Care must be taken in the selection of software which achieves desired results addition of computer graphics, video interaction and sound activated terminals may add yet another cost.

The cost for initial purchase of hardware and software have go he down considerably and make cost effectiveness in education program in nursing and other clinical disciplines much more realistic.

CEA AND NURSING SYSTEM

It is difficult to evaluate the cost effectiveness of automated systems that impact nursing, because computer applications in nursing practice are not circumscribed.

This because much of the date nurses require in caring for patients originates from physician and other sources like physician orders medications and lab test results. The systems that nurses use in daily practice, then are generally the large, complex and diffuse hospital information system (HIS). These systems are cost effective in general and save nursing costs in particular.

COST – BENEFIT ANALYSIS (CBA):

Documenting the cost of its development implementation and operation of a system along with its real and perceived benefits and comparing these with alternate ways of achieving the benefits constitute cost benefit analysis.

The benefit may have actual of estimated dollar amounts attached to them or they may be weighed in subjective manner outcome of CBA is a judgment call whether the cost in relation to the benefits C:B ratio warrants adapting the system. The same system with the same document cost and benefits may be rejected by the grasp and adopted enthusiastically by another.

CBA AND NURSING SYSTEMS:

The administrators of the clinical centre of the national institutes of health (NIH) approved the CBA methodology for evaluating the hospital wide information system. Part of their rational was that since they do not bill patients for services, there was no means of demonstrating impact on patient costs.

For the cost benefit analysis, the researches employed an innovative technique. They gathered together benefit assessment panels representing physicians, nurses and administrators at the clinical Center.

In this study, the alternative systems were hypothetical systems with varying levels of automation, from the stand – alone ancillary service system to the totally automated hospital system with research and data management capabilities. The findings were that (MIS) medical information system provides greater benefits than less automated alternatives, that the value of the benefits it provides exceeds the costs of the system and that the net values of MIS are, in turn smaller than those of the more automated alternatives considered.

CHALLENGES IN EVALUATING AUTOMATED SYSTEMS :

Nurses are increasingly involved in selecting, implementing and evaluating automated information systems that impact their administration of clinical functioning. It is important to analyze when cost – effective and cost – benefit analysis will be appropriate. The richer a system is interms of a structured, retrievable data base and data manipulation capabilities, the more expensive it will be and harder it will to assign a dollar. These benefits will include greater timeliness and accessibility of information, better decisions about patient care because of automated system, monitoring of patient care processes and a rich researchable data base. A system must have these capabilities recognize that the burden will be upon us to exploit the capabilities fully, document benefit and justify the expenses.

COSTEFFECTIVENESS OF CONTINUOUS EDUCATION :

At an ever increasing rate, continuing education is being used as a hedge against professional obsolescence. Rapid advances in health related scientific and technological knowledge, changing social attitudes and expanding practice opportunities require nurses to regularly enhance and update their knowledge and skills.

DEFINITIONOFCONTINUING EDUCATION :

Continuing education in nursing, "In defined as planned educational activities intend to build upon the educational experimental base of the professional nurse for the enhancement of practice education and administration, research of theory development to the end of improving the health of the public" (Neeraja K.P., 2003)

NEED FOR CONTINUING EDUCATION:

- Rapid advances in health related scientific and technological knowledge
- Changing social attitudes
- Expanding practice opportunities
- Continuing education can accomplish improvements institutional goals at a reasonable cost.

COST EFFECTION ANALYSIS (CEA)

The aim of the administrator on a fixed budge is to maximize the value of all outcomes relative to costs Cost effectiveness analysis helps by identifying and where possible all costs and benefits involved in various course of action. The are two types of analysis.

1. Prospective analysis
2. Retrospective analysis

1. PROSPECTIVE ANALYSIS

Helps administrators make judgments about the overall desirability of a given course of action as compared with other courses of action that would complete for the same funds and resources. The analysis comprises the following steps.

- Identification of goals and objectiveness to be achieved
- Identification of feasible course of action for achieving goals.
- Identification and measurement of costs of each alternative (E.g. Opportunity costs)

- Development of models that trace out the potential impact of each alternative.
- Setting of a criterion involving both cost and benefits that will identify the alternative.

2. RETROSPECTIVE ANALYSIS:

To develop the needed history for using CEA a planning tool, a modified version of the above steps can be applied to past programs and in limited way to current program.

Identify the previous programs:

- Goals and objectives
- Resources used to meet them
- The effect of the resources
- Efficiency in meeting goals, objectiveness

COST SIDE OF THE RATIO:

Continuing education costs may be analyzed in terms of departmental costs associated with program production or interms of total department costs. They are

1. LABOR COSTS

Shipp describes three types of labor costs associated with continuing education departments direct, indirect and unassigned.

Direct labor cost – these are those incurred when some one is paid for work that is directly related to a given course offering they are faculty who plan and teach courses, faculty who help in program and audio visual experts.

INDIRECT LABOR COST :

- Some what harder to identify
- These are associated with programmed development but may be difficult to relative to specific offerings.
- Indirect labors are secretaries, continuing education director,departmental administrator.

2. MATERIAL COST : They are two types

a. Direct material cost

b. Indirect material cost

a. Direct material Cost -Includes duplication, Promotion, rentals, folders, bags, hand outs and course specific software

b. Indirect material costs -Includes indirect labor costs are associated with program

production in general but may not be able to be related to a specific course offering for eg. Kits, audiovisual hardware and software, poster display boards and lines may be assigned to the programs.

3. OVERHEAD : Refers to costs originating outside the department that are charged back as the department's share of the general organizational costs. Items commonly considered as part of overhead are salaries of the organization's top officers, maintenance of facilities, heat lights, power and takes. Over head costs are fired cost and continue regardless of the production level, whereas direct labor and direct materials costs are variable costs ie they vary directly with the level of production.

4. NON-DEPARTMENTAL COSTS

In addition to all above costs continuing education programs also generate non – departmental costs. This is a crucial consideration at the institutional level where administrators have to decide whether continuing education or some other activity can maximize institutional outcomes.

PROBLEMS IN COST IDENTIFICATION

The continuing educator who tries to encounter the problems which are not under their controls.

- Difficult to find out through and accurate cost data
- Cost that are shared with other department may hard to break down
- Organizational overhead rates may to illegal or non existent.

BENEFITS

Benefits can be defined as those goods which accrete to a person, institution or society is a result of investment of resources in a particular project. Benefits are analyzed through thoughtful opinion and evaluation.

COST EFFICIENCY

Programs can become more or less efficiency overtime certain learner variable can affect efficiency. Educational level, age internet, work setting or awareness of need may have implication for how efficiency a desired outcome can be produced.

Improving efficiency may mean

- Getting better results for the same cost
- Getting the same results for a lower cost
- Getting results for a lower cost.

APPLICATION OF COST EFFECTIVE ANALYSIS

CEA can help maximize the usefulness of resource for achieving any chosen goal. The values in the CEA can be manipulated in any way that reflects the goals and objectiveness of the continuing education provider.

SUMMARY

So far we have discussed about the introduction, cost effectiveness of computation – definition, uses of computers, CEA and CBA in nursing system, challenges in evaluating automated system. Cost effectiveness of the continues education – definition of continuous education, need for continuing education, cost effective analysis.

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HEALTH ECONOMICS

INTRODUCTION

Basic factors for the prosperity and wealth of India are its natural resources and extensive manpower our country is sufficiently rich in natural resources, the full development and exploitation of which can price the way of progress for Indian population.

DEFINiTION

Health economics or economics of health is an economic system related to medical, health and family welfare service. In our religious test, there are references regarding many customs and concepts related to the wealth of health, body without any diseases and immortality.

Methods of maintaining health with the help of available natural remedies are above mentioned. Here health economics is a broad concept the following included in this.

- Health polices
- Health statistics
- Health budget and per capita health expenses
- Health Resources / Achievement / foreign aid.
- Evaluation of the results of health poleis and programmer.
- National health programmers and health education.

This all financial management related to health is components of health economics.

SOME ASPECTS RELATED TO HEALTH ECONOMICS

National health policy:

Under this, health for all, National population policy, Medicine policy and financial aspect of Natural health goals are included. In this, expenses for preventive and creative services and obo expenses at the primary, secondary and territory level of health cause, are included.

Health Statistics and budget:

Under this, revenue of health sector. Financial provisions, estimates of income and expenses And the health budget of the nation are included the expenditure on health, family welfare, water and sanitation in the eighth plan (1992-1997) was 79,800 crores rupees. In the IX plan (1997-2002) provision of 14 968 crores was made only for family planning. In X plan (2002-2007) a sum of Rs 27125 crores has been kept for family welfare.

Expenses on health:

For medical facilities in three tire health are infrastructure of primary health was, availability of workers and the projects estimates of future.

Quantitative evaluation of health services:

For evaluation in the health sector, cost benefit analysis, cost effective analysis etc., can be used. Generally the result of expenses made for health can be clearly understood with the help of health indicators.

Similarly, expenses made on national health programmers and health education, aid provided by foreign agencies and contribution made by the nongovernmental organizations are also important components of health economics.

Conclusion:

Health care economics studies the production, distribution and consumption of health was goods and services to maximize the use of scarce resources to benefit the most people. Health care is funded through public and private sources.

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Critical Pathways

Critical pathways, also known as critical paths, clinical pathways, or care paths, are management plans that display goals for patients and provide the sequence and timing of actions necessary to achieve these goals with optimal efficiency. As competition in the healthcare industry has increased, managers have embraced critical pathways as a method to reduce variation in care, decrease resource utilization, and potentially improve healthcare quality. Cardiovascular medicine in particular is an area in which critical pathways have been embraced. This is due in part to the high volume and high cost associated with cardiovascular diseases and procedures. In addition, the relatively mature guideline process has also contributed to the growth in use of critical pathways in cardiology.

Although anchored in clinical guidelines, the critical pathway is a distinct tool that details processes of care and highlights inefficiencies regardless of whether there is evidence to warrant changes in those processes. Clinical guidelines, on the other hand, are consensus statements that are systematically developed to assist practitioners in making patient management decisions related to specific

clinical circumstances.[2] Although clinical guidelines can and should be used in pathway development, the majority of processes included in a pathway have not been rigorously tested and are generally not addressed in guidelines. Another term that should also be distinguished from critical pathways is clinical protocols. Protocols are treatment recommendations that are often based on guidelines. Like the critical pathway, the goal of the clinical protocol may be to decrease treatment variation. However, protocols are most often focused on guideline compliance rather than the identification of rate-limiting steps in the patient care process. In further contrast to critical pathways, protocols may or may not include a continuous monitoring and data-evaluation component.

Critical pathway techniques were first developed for use in industry as a tool to identify and manage rate-limiting steps in production processes. In industry, any variation in production process is suboptimal. Thus, by defining the processes and timing of these processes, managers could target areas that were critical, measure variation, and try to make improvements. Once steps were taken to improve the process, there would be a remeasurement. In time, variation would decrease, the time it took to complete the pathway would decrease, costs would decrease, and quality of production would improve.

When applied to health care, the technique of critical pathways has obvious concerns. First, unlike in manufacturing, not all variation in patient care is negative. Individual patient factors may contribute to variation that cannot and should not be controlled by the system. For example, if postoperative extubation occurred within a prespecified time period based on a pathway, there would be early extubations with potential for harm. Also unlike in manufacturing, in which the products are standardized, patients are different and may not fit within a pathway. Second, there exists concern that streamlining care may have a negative impact on patient outcomes. For example, if a care pathway suggests a 2-day stay in the cardiac care unit, a provider may alter care against his or her best judgment to stay within the plan. Finally, physicians have objected to "cookbook medicine" and have felt an erosion of professional autonomy with the critical pathways. Without physician support of the pathway, it is unlikely to achieve any of the stated cost-saving or quality goals.

Despite these obvious limitations, the use of critical pathways is being embraced in many systems. Although designed as a tool for both cost savings and improved quality of care, it is the former that has been emphasized by managers. Interest in critical pathways has increased because anecdotal reports of cost savings have been disseminated. These reports are best described as case studies and in general have not followed careful study designs. Implementation of the care pathways has not been tested in a scientific or controlled fashion.[7 8 9] No controlled study has shown a critical pathway to reduce length of stay, decrease resource use, or improve patient satisfaction. Most importantly, no controlled study has shown improvements in patient outcome.[3]

Lack of careful evaluation has not limited the development and implementation of critical pathways in multiple healthcare settings. It is important for cardiovascular practitioners to understand

the goals, development, and implementation of critical pathways. In addition, physicians must take an active role in the development of critical pathways. By understanding the strengths and limitations of the critical pathway process, physicians and other practitioners can ensure appropriate use of these methods. In a review of critical pathways, Pearson et al[1] examined the goals of critical pathways, optimal pathway development, and implementation strategies.