

Health Financial Statement

Student's Name:

Institutional Affiliation:

Health Financial Statement

Financial reports are essential in healthcare organizations. They are created or put together to assess and track how much money these organizations are making or losing (Griffin & Mahajan, 2019). Many organizations have outside investors, shareholders, owners, board members, or lenders who need information in financial reports and have the right to know if their money is spent wisely or there are profits. Without these reports, the progress cannot be recognized. The most crucial benefit of evaluating healthcare organizations' financial statements is that they permit the management to make strategic decisions that may support growth and long-term profitability (Grocott & Ludbrook 2019). The balance Sheet exposes the organization's health.

The following is a financial statement for Hospital X for the year ended on September 30th, 2019.

Unrestricted Revenues

Net patient revenue (the net of prescribed allowances)	\$720000
Provision for the bad debts	7000
Net patients service incomes less provision for the bad debts	713000
Net assets out from the restriction	220000
Total revenues	933,000

Operating revenues

Labor cost	444000
Supply cost	144000

Depreciation outflow	65000
Interest cost	10000
Total operating costs	67000
Excess of profits over costs	20000
Increase in the unrestricted net assets	20000

There is a statistically significant relationship between the hospital financial cost and the quality of care. Hospital productivity, financial leverage, asset liquidity, operating efficiency, and the costs seem to be significant factors of healthcare quality (Magoutas, Chountalas & Konstantinidou 2017).

Following the financial statement, one of the factors that may be negatively impacting the quality of care is the amount set for the bad debts. Bad debts lead to high deductible health plans that may have a more significant portion of the patient's financial burden rather than the payer. Analyzing the unrestricted revenues and the operating revenues, there is a significant negative margin. An appropriate facility should produce higher revenues as compared to the unrestricted

revenue. Therefore, in this case, higher consolidated revenue is another factor that impacts the quality of care.

References

Griffin, R. A., & Mahajan, S. (2019). Financial Statement Analysis. *Finding Alphas: A*

***Quantitative Approach to Building Trading Strategies*, 141-148. Retrieved from**

<https://onlinelibrary.wiley.com/doi/abs/10.1002/9781119571278.ch19>

Grocott, M. P., & Ludbrook, G. L. (2019). An economic evaluation of rehabilitation: a true return

on investment?. *British Journal of Anaesthesia*, 123(6), 710-712.

Magoutas, A., Chountalas, P., & Konstantinidou, C. (2017). The effect of financial factors and

firm size on the profitability of greek-private healthcare organizations in times of

economic crisis. *European Journal of Economics, Finance, and Administrative*

***Sciences*, 95, 118-129. Retrieved from**

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3115733