

Institutional Foreword

It should come as no surprise to our readers that the nation faces a financial crisis in healthcare. Currently, the United States spends nearly 16% of the world's largest economy on providing healthcare services to its citizens. Another way of looking at this same information is to realize that we spend nearly \$6,500 per man, woman, and child per year to deliver health services.

And, what do we get for the money we spend?

This is an important policy question and the answer is disquieting. Although the man and woman on the street may believe we have the best health system in the world, on an international basis, using well-accepted epidemiologic outcome measures, our investment does not yield much! According to information from the World Health Organization and other international bodies, the United States of America ranks somewhere towards the bottom of the top fifteen developed nations in the world, regarding the outcome in terms of improved health for the monies we spend on healthcare. From a financial and economic perspective then, it appears as though the 16% of the GDP going to healthcare may not represent a solid investment with a good return.

It is then timely that our colleagues at the *Institute of Medical Business Advisors, Inc.* have brought us their work: *Financial Management Strategies for Hospital and Healthcare Organizations: Tools, Techniques, Checklists and Case Studies*.

Certainly, this textbook is not for everyone. It is intended only for those physicians, nurse-executives and administrators who understand that clinics, hospitals and healthcare organizations are complex businesses, with advances in science, technology, management principles and patient/consumer awareness often eclipsed by regulations, rights, and economic restrictions. Navigating a course where sound organizational management is intertwined with financial acumen requires a strategy designed by subject matter experts. Fortunately, *Financial Management Strategies for Hospital and Healthcare Organizations: Tools, Techniques, Checklists and Case Studies* provides that blueprint. Allow me to outline its strengths and put it into context relative to other works around the nation.

For the last two years, the research team at iMBA, Inc., has sought out the best minds in the healthcare industrial complex to organize the seemingly impossible-to-understand strategic financial backbone of the domestic healthcare system. The book, a follow-up companion to their *Hospitals & Health Care Organizations [Management Strategies, Operational Techniques, Tools, Templates, and Case Studies]*, is organized into three sections, with 12 chapters, in order to appropriately cover many of the key topics at hand. It has a natural flow, starting with Costs and Revenues, progressing to Clinic and Technology, and finishing with Institutional and Professional Benchmarking.

Section 1 on Managerial Medical Cost Accounting Structure, Models and Behavior, Understanding Medical Activity Based Cost Management, Lean Hospital Materials Processes and Thru-Put Costs in an Increasingly Tightened Economic Market, and most especially Managing and Improving the Hospital Revenue Cycle Process, has broad appeal and would be of interest to hospital CEOs, physician-executives and clinic administrators, CFOs and comptrollers.

Section 2 on the Clinical and Financial Features of Health Information Systems, Community and County Mental Health Programs of the Future, and Internal Audit Control Measures for Medical Practices and Clinics has great appeal to CXOs COOs, psychiatrists, psychologists, health fraud and control auditors, and forensic accountants.

Section 3 continues in a well-organized theme, progressing from Investment Policy Statement and Benchmark Construction for Hospital Endowment Fund Management, Valuations of Hospitals in a Changing Regulatory Environment, and Research and Financial Benchmarking in the Healthcare Industry. This section would be of greater interest to those in the financial services industry, health economists and analysts, financial advisors, CFAs, CMPs™, wealth and portfolio managers, and business valuation experts.

Every day colleagues ask me to help explain the seemingly incomprehensible financial design of our healthcare system. This volume would go a long way toward answering their queries. I also believe it would be appropriate as a textbook and reference tool in graduate level courses taught in schools of business, public health, health administration, and medicine. In my travels about the nation, many faculty members would also benefit from the support of this volume as it is nearly impossible, even for experts in the field, to grasp all of the rapidly evolving details.

On a personal level, I was particularly taken with The Early Promise of Health 2.0 to Enable Wellness, Improve Care, and Reduce Costs in Support of Population Health Management chapter, in Section 2, as it brought back enjoyable memories of my work nearly twenty-five years ago at the Wharton School, on the campus of the University of Pennsylvania. There, I was exposed to some of the best economic minds in the healthcare business and it was a watershed event for me forming some of my earliest opinions about the healthcare system. Congratulations to all authors, but this one in particular deserves specific mention. As a board member for a major national integrated delivery system, I am happy that there appears to be a greater interest in the intricacies of Population Health on the financial side of the ledger.

In summary, *Financial Management Strategies for Hospital and Healthcare Organizations: Tools, Techniques, Checklists and Case Studies*, represents a unique marriage between the *Institute of Medical Business Advisors, Inc.*, and its many contributors from across the nation. As its mission statement suggests, I believe this interpretive text carries out its vision to connect healthcare financial advisors, hospital administrators, business consultants, and medical colleagues everywhere. It will help them learn more about organizational behavior, strategic planning, medical management trends and the fluctuating healthcare environment; and consistently engage everyone in a relationship of trust and a mutually beneficial symbiotic learning environment.

Editor-in-Chief and healthcare economist Dr. David Edward Marcinko MBA CMP™ and his colleagues at the *Institute of Medical Advisors, Inc* should be complimented for conceiving and completing this vitally important project. There is no question that *Financial Management Strategies for Hospital and Healthcare Organizations: Tools, Techniques, Checklists and Case Studies* will indeed enable us to leverage our cognitive assets and prepare a future generation of leaders capable of tackling the many challenges present in our healthcare economy.

My suggestion therefore, is to “read it, refer to it, recommend it, and reap.”

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