

Cost management is the scientific, methodical and process driven buzz word for sustainability in healthcare industry

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Medi Q Healthcare Group*

DUBAI, UNITED ARAB EMIRATES, March 18, 2020 /EINPresswire.com/ -- Financial sustainability will be endangered for high-cost model hospitals



The Cost Diagnosis

The medical industry is always advancing the accuracy of diagnosis for better treatment. A transition from a 64 slice CT scan to 128 and then 256 to 320 slice CT scan produces enhanced diagnosis capabilities. However, when it comes to financial health, industry perception still lies in traditional approaches to cost reduction measures. Occupancy and ARPOB is the yardstick and EBIDTA is targeted with a top-down approach.



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Bidhan Chowdhury

Now, the transformation has begun with different price capping mechanisms globally, whether its DRG prices in the US and the Middle East or GIPSA and Ayushman Bharat price capping in India, insurance and government authorities are dwindling hospital revenues. Patient prices will not be driven by market competition. Providing quality healthcare with constantly increasing cost and competition will be challenging. Financial sustainability will be endangered for high-cost model hospitals.

Governments, as well as Hospitals, are juggling to maintain a balance between Hospital survival and affordable Quality Health services. Futuristic hospitals and insurance companies are thriving for sustainable and scientific solutions. Critical financial health is demanding detailed and advance diagnosis.

The solution lies in changing the perception of healthcare management. Like any other industry, healthcare has to switch its profitability management on a bottom-up approach i.e. Cost. Total Cost of care for each patient and each procedure is vital for DRG pricing. A Hospital having real-time cost data for its each and every patient and service can claim better pricing from the insurance companies if they have scientific cost management in place. Accuracy of diagnosis of underutilized resources and non-value added activities can lead the health system towards a

cost-effective entity.

Currently, most health system leaders manage utilization, cost, and revenues at the department level (Financial Accounting). Departmental and charge item cost data may be helpful to run a department, but it is no way to run high-performing health, in the long run. Physicians make ordering decisions at the patient level; hence, if clinical and operational behaviours are to be monitored and modified, cost and profitability analysis must also occur at the patient and service line level. Knowing the cost is important but knowing the accurate cost is more critical for decision making. Activity-based costing is the internationally acclaimed solution for health service costing upto maximum accuracy.

Benefits of Service Line Costing & Profitability Analysis

Shifting the business decision from financial accounting (department-level) to cost accounting (patient-level) renders more useful profitability information, answering questions such as:

What level of resources (inputs) has historically been consumed to deliver patient care (outputs)?

What do these resources cost when a product or service is delivered?

Are Revenues covering Costs?

What are the drivers of these costs?

Variability in Cost of Care for Hospitals? Physicians? Patient Types?

Costs for Episodes of Care & Continuum of Care (Claims Analysis)?

Costs by Family Unit? Geographic Zone? Age Group?

Profit by Payer, Service Line, Patient Type, Physician, DRG, Procedure, Diagnosis

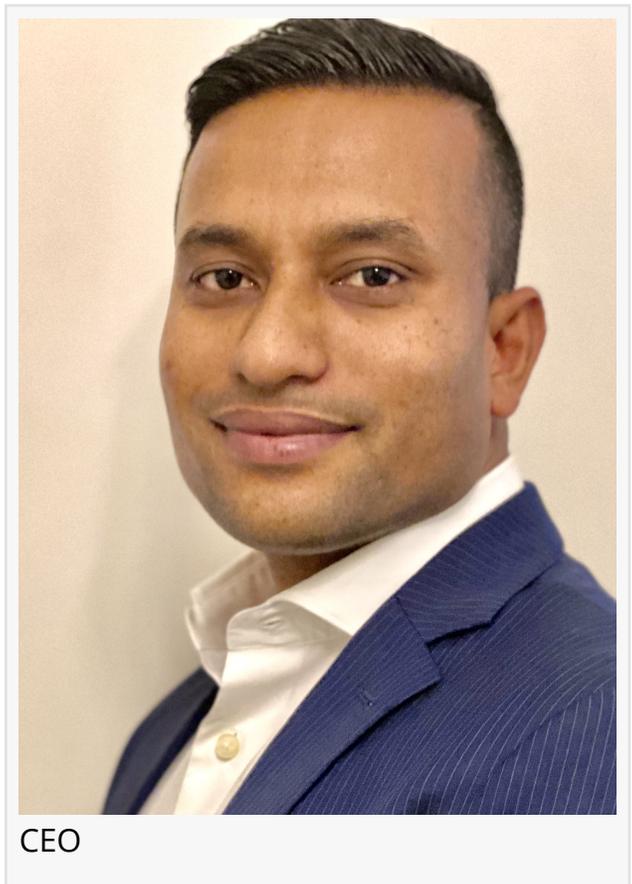
Volume to Value-Based Management

When expertly implemented, the design of a cost accounting system is a decidedly interactive process, involving contributions from both clinical and financial leaders. This results in more accurate and trusted data, and therefore a high level of adoption throughout the health system.

The evolution from volume to value-based healthcare management and DRG pricing can lead to the sought-after harmonious goals of financial sustainability AND improved patient outcomes. This can only be achieved using advanced costing methodologies to produce an accurate accounting of the true cost of care at the procedural, patient, service line, and DRG levels. Australian public healthcare has widely implemented the activity-based costing for optimum utilization of its health resources and the success of its public health system is an illustration for all over the world. It is high time for Middle-east to adopt Service line Costing as the base of its Health Economy.

BETTER THE DIAGNOSIS, BETTER THE TREATMENT!

Medi Q Healthcare Group is a distinguished name in the Healthcare Industry offering customized products and services catering to all segments in healthcare across the globe. Costing experts, Ms. Christie Scanlon and Ms. Latesh Sen, both seasoned CMA with more than 22 years of experience, have designed various cost models and strategic pricing structures for health



CEO

systems other than automation of healthcare cost accounting systems in many hospitals. Mr. Bidhan Chowdhury, a well experienced healthcare business leader with proven track record of delivering profitable business growth & successful new alliances at leading healthcare companies in India and Middle East is the CEO of the Group.

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