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ANALYSIS OF THE IMPORTANCE OF BUDGET REVENUES AND EXPENSES TO THE CLINIC
HOSPITAL OF EMERGENCY FOR CHILDREN SF. IOAN GALATI

ANALYSIS OF THE IMPORTANCE OF BUDGET REVENUES AND EXPENSES TO THE CLINIC HOSPITAL OF EMERGENCY FOR CHILDREN SF. IOAN GALATI

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Rezumat

În perioada de tranziție spre economia de piață, odată cu mutațiile în celelalte sectoare ale vieții politice, economice și sociale și în sectorul public medical au loc restructurări și transformări, ceea ce impune existența unor funcționari publici de un înalt profesionalism, cu o pregătire de specialitate, dar și în domeniul managementului, corespunzătoare. În același timp, managementul public performant presupune și o nouă viziune asupra rolului instituțiilor publice în societatea românească. Sistemul serviciilor de sănătate din România de până în 1989, care nu a suferit nici după 1990 modificări substanțiale, a fost inspirat la apariția sa (la sfârșitul anilor '40 și în anii '50) din modelul sovietic, având însă similitudini și cu sistemele existente în unele țări din Europa de Vest – Marea Britanie, țările nordice. Examinarea critică a finanțării, organizării și funcționării sistemului serviciilor de sănătate scoate în evidență, pe lângă neajunsurile sale, și o serie de avantaje. O asemenea perspectivă este extrem de importantă pentru ceea ce se dorește a fi în viitor asistența medicală și a apărut în ultima vreme tot mai evidentă în lucrările de specialitate elaborate mai ales în mediile academice, ale experților și consultanților occidentali chemați să propună soluții de schimbare.

Cuvinte cheie: management, instituție publică, schimbare, buget, finanțare.

Abstract

During the transition towards the market economy, once with the mutations in the other sectors of the political, economic and social life in the public medical sector are having place reorganizations and transformations, which requires the existence of some public functionaries of high professionalism, with a specialized training, but also in the domain of management. At the same time, the competitive public management includes a new vision on the role of public institutions in the Romanian society. The system of health services from Romania from until 1989, which hasn't suffered not even after 1990 substantial changes, was inspired from its appearance (at the end of the '40 and '50) of the Soviet model, but having similarities and with the existing systems in some countries from Western Europe – UK, the Nordic countries. The critical examination of the financing, organization and functioning of the health services highlights, beside its shortcomings, and a number of advantages. Such a perspective is extremely important for what it's desired to be in the future the healthcare and lately appeared more evident in the works of specialty developed especially in the academic circles, of the experts and western consultants called to propose solutions of change.

KEY WORDS: management, public institution, change, budget, finance

JEL Classification: M12, J21, P36

1. INTRODUCTION

During the transition towards the market economy, once with the mutations in the other sectors of the political, economic and social life in the public medical sector are having place reorganizations and transformations, which requires the existence of some public functionaries of high professionalism, with a specialized training, but also in the domain of management. At the same time, the competitive public management includes a new vision on the role of public institutions in the Romanian society (Cornelia, 2008)

2. METHOD OF RESEARCH

Method of research: the economic analysis of the medical system to identify the ways of determining the necessary of expenditure in order to identify the sources of funding, establishing the budget.

3. NEGOTIATION OF THE BUDGET OF REVENUE AND EXPENDITURE

The project of the revenue and expenditure budget prepared by titles, articles, paragraphs of medical expenses for the basic medical services on indicators are negotiated by the President of the Management Board and the General Director with the leadership of the insurance house of health with which it ends the supply contract of medical services. The negotiation between the management of insurance house of health and of public health institution must ensure the harmonization of the views about the proper sizing of incomes and of possibilities of contracting the necessary medical services to insured persons (Blandu, 2005a). The budget of revenue and expenditure of the public health units approved under the law by the Board Council and is being authorized by the secondary officer of credits, respectively Public authority of Health Galati.

4. STRUCTURE OF THE BUDGET OF REVENUES AND EXPENSES

The incomes consists from the own revenues and from the received amounts with special destination.

The expenses shows separately for the financed activity from own revenues and separately from activities financed from the local budgets, from the budget of the Unique National Fund of social insurance of health and from the state budget.

The public health unit expenditures, approved in the incomes and expenses budget is made in the limit of the achieved revenues.

- a) Personnel Expenses

The number of posts, their structure and the personnel expense are approved as an annex to the budget of revenues and expenditures of the public health unit, with framing in the maximum limits approved under the law, according the approved lay-out by the Order 1345/12.12.2005.

As a general rule, the number of employees must be strictly correlated with the necessary labor for realizing the medical services and of the other activities related by granting the medical act, aiming at optimizing the efficiency of medical and paramedical services, rationalization the utility services, their outsourcing, such as and other measures, in the case in which is realizing services of better quality and with lower costs

b) Expenditures for goods and services

The expenditures for materials and services are anticipated on the subdivisions of budgetary classification, respective expenditures with medicines and sanitary materials, with the food of the patient appropriate to the approved nutrition benefits, benefits services by the third parties, other expenses, according to the law.

c) Capital expenditures

For the capital expenditures it will be prepared the list of investments that will follow to be financed during the year, which are approved in the same time with the budget of incomes and expenses of the public health unit.

The lists of investments are made according to the Order of Finance Ministry no. 2.487/1996 for approving the Methodological Norms concerning the financing of the public institutions trough the state treasury, published in the Official Gazette, Part I, no. 355 from 30 December 1996, modified and completed trough the Order of Finance Ministry no. 1.169/1997, published in the Official Gazette of Romania, Part I, no. 134 from 30 June 1997, OMF no. 980/2005 for approving the methodological norms concerning the criteria of evaluation and selection of the public investment objectives and of the Order MS no. 1099/2005 for approving the norms concerning the allocation of the funds for investments and criteria of evaluation and selection of the investment objectives in the sanitary sector, Law 95.

From the funds with special destination are anticipated expenses depending by the financing source, as follows:

The approved amounts from the state budget for expenses related to some destinations for which were allocated, thus:

- expenses for carrying out the health programs (personnel expenses, materials, and services of capital)
- expenses for the function of a unit without legal personality from the hospital structure (staff expenditures for school compartment)
- capital expenses for the expertise, designing and enhancing buildings and for purchasing the equipment of high performance.

The amounts approved from the local budgets to finance some maintenance costs and household, reparations, consolidations, expansion and completion of the construction of the public health unit of county interest, and other expenses provided by law (Blandu, 2005b).

Expenses representing the value of medicines and of the specific sanitary materials related to the national health programs, purchased by auction at the national level, distributing the public health unit without payment of National House of Health Insurance from the Unique National Fund of social Insurance of health.

TABLE1. ECONOMIC INDICATORS

Budgetary previsions approved according to the budget of revenues and expenses, of which:	2005	2006	2007
Personal	67%	59%	60%
Materials	33%	31%	30%
Capital	0%	10%	10%/
Realized expenditures (budgetary execution)- total sources of financing of which:			
Personal	71%	59%	68%
Materials	26%	31%	24%
Capital	3%	10%	6%
Structure of expenditures according to the income sources			
Own revenues from the contract with CJAS/CNAS	94%	80%	72%
State budget	1%	3%	21%
Local budget	1%	8%	5%
Other own revenues – of which			
- donations and sponsorship	0%	1%	1%
- medical services on request	4%	8%	1%

From the above analysis is found a slight decline of the expenditure share of personnel although in the last 2 years were recorded significant increases of the wages and significant employing of medico-sanitary personnel so necessary for a good development of the medical activity.

Another significant increase was of the capital expenditure. This thing is easily seen in hospital by lot rehabilitations that were made in the last 2 years in hospital - rehabilitation departments: surgery, I

pediatrics, ENT, UPU, administratively, ATI- partially, operational block – partially, CSM, partially recovery department (Enachescu and Marcu, 1994)

Also is found an increasing share of other sources of funding in total revenues. This makes the hospital not to be dependent of only one source of funding respectively – County House of Social Insurance of Health. The presence of other sources of funding makes to increase the hospital revenues and as a result improves the quality of medical act.

5. ESTABLISHING OWN REVENUE SOURCE

- a) Incomes from the contracts with the homes of social insurance of health for the provision activity of supplying of the medical services in accordance with the provision of medical services, of the other benefits and of service contracts that will be completed, including of the additional acts to those, having as a reference level the realizations estimated for the current year, increasing or reducing the capacity of the unit to provide medical services, the inflation degree forecasted by the empowered institutions, new sources of income, etc (Plumb, Adroniceanu and Abaluta, 2003)
- b) Other incomes, based on the estimations concerning:
 1. the established incomes on the basis of the closed contracts with third parties for various benefits;
 2. the services provided to individuals on request;
 3. the incomes from rents, concessions, investment association;
 4. other incomes:
 - incomes from the approved amounts from the local budgets to cover some costs prescribed by law;
 - incomes approved from the allocated amounts from the state budget for health programs, measures of health, medical equipment of high performance and other expenses which are based on the developed rules for this purpose;
 - donations and sponsorships of a general character or special destination.

TABLE 2. THE EVOLUTION OF THE HOSPITAL REVENUE IN THE LAST 3 YEARS – THE ECONOMIC- FINANCIAL OF THE YEARS
 2005- 2006- 2007

Sources of funding	2005	2006	2007
- the budget of the fund of social insurance of health	9.512.046	11.923.461	13.203.005
- state budget	175.657	2.209.021	3.875.238
- local budgets	29.988	518.738	922.697
- own revenue	381.813	152.909	195.025
- donations and sponsorships	11.398	11.300	19.201
TOTAL	10.110.902	14.815.429	18.215.166

Is found a increase of the revenues therefore with 47,4% in 2006 compared to 2005; with 24,5 % in 2007 compared to 2006.

We mention that as it is observed it has increased both the approved amounts from the House of Health for the provided services, but and the amounts received from the state budget for financing the health programs and of health actions, investments in hospitals, capital reparations, etc.

A significant decrease is the own revenue, revenue which are made both from medical services and incomes from renting spaces with approval of the Ministry of Health

TABLE 3. THE EVOLUTION OF THE HOSPITAL REVENUE IN THE LAST 3 YEARS – THE ECONOMIC- FINANCIAL OF THE YEARS
 2005- 2006- 2007 (PERCENTAGE)

Source of funding	2005	2006	2007
- the budget of the fund of social insurance of health	94,07%	80,48%	72,48%
- state budget	1,74%	14,91%	21,27%
- local budgets	0,30%	3,50%	5,06%
- own revenue	3,77%	1,03%	1,07%
- donations and sponsorships	0,12%	0,08%	0,10%
TOTAL	100%	100%	100%

TABLE 4. ANALYSIS OF THE HOSPITAL REVENUE FROM THE CONTRACTS WITH THE HOUSE OF HEALTH INSURANCE ON TYPES
 OF SERVICES IN THE YEAR 2005- 2006- 2007

The degree of fulfilling of the contracted indicators with the House of Health Insurance, in 2005	Achieved amount 2005	Achieved amount 2006	Achieved amount 2007
THE VALUE OF THE SERVICES - TOTAL	9.512.046	11.923.461	13.203.005
The contracted amount related to hospital medical services whose payment is done on the base of tariff on solved case	8.241.750	9.614.990	11.188.471

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(DRG)			
Diabetes program	-		1.116
Hospitalization on day		57.755	85.057
Outpatient of specialty		510.533	762.861
B.F.T.		122.660	151.301
The contracted amount for the hospital medical services provided for acute affections in hospitals, as well as and for hospital medical service provided in the sections and departments of acute from the chronic hospitals and of RECOVERY	552.096	597.124	604.320
The amount contracted for medical services performed in structures of urgent receiving UPU	349.081	517.641	Finance state budget
The contracted amount for outside of clinic investigations performed in ambulatory regime	47.699	301.567	210.933
The contracted amount for the resident personal costs payment	45.439	13.680	Finance state budget
Contracted amount for the medical service performed in the hospital of day DYALISIS	272.714	186.958	198.946
Contracted amounts for the payment of the personnel expenses related to medics and the other sanitary personnel which provides medico-sanitary services, in the units or sections of hospital with recovery profile NPM	3.267	553	Finance state budget

Analyzing the above data is found 2 issues:

In the first time is found a substantial increase of the revenue for the various funding sources until the end of 2006.

This thing allowed that at the end of the year, the Emergency Clinical Hospital for Children " Saint Ioan" to not record any dept for any supplier, including for medicines and sanitary materials.

To mention is the fact that even the debts at drugs, sanitary materials and reagents aren't paid at 90, respective 60 days, but no later than 30 days.

One of the obvious things analyzing the two budgets of the year 2005 and 2006 is the fact that once with the increasing incomes has increased and the expenses. In fact the financial resources have allowed the purchase of soft inventory, of tools, a improved menu, materials and sufficient dugs.

Also the subsidies from the state budget allowed the rehabilitation of UPU structure with ultra modern equipment with financing from World Bank, as well as and the acquisition of new medical devices (iontoforeza device, spirometer, lamp of phototherapy and electroencephalograph)

Another problem is the modification of the provided medical services structure. The biggest change is the modification of funding the emergency services, residents medics, of the cabinets of infectious

diseases, laboratories of mental health, which starting with 01 January 2007 have passed with financing from the state budget.

Relief of the Health insurance budget, of their pressure of these expenditures resulted to an increase of revenues by increasing the tariff of weighted case, which leads to an increase of the quality of provided medical services.

6. DIMENSIONING THE EXPENDITURE

Is made on the basis of analytical calculations for each article and paragraph of expenditure, taking into account:

- a) the estimated expenditures of the current year;
- b) the limitation of all categories of expenditures to the minimum necessary;
- c) ensuring of fulfilling the assumed obligations trough the contract concerning the medical services concluded with the House of Health Insurance and trough other contracts;
- d) ensuring the rights of the patients;
- e) ensuring the rights of personnel to the own employees and of the necessary conditions of functioning the sanitary unit in terms of efficiency and effectiveness;
- f) establishing a good management of the public funds

TABLE 5. ANALYSIS OF HOSPITAL EXPENSES FOR ALL THE SOURCES OF FUNDING – YEAR 2005

	Budget	Payments	Expenditure	Percent expenditure
Personnel expenditure	8.131.510	8.034.970	7.597.707	71,14%
Material expenses	3.823.633	3.093.159	2.746.257	25,72%
Of which medicines	828.309	712.831	570.316	5,34%
Investment expenditure	35.088	35.024	335.511	3,14%
TOTAL	11.990.231	11.163.153	10.679.475	100%

TABLE 6. ANALYSIS OF HOSPITAL EXPENSES FOR ALL THE SOURCES OF FUNDING – YEAR 2006

	Revenue	Payments	Expenditure	Percent expenditure
Personnel expenditure	9.291.283	8.504.891	9.200.044	69,02%
Material expenses	3.339.423	3.023.595	3.052.946	22,90%

Of which medicines	1.056.713	964.425	965.102	7,24%
Investment expenditure	80.589	80.589	1.075.973	8,08%
TOTAL	12.711.295	11.609.075	13.328.963	100%

TABLE7. ANALYSIS OF HOSPITAL EXPENSES FOR ALL THE SOURCES OF FUNDING – YEAR 2006

	Revenue	Payments	Expenditure	Percent expenditure
Personnel expenditure	12.147.435	11.764.341	11.891.968	68,70
Material expenses	6.008.198	5.226.006	4.308.530	24,89%
Of which medicines	1.711.299	1.031.557	972.750	5,62%
Investment expenditure	1.819.692	1.605.388	1.109.740	6,41%
TOTAL	19.975.325	18.595.735	17.310.238	100%

The 2006 year brought a substantial improvement of the revenues both in financing by cases DRG from CJASS and at financing from the County Council for capital repairs and from the Ministry of Health for the health programs and health actions.

They also, increased their own income of the sanitary unit from rental spaces, and of providing medical services for payment. It can be observed a rather high percentage of personnel costs.

For the year 2007 but is desired a decrease in the percent trough increasing the material costs. To mention is the fact that in 2006 weren't made investments from CJASS funds. For 2007 as made the fund of development and was purchased medical equipment.

An important problem is the realized revenue and contracted with CJASS Galati for clinical services from ambulatory of specialty. I mention that the revenue realized and collected doesn't cover even the staff expenditure. Is trying or the increasing of the degree of claiming the population at the ambulatory level of specialty, or an integration of the doctors from the hospital in ambulatory, which is expected to achieve at national level by integrating the ambulatory of specialty in hospital.

7. CONCLUSIONS

For improving the activity of a hospital it seems to me very important the funding. The possibility of achieving some higher revenues to cover the expenditures and at the end of the year to achieve a balanced budget, with covering all the needs of the hospital is the most important thing in the managing of a unit. (Plumb, Adroniceanu and Abaluta, 2003)

The insufficient funding for ambulatory makes that all the expenditures to affect the funds for the hospital.

This thing was proved in 2007 when the funding allowed the coverage of all debts and of course improving the menu, purchasing of equipments, computerization with realizing of network as well as and a rehabilitation and upgrading of 5 sections etc.

Improving the Hospital Funding respectively its activity

Objectives

- efficiency of hospital activity;
- attracting of new sources of funding and sponsorship;
- reducing the share of personnel expenditure in the total budget;
- rehabilitation of sections – 400.000 lei
- rehabilitation kitchen and laundry; - 500.000 lei
- arranging of a playground space for children – 100.00 lei
- purchase of performance medical equipment – 300.000 lei
- purchase of new furniture – 100.000 lei
- purchase of equipment of protection and soft inventory; - 50.000 lei
- improving the quality of services provided to patients

In the context of achieving the primary objective of Romania of European integration from all point of views: political, socio-economic and socio-human, will have that and this sanitary unit to operate, at the quality standards imposed by the European Union.

The countries from ECR seek to modify the structural base of SIS anterior to make them consistent with the democratic principles and the rules of a market economy in formation. Transformation, in the transition period is difficult, with traps, costly and of long time.

The SIS reforms, from this country can't produce in accordance and only with the changes that are having place in the economic and social systems of which are making part. They can't be the locomotives of modifying the assemblies.

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