

Component IV: Systems

Module A: Operations

Topic 2: Fiscal Management

I. Statement of Purpose

To provide the learner with an understanding of budgeting as a process; which assists the organization in managing resources and planning for future growth utilizing key performance indicators and organizational goals.

II. Terminology

1. Income
2. Expenditure
3. Capital Budget
4. Operational Budget
5. Variance Report
6. Fixed Budget
7. Flexible Budget
8. Direct Costs
9. Indirect Costs
10. Balanced Scorecard
11. Catchment Area

III. Performance Standards

1. Discuss the purpose of the budgeting process.
2. Compare the difference between the two most common budget types and describe the budget report that is used to monitor budget goals/targets.
3. Identify the challenges involved in budgeting in the ambulatory care setting and how incorporating the balanced scorecard provides a broader, more future-focused strategy for strategic planning and improved results.

IV. References

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5. Kocher, R., Emanuel, E.J., DeParle, N.M. (2010) The Affordable Care Act and the Future of Clinical Medicine: The Opportunities and Challenges, *Annals of Internal Medicine*, 153(8), 536-540.
6. Laughlin, C.B., (2006) Core Curriculum for Ambulatory Care Nursing, Second Edition, AAACN, Pitman, NJ.
7. Swan, B.A. (2007) Transitioning from Acute Care To Ambulatory Care, *Nursing Economics*, 25(2), 130-134

8. Swan, B.A., Griffin, K.F. (2005), Measuring Nursing Workload in Ambulatory Care, *Nursing Economics*, 23(5), 253-260.
9. Swan, B.A., Haas, S.A. (2011) Health Care Reform: Current Updates and Future Initiatives for Ambulatory Care Nursing, *Nursing Economics*, 29(6), 331-334.

Content Outline Theory Objectives	Suggested Learning Activities/Evaluation
<p>Objective 1 Discuss the purpose of the budgeting process</p> <ul style="list-style-type: none"> A. Definition: An analytical, formalized process for planning for revenue and expenses based on historical data and anticipated needs for an upcoming period of time utilizing organizational goals. B. Uses: Planning tool looking at the outcome; monetary prediction for the future. The outcome for an ambulatory care center is the revenue generated from each patient visit. Comparing the budget to the outcome is a measure of performance, which is a direct reflection of the processes, personnel and patient population. C. Utilizing a fixed budget model, the projected goal amount is compared to the actual amount generated in that time period, with the percentage difference being the answer obtained. D. Utilizing a flexible budget model, the question to be answered is what factors may have influenced the difference between the projected amount and the actual amount. Asking the broader-based question regarding influencing factors, allows for the opportunity to make adjustments before the end of the budget year. <ul style="list-style-type: none"> 1. Planning: Budgets help managers who are aware of the organizational goals, plan for future activities, forecast anticipated revenues against anticipated expenses 2. Communication: Budgets provide an opportunity for management to discuss expectations for financial management, encouraging collaboration with other departments regarding future activities 3. Coordination: Budgets provide an opportunity for collaboration with other departments, identifying support/resources within each department that can be shared 4. Motivation: Budgets need to provide the correct balance between encouraging staff toward maximal performance without compromising standards to achieve financial targets. 5. Control: Budgets provide an opportunity to assess staff performance as compared to the budget and make adjustments as necessary to meet budgetary constraints. 	<p>Read the section on Health Care Fiscal Management in the <u>Core Curriculum for Ambulatory Care Nursing</u></p> <p>Describe and analyze the relationship that could exist between two ambulatory care centers who provide care to the same patient population and how that could impact the budgeting process</p>
<p>Objective 2 Compare the difference between the two most common budget types and describe the budget report that is used to</p>	<p>You are planning the next</p>

<p>monitor budgeting goals/targets</p> <p>A. Creating an Annual Budget: Creating an annual budget requires tracking, trending and analysis of historic data as well as an understanding of the key performance indicators (goals) expected by the organization. It includes statistical data that outlines the anticipated workload for each center, the projected expenses and the projected revenue. The annual budget is then organized into:</p> <ol style="list-style-type: none"> 1. Capital Budget: Capital budgets estimate expenses related to high cost items or expenses for the coming year. Capital budget includes no expenses related to the day-to-day operation of the clinic. 2. Operational Budget: Budget that incorporates projected workload anticipated expenses and anticipated revenue for the upcoming period of time. Operational budgets include both direct and indirect expenses. <p>B. Budgeting Reports: Once the annual budget for an ambulatory care center has been approved by the financial leaders of an organization, the manager will receive a monthly report of all revenue and expenses to date. The manager may be asked to prepare a variance report to explain areas where the projected target goals were not met. This report would address both areas of overspending as well as under spending. Areas of overspending could place the care center at risk of not having sufficient resources to continue operation and areas of under spending could place the quality of the services at risk. The variance report will explain any trends, unexpected needs or occurrences that had an impact on the deviance for the budgetary goal.</p> <ol style="list-style-type: none"> 1. Variance Reports: Variance reports are used to explain the differences from the projected costs or revenue and the actual costs or revenue for a specific time period. <ol style="list-style-type: none"> a. The variance report will help to explain the current financial state b. The variance report will help to identify any factors that will continue to impact the budget c. The variance report(s) will be used as a resource in planning for the next year's budgeting cycle 	<p>year's budget for your work setting. Identify two items that would be included in your Capital Budget and the two items that will most significantly impact your Operational Budget. What strategies will you use to obtain the most relevant information needed for your budget planning?</p> <p>You are the manager of a new ambulatory care center for pediatrics. Your organization has several regional competitors for this population of patients. Your budget did not meet target this month and expenses were greater than the revenue generated. Discuss how you might explain the current financial outcome and your plan for its correction.</p>
<p>Objective 3</p> <p>Identify the challenges in preparing a budget in the ambulatory care setting and how incorporating the balanced scorecard provides a broader, more future-focused strategy for the ambulatory care setting:</p>	<p>Read 3 articles that relate to budget preparation from the list above and discuss their contribution to your understanding of the budgeting</p>

<p>A. Budgeting in the ambulatory care setting can be very challenging. There are multiple factors, many unanticipated, which can impact the projected financial targets. A few of these might include changes in reimbursement by third party payors, changes in payor mix of the patient population, changes in patient preference for care, introduction of local competitors in the catchment area and changes needed in skill mix to care for a higher acuity level patient.</p> <p>B. Nursing Workload in Ambulatory Care: Nursing workload in ambulatory care is variable, both in the number of patient encounters as well as in the intensity of the interaction. Theoretically, workload can be projected based on appointments scheduled or telephone calls answered, but what is more difficult to project are the emergencies that occur within the care center and require nursing assessment and intervention, as well as the number of patients who walk in for services. Nurses also may be requested to respond to patient encounters received through on-line communication, provide approval for renewal of previously prescribed medications both within and outside their assigned care center, and schedule and communicate test results in addition to their expected workload. Having the correct balance of licensed and non-licensed personnel requires analysis beyond fixed financial targets.</p> <p>C. Balanced Scorecard: Many organizations are utilizing a balanced scorecard to identify measures that support quality while containing cost. The balanced scorecard can take the organizational strategic vision and put it into everyday practice. The balanced scorecard can:</p> <ol style="list-style-type: none"> 1. Increase the focus on the organizational strategic vision as it related to the expected results 2. Align the strategic vision to the day-to-day activities in the care center 3. Retain the traditional financial measurements while investing in a relationship with the customer, the employees, suppliers, organizational processes and the need for innovation and change 4. The balanced scorecard provides a way to measure the business processes against measures of organizational performance keeping the key relationships foremost. An example of some measurements of outcome performance that would affect the business outcome might include: <ol style="list-style-type: none"> a. Access to care: Wait time, appointment availability, 	<p>process</p> <p>Discuss three strategies that could be helpful in budgeting for fluctuating workloads of nurses in ambulatory care. How do these strategies relate to the organizational vision?</p> <p>Analyze how payer mix (including self-pay) impacts the budgetary outcome for a care center and discuss two strategies that could impact both revenue generation and access to care.</p>
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referral times b. Utilization and Productivity: Staff (FTE's) needed to support 1) Provider, utilization of staff c. Service Quality Immunization rates, patient satisfaction 1) www.balancedscorecard.org	
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