

Research on Budget Management Problems and Countermeasures Based on A Public Hospital

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Abstract: As a key component of the medical system, the budget management level of a public hospital is directly related to the quality of medical service and the efficiency of resource utilization. Under the background of the continuous deepening of the current medical reform policy, it is very important to strengthen the budget management of public hospitals. Taking A public hospital as an example, this paper makes an in-depth analysis of the problems existing in budget management, such as the lack of scientific budget preparation, inadequate implementation and supervision, disconnection from strategy and imperfect assessment mechanism, etc., and puts forward countermeasures to optimize the preparation method, strengthen the implementation and monitoring, promote the integration with strategy and improve the assessment mechanism, aiming at improving the budget management level of public hospitals. To promote their healthy and sustainable development.

Keywords: Public hospitals; Budget management; Problems; Countermeasure

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1. Introduction

Public hospitals shoulder the important responsibility of ensuring public health and providing basic medical services, and their operation is related to people's well-being. As the core link of financial management of public hospitals, budget management can effectively improve hospital operation efficiency and medical service quality through reasonable planning, allocation and control of resources. However, there are still many problems in budget management in some public hospitals, which seriously restrict the development of hospitals.

2. Based on the existing problems in the budget management of A public hospital

2.1. The budget preparation is not scientific

(1) Single budgeting method

Excessive reliance on the traditional incremental budgeting method in the preparation of the budget, that is, based on the actual performance of the base period, combined with business changes and growth in the budget period, to determine the budget indicators. Although this method is simple and feasible,

it is easy to ignore the changes in the internal and external environment of public hospitals, resulting in a disconnect between the budget and the actual situation. For example, A public hospital used the incremental budget method to prepare its sales budget for many years in a row, failing to fully consider fluctuations in market demand and the new strategies of its competitors, resulting in a large deviation between the budgeted medical income and the actual medical income, which affected the work plan and funding arrangement of public hospitals^[1].

(2) Lack of market research

When preparing the budget, some public hospitals fail to fully carry out market research and have insufficient understanding of the industry dynamics and industry trends, which leads to the budget target being divorced from reality. For example, A public hospital blindly expanded beds and increased equipment procurement budget without fully researching the market, resulting in a sudden decline in medical demand, which caused huge economic losses^[2].

(3) Low participation of departments

Budget preparation should be A process of full participation, but in actual work, the budget preparation of public hospital A is mainly responsible for the financial department, and other departments are not highly involved. As the financial department has a limited understanding of the specific situation of each business department, the budget prepared may not accurately reflect the actual needs and business characteristics of each department, resulting in poor budget execution^[3].

2.2. Budget implementation and monitoring are not in place

(1) No real-time budget monitoring system was established

The financial department only carried out a summary analysis of the budget implementation of various departments at the end of each month. As a result, some problems could not be found in time. For example, a clinical department overspent 20% on equipment purchase costs in May. Due to a lack of timely awareness, it was found in the third quarter that the entire equipment purchase budget was about to be exhausted, which had an impact on the business in the fourth quarter. In addition, the a deviation in budget implementation, a lack of a strict responsibility traceability mechanism. When budget overruns occur, departments shift blame between each other, unable to find a clear responsible person, unable to fundamentally solve the problem^[4,5].

(2) The budget adjustment is very arbitrary

A public hospital system stipulates that budget adjustment needs to be approved by the Budget Management Committee, but in the actual implementation process, some departments do not know the importance of budget management, lack the consciousness and initiative of budget implementation, and there is a phenomenon of breaking the budget at will. Due to temporary projects or their negligence, they did not follow the formal process, privately seek oral communication with leaders, and complete the approval without an in-depth analysis of the impact of the adjustment on the strategy, cost-effectiveness, and other aspects of public hospitals, thus arbitrarily changing the budget content.

(3) The monitoring mechanism is imperfect

Public hospitals lack an effective monitoring mechanism for budget implementation and cannot grasp the progress and deviation of budget implementation in time. Although some public hospitals have established a monitoring mechanism, the implementation is not strong enough, and problems in budget implementation are not detected and corrected promptly. For example, the procurement department of A public hospital in the procurement process, due to the increase in the purchase price of consumables, resulting in production costs beyond the budget, but the financial department failed to monitor this

situation promptly, until the end of the quarter when the financial accounting was found, at this time has had a greater impact on the profits of public hospitals ^[6].

(4) Lack of communication and coordination

In the process of budget implementation, there is a lack of effective communication and coordination between various departments, and information is not transmitted promptly, which is prone to work disconnection and duplication of labor. For example, the clinical department failed to inform the procurement department of the changes in demand in time, resulting in the procurement department producing according to the original plan, resulting in product backlog or out of stock, affecting customer satisfaction and the industry image of public hospitals.

2.3. Budget is out of line with strategy

(1) Inconsistent objectives

A Public hospital did not fully consider the strategic objectives of public hospitals when formulating its budget, resulting in inconsistency between budget objectives and strategic objectives. The budget only focuses on short-term financial indicators, while ignoring the support for strategic goals such as market share and technological innovation, which are essential for the long-term development of public hospitals. For example, to pursue short-term profits, A public hospital greatly reduced its investment in talent training. Although its profits increased in the short term, the public hospital's business competitiveness declined in the long run, and its market share will gradually be eroded by industry rivals.

(2) Lack of dynamic adjustment

The strategic objectives of public hospitals need to be dynamically adjusted according to the changes in the market environment and internal situation of public hospitals. However, the budget of public hospital A lacks flexibility and adaptability, and once it is determined, it is rarely adjusted. When A public hospital is faced with major strategic adjustments or major changes in the market environment, the budget cannot be adjusted accordingly in a timely manner, resulting in a disconnect between the budget and the strategy ^[7].

2.4. The budget assessment mechanism is not perfect

(1) Single assessment index

Mainly focus on financial indicators, such as budget completion rate, cost saving rate, etc., and pay insufficient attention to non-financial indicators, such as medical service quality, patient satisfaction, and discipline construction achievements. This single assessment index system can not comprehensively and objectively evaluate the performance of various departments and employees, which can easily lead to departments and employees ignoring the quality of medical service and the overall development of the hospital in pursuit of financial indicators. For example, to save costs, a certain department reduces the necessary medical services. Although the cost-saving rate reaches the standard, patient satisfaction decreases and medical disputes increase, which damages the reputation and image of the hospital ^[8].

(2) Lack of fairness in assessment

In the process of budget assessment, some public hospitals have the problems of inconsistent assessment standards and opaque assessment processes, leading to a lack of fairness and objectivity in assessment results. For example, when assessing the budget implementation of different departments, due to the different business characteristics of each department, the impact on the difficulty of budget

implementation is also different, but the assessment standards do not fully consider these differences, making some departments think that the assessment results are unfair, which discourages the enthusiasm of employees.

(3) Imperfect incentive mechanism

The results of budget assessment are not closely linked with the salary, promotion and reward of employees, and there is a lack of effective incentive measures, which cannot fully mobilize the enthusiasm and initiative of employees to participate in budget management ^[9].

3. Solutions to budget management problems in public hospitals

3.1. Optimize budgeting methods and processes

(1) Adopt diversified budgeting methods

According to the business characteristics and actual needs of the hospital, flexibly use a variety of budgeting methods. For the basic expenditures with strong stability, the fixed budget algorithm can be adopted; For items that are greatly affected by business volume, such as medical service income, consumables expenditure, etc., flexible budget law can be adopted to prepare corresponding budgets according to different levels of business volume, so as to enhance the adaptability and accuracy of budgets. At the same time, the zero-base budget law has been introduced to prepare budgets for special projects and major expenditures, which are not affected by previous budget arrangements. Everything is based on actual needs, and resources are rationally allocated to make the budget more scientific and rational. For example, in the preparation of large-scale equipment procurement budgets, the zero-based budget law is adopted to conduct a comprehensive assessment and demonstration of the necessity, feasibility and expected benefits of the equipment to ensure the scientific nature of procurement decisions ^[10].

(2) Strengthen research and demonstration.

Before the budget preparation, organize a special research team to deeply collect market information, industry trends, hospital historical data and business needs of various departments. Use data analysis tools and methods to conduct in-depth analysis and prediction of medical service demand, cost change trend and technology development direction, to provide sufficient data support and decision-making basis for budget preparation. For example, through the analysis of patient treatment data, the change of patient flow in different departments and different diseases can be predicted, and the medical resources and budget can be reasonably arranged.

(3) Improve the participation of all staff

Establish a budget preparation mechanism with full participation, and clarify the responsibilities and division of labor of each department in budget preparation. The financial department plays a leading role in organizing and coordinating, and each business department is responsible for providing its own business plan, resource requirements and other information, and participating in the discussion and review of budget preparation. Communication and cooperation among departments should be strengthened through holding budget preparation work meetings and conducting training, to improve the accuracy and scientific nature of budget preparation. For example, when preparing the medical business budget, the clinical department puts forward the budget requirements of staffing, equipment purchase, consumables use and other aspects according to its business development plan and patients' needs, and discusses and determines the budget plan with the financial department to ensure that the budget is in line with the actual business ^[11].

3.2. Strengthen the budget implementation supervision

(1) Strengthen implementation

Establish a strict sense of budget implementation and strengthen the rigid constraints of the budget. Clarify the responsibilities and obligations of all departments and employees in the implementation of the budget, establish and improve the budget implementation responsibility system, and incorporate the budget implementation into the performance appraisal system of departments and employees. We will examine and approve actions that exceed the budget and make arbitrary adjustments to the budget in strict accordance with regulations, and hold them accountable to ensure the seriousness and standardization of budget implementation.

(2) Improving the monitoring system

Using information technology, we will establish a monitoring system for budget implementation to monitor the whole process of budget implementation in real time. By setting early warning indicators of budget implementation, such as deviation rate of budget implementation progress, cost overspend rate, etc., when the actual implementation exceeds the early warning range, the system automatically sends early warning information to remind relevant departments and personnel to take timely measures to adjust and correct. At the same time, the regular analysis and report of budget implementation should be strengthened, problems should be found in time and suggestions for improvement should be put forward. For example, the advanced financial management software has been introduced, which has the function of budget execution monitoring, can collect and analyze the financial data of the hospital in real time, and visually display the budget execution situation, so that the management can know the dynamic of budget execution at any time and make decisions in time ^[12].

(3) Strengthen communication and coordination

Establish a sound communication and coordination mechanism for budget execution, and strengthen information exchange and cooperation between the financial department and the business department. Regular budget implementation coordination meetings are held, where all departments report on the implementation of the budget, and jointly discuss and solve the problems and difficulties encountered in the implementation of the budget. Through the establishment of an information sharing platform, financial data and business data can be shared in real time to ensure that the two sides have the same understanding and grasp of the budget implementation, and improve the efficiency of budget implementation. For example, the budget implementation coordination meeting is held once a week, the financial department reports the budget implementation of the week, and all departments discuss and analyze the problems in the budget implementation, and work out solutions together, which effectively strengthens the communication and cooperation between departments and ensures the smooth implementation of the budget.

3.3. Promote the integration of budget and strategy

(1) Clear strategy-oriented budget objectives

Public hospitals should first clarify their development strategic objectives, and then refine the strategic objectives into specific annual budget objectives and budget indicators of each department. Through the formulation of strategy-oriented budget objectives, the budget becomes a powerful tool to achieve the hospital's strategy. For example, a certain hospital has formulated the strategic goal of building a regional leading diagnosis and treatment center for difficult diseases in the next five years. In order to achieve this goal, the annual budget has increased the budget allocation for the construction of key disciplines, the introduction of high-end talents, and the investment in scientific research projects, to

ensure the smooth implementation of the strategic goals ^[13].

(2) Establish a dynamic adjustment mechanism

With the changes in the internal and external environment, the hospital strategy may need to be adjusted, and the budget should be dynamically adjusted accordingly. Establish a dynamic adjustment mechanism for the budget and strategy. When the hospital strategy changes significantly or the market environment fluctuates significantly, the budget is evaluated and adjusted in time to ensure that the budget is always consistent with the strategy. When adjusting the budget, the necessity and rationality of the adjustment should be fully demonstrated, and the approval and implementation should be carried out following the prescribed procedures ^[14].

(3) Strengthen strategic training for employees

Establish a strict budget implementation responsibility system, make it clear that the head of each department is the first responsible person for budget implementation, and explain the reasons in detail when there is a deviation and put forward corrective measures. For serious overspending caused by subjective reasons, it will be included in the negative list of departmental and individual performance assessment, linked with salary and promotion, and enhance the awareness of responsibility of all staff.

3.4. Improve the budget appraisal mechanism

(1) Build a diversified assessment index system

In addition to the traditional financial indicators, increase the proportion of non-financial indicators in the budget assessment, and build a diversified assessment index system. Non-financial indicators can include medical service quality, patient satisfaction, discipline construction achievements, scientific research and innovation ability, employee satisfaction and other aspects. By comprehensively assessing the work performance of each department and staff, they are guided to pay attention to the overall development of the hospital and the realization of strategic goals. For example, in the budget assessment, the weight of medical service quality indicators, patient satisfaction indicators, and discipline construction achievement indicators is set at 50%. The weight of financial indicators is set to 50%, so that the assessment results can more comprehensively and objectively reflect the work performance of each department ^[15].

(2) Ensure the fairness of assessment

Formulate unified, clear, scientific and reasonable assessment standards and procedures to ensure the openness, fairness and justice of the assessment process. In the assessment process, the assessment should be carried out in strict accordance with the assessment standards to avoid the interference of subjective factors. At the same time, the assessment and appeal mechanism should be established. When departments or employees have objections to the assessment results, they can lodge appeals, which will be investigated and dealt with by a special appeal handling team to protect the legitimate rights and interests of employees. For example, an assessment appeal handling team composed of human resources, finance, internal audit and related business experts is set up to deal with employees' appeals to the assessment results and ensure the fairness and credibility of the assessment results.

(3) Improve the incentive mechanism

Closely link the budget assessment results with the salary, promotion and reward of employees, establish and improve the incentive mechanism, fully mobilize the enthusiasm and initiative of employees to participate in budget management, and improve the level of budget management. Give material and spiritual rewards to departments and employees who perform well in budget management, complete budget targets and make outstanding contributions to the hospital; The departments and

employees who fail to complete the budget goals or have problems in the implementation of the budget will be punished accordingly, such as deduction of performance pay, warning, demotion, etc.

4. Conclusion

Public hospital budget management is a systematic and complex work, which is of great significance for improving hospital operation efficiency, optimizing resource allocation and improving medical service quality. In view of the existing problems in the budget management of public hospitals, the above measures can effectively improve the level of budget management of public hospitals. In the future development, public hospitals should continue to adapt to changes in medical reform policies and market environment, continue to improve and perfect the budget management system, and provide strong support for protecting public health and providing quality medical services.

Disclosure statement

The author declares no conflict of interest.

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