

A Discussion on the Establishment of Financial Shared Service Center for Medical Groups

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Abstract: Financial transformation has become a trend, and under the influence of medical reform policies, such as the zero-price difference in pharmaceutical consumables and medical insurance payment by disease, the cost pressure on the medical industry is exceptionally high. The primary focus of this paper is on how to integrate resources and obtain cost advantages through financial shared service center, so as to increase the competitiveness of regional medical groups.

Keywords: Medical group; Financial shared service; Information technology

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1. A theoretical overview

In China, the current development trend of health and medical institutions is in the direction of high-quality refinement. The ultimate goal of China's medical system reform is to achieve the rapid development of medical institutions. In order to promote the progress and development of medical institutions in a continuous and stable manner, the medical groups in China must take effective measures to promote the development of their economic operation and management while driving the operating income growth of public health and medical institutions in China. Financial shared service is a management mode based on information system and business sharing to gradually realize business standardization and effective integration of resources, so as to improve organizational efficiency, reduce operating costs, create value for enterprises, and provide professional financial services. The birth of the financial shared service center has a brief history. Ford established the financial shared service center in the early 1980s. Up to now, the financial shared service center has developed for more than 40 years. The experiences of 500 world's top enterprises have proven that the financial shared service center plays a significant role in promoting enterprise development, especially for group enterprises. Therefore, financial transformation has become a trend, and under the influence of medical reform policies, such as the zero-price difference in pharmaceutical consumables and medical insurance payment by disease, the cost pressure on the medical industry is exceptionally high. The primary focus of this paper is on how to integrate resources and obtain cost advantages through financial shared service center, so as to increase the competitiveness of regional medical groups ^[1-6].

2. Analysis of the current situation of financial management of newly established medical groups

2.1. Using the original financial system, and no substantial changes in financial management means

In recent years, in order to adapt to the changes brought about by the new medical reform, a number of medical groups have been established around the country, with tertiary hospitals as the core, in conjunction

with first and second-class hospitals as well as community service centers, in order to improve the medical level of primary and secondary hospitals through tertiary hospitals. Due to the short establishment time, the original financial system has not changed fundamentally, and these newly established medical groups still use the original financial system. There are no substantial changes in financial management means, and the financial systems of various institutions under some medical groups are still in a state of separation.

2.2. Using the original information processing system, with low information processing level

Due to the short establishment time, most of the information systems of the institutions under these medical groups are not unified, and the informatization level is low. Most of them use the original information system to maintain operation. Whether it is hardware construction or software system development, or data collection and information analysis and utilization, the degree of data exchange and sharing of various units and systems is low. The headquarters cannot automatically obtain the data information of subordinate units. The information system has always been in an island. In addition, the medical institutions under the municipal medical group are geographically dispersed, spanning several counties. For instance, in reference to a medical group in a city in Guangdong, the hospital with the farthest one-way trip is nearly 200 kilometers away from the group headquarters. Without the support of the information system, financial statements have to be submitted, collected, summarized, and reviewed manually. The expansion of financial business space and the extension of time significantly raise labor expenses, lower work efficiency, and impede group growth.

2.3. Lack of a standardized process, which affects work efficiency

There are many levels of medical institutions under the jurisdiction of a group, spanning primary, secondary, and tertiary hospitals, community health service centers, and so on. The quality and ability of the original financial personnel of each unit are uneven; there is no standardization in accounting processing and data entry; additionally, there is strong subjectivity, which affects the authenticity and accuracy of data. The group headquarters spends more than 10 days a month on manual summary, statistics, and review of the financial statement data and several days on the data analysis of financial statements. The management does not receive timely and effective financial information since the financial information is out of date.

2.4. The influence of aging financial personnel and frequent personnel changes on organizational stability

Large and medium-sized medical groups, especially public municipal medical groups, often cover the jurisdiction of tertiary hospitals, secondary hospitals, primary hospitals, and community health service centers, of which the financial personnel of secondary and tertiary hospitals are generally well-equipped, but in terms of treatment and development prospects, primary hospitals or community health service centers are incomparable with secondary or tertiary hospitals. Limited by the impact of staffing and insufficient financial talent reserve, there is a greater mobility of financial personnel. At the same time, the talent echelon is not ideal since new recruits require retraining and a period of time to familiarize themselves with the business, owing to the professionalism of finance in the medical industry.

2.5. Flawed fund management system

Medical groups are both, profit-making and public welfare entities. Due to the particularity of medical groups, when setting up financial management accounts, medical groups set up special funds for special projects, in which hospital finance is combined with business, leading to confusion in fund management, unreasonable setting of special funds, confusion in long-term business balance, and poor fund management [7].

2.6. Lack of an ideal financial management system

There is a disconnection between the medical group and the hospital's financial management at the system construction level; the hospital's internal financial control mechanism is not ideal, while the hospital's business development and financial management cannot be well-contacted and developed. When setting up the financial management department or recruiting financial management personnel, the department is not familiar with the business process and the financial-related content of the medical group; additionally, a good financial management system based on business development is not set up, so there is information asymmetry, which hinders the economic operation of medical groups ^[8].

3. Establishment of a financial shared service center for medical groups

3.1. Building a new financial management framework in accordance with the strategic development direction of the group

The financial strategy should serve the overall strategy of the group; in the same way, the development direction of the financial strategy should be in line with the overall strategy of the group. To abolish the original financial management system, it is necessary to establish a financial shared service center, make full use of the group's control, and build a financial management framework suitable for the group's overall strategy.

- (1) The asset management level of medical groups in China determines the degree of their operation and management. In order to further optimize the operation capacity of China's medical groups, it is necessary to provide better medical services for the people and continuously develop the economic benefits of these medical groups. The asset management of China's medical groups must be strengthened from the following two points: the first should be to strengthen their production management; it is imperative to control the medical funds and equipment used by these medical groups and integrate the trajectory of their economic operations to control the research and development of their scientific research activities and medical service level; the second is their assets; it is necessary to allocate their assets and improve their asset utilization rates; on this basis, the information management platform built by China's medical groups should be utilized to strengthen the management of assets; additionally, the introduction of refined management may also improve the rationality and scientificity of the allocation of assets ^[9,10].
- (2) Cost management, as an important management activity in the operation and management of medical groups, entails the prudent control of cost input, which can increase their potential for financial gain. In the process of cost accounting, planning, implementation, inspection, and control should be adhered to. The circular management mode tracks the hospital cost and strengthens the understanding of the current situation of the cost. Making rational use of big data platform, analyzing and managing the cost data of China's medical groups, reducing unnecessary expenditure and utilization in the process of cost management, maximizing the economic benefits of China's medical groups with scientific cost management means, as well as comprehensively controlling and managing costs can improve the economic operation efficiency of these medical groups. In regard to the control and management of personnel costs, it is necessary to implement an assessment and performance evaluation of hospital personnel, maximize the profit of cost management in China's medical groups, and reasonably allocate their assets, so as to realize the steady improvement of their economic benefits ^[11,12].

3.2. Building a unified information technology platform to improve the overall informatization level

- (1) Financial shared service centers are generally aimed at cross-regional and cross-industry business processing. They are remote services that require the network support of an ideal and constant information system. It is possible to make full use of technical means, such as information technology

platform, to strengthen internal control, reduce risks, and improve efficiency. By building a unified information technology platform, medical groups can gain control over the entire process of pre-prompt, in-process control, and post evaluation in real time, reduce manual operations, and realize automatic data capture. The openness of the system can be benefitted in such a way to reserve various data sharing interfaces and platforms, so as to meet the needs of these groups to optimize and reorganize internal “similar” resources in the future and intensively set up resource sharing centers for medical testing, radiology, disinfection and supply, health management, logistics and distribution, information management, and so on.

- (2) Most of the newly established medical groups, as an important part of China’s medical system, lack informatization. It is necessary to further improve the informatization level of medical groups and promote the stable improvement of their management level. Combined with the service items and the scope of basic medical treatment, it is possible to gain support for public health projects, basic medical projects, residents’ medical care, and private contracted services with the help of information construction. It is necessary to focus on strengthening the monitoring of the entire process and the comprehensive assessment of the business operation and services provided by health and medical institutions. On the basis of implementing the hierarchical diagnosis and treatment system, the establishment of telemedicine, remote ultrasound, remote pathology, and other centers, along with the advantageous resources of public hospitals should be introduced to grass-roots institutions. Through data adjustment of the data system, the evidence-based medicine clinical guidelines, clinical pathway application guidelines, and other auxiliary diagnostic technologies are applied to the diagnosis and treatment standardization of medical groups and health institutions. It is necessary to expand the use of artificial intelligence, mobile health monitoring, big data for health management, and other information technologies in medical groups, as well as launch various online services, such as online medical treatment and online consultations, to encourage the participation of residents in self-health management. This can steadily improve the management level of medical groups and improve their economic benefits, while reducing the burden on grass-roots hospital staff ^[13,14].
- (3) Standardizing personnel and processes to improve efficiency
The financial shared service mode centrally manages the business of subordinate units through the continuous improvement in the standardization of processes, the design of the financial process system, the formulation of unified systems, norms, and standards, as well as the unification of service level quantitative indicators, so as to ensure refined operations and optimized resource allocation. It not only reduces the workload of financial personnel and promotes more refined financial management, but also reduces the management cost of enterprises and maximizes the value and functions of enterprise accounting management. The reformed financial management system provides reliable data support for business departments and management departments in medical groups and steadily promotes the development of China’s medical groups.
- (4) Centralizing management of funds to improve the speed of capital turnover
It is necessary to carry out centralized fund management based on the financial shared service center and improve the links of fund settlement, scheduling, collection, monitoring, financing, and so on. A standardized system in financial sharing should be established, functional departments of professional units should be set up, and scientific management regulations should be adhered to, so that the effectiveness of capital operation and the speed of capital turnover can be improved, while the profitability of the group can be enhanced through cash flow management.
- (5) Optimizing talent training measures and improving the incentive mechanism
 - (A) Based on the construction of the financial shared service center, the premise of reforming the financial management system and the economic operation mode of medical groups is to strengthen

the communication with the staff. First, it is imperative to change the views and ideas of the staff, strengthen the attention to financial sharing reform, and eliminate the resistance of the staff. Second, when optimizing financial staff positions, it is necessary to make full and reasonable use of the original financial staff to reduce the duplication and volume of tasks. Last but not least, hospitals need to establish an ideal performance appraisal system, and each post requires aptly established appraisal standards for different work contents. In this way, the responsibilities of different staff can be met, the risk of brain drain in the market can be reduced, compound financial talents can be cultivated, and an ideal talent echelon can be formed.

- (B) Health and medical institutions in China continue to struggle with issues such as unreasonable personnel structure, a lack of specialization, poor professional quality, a lack of development space, and an inability to effectively meet the needs of the grassroots level despite years of health and medical system reform. In view of the current shortage of medical personnel, several experts have suggested that the community priority consultation, interactive referral, and family system should be implemented at the grassroots level. Strengthening the training and learning of public health talents as well as improving their knowledge system and emergency response capabilities will allow residents to gain access to primary healthcare and strengthen the public's trust toward primary healthcare institutions. In order to realize the medical reform task of "building high-quality and efficient medical and health services," proposed by the 19th National Congress of the Chinese Communist Party, it is necessary to attract graduates and young doctors to join medical groups. How to effectively monitor and manage the local population is the key to dealing with regional public health epidemics. Hence, it is crucial to strengthen the training in this regard. The cultivation of master's and doctoral talents in teaching and scientific research has not only resulted in the development of targeted talents' thorough knowledge in literature, science, medicine, and other areas of expertise, but also their understanding of systematic epidemic prevention and emergency disposal as well as skills in various fields, including engineering, economy, and public management [15].

4. Conclusion

Even after the new medical reform in China, there are still some flaws in the development of the medical system. From the perspective of long-term development, although the asset scale, operating income, expenditure structure, and other aspects of China's medical institutions have been steadily and continuously optimized and reformed, there are still issues like weak legal foundation, regional medical service mismatch, and flawed medical system. Under the new medical reform, the development of financial shared service center will continue to advance, from integrating traditional transaction processing to management control and decision support; from the group's internal functional departments and completing financial accounting to operating as an independent entity and providing support for group management, and finally transforming into a financial service provider and contracting external enterprises; in simple terms, there will be a gradual transition from a cost center to a profit center.

Disclosure statement

The author declares no conflict of interest.

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