Healthcare Costs

Student's Name:

Institutional Affiliation:

Healthcare Costs

Across the United States, there is a substantial annual cost increase within healthcare centers. Various factors drive the increasing healthcare costs. Firstly, the patients' lifespan is increasing as they age and become more ill every day. Most of these patients have chronic conditions that drive up costs of hospital facilities and medical spending. Therefore they utilize many hospital services than in the past years. This factor affects both the inpatient and outpatient facilities, whereby the hospital ends up overpopulated with more patients than the number of nurses attending to their medical needs (Langabeer & Helton, 2016). Secondly, there is a growing rate of the capital budget in healthcare centers because the cost of medical equipment and technology continues to rise every day. When new technology or treatment comes on the market, medical professionals usually replace it with the existing one. The doctors demand the latest treatments even with little or no proof that they are better. The newer treatments that

personalized and targeted treatment. These medications' complex state makes them very expensive to advance and dispense to patients (Karuppan *et al*., 2016).

As a healthcare professional, I would like to work at Duke University hospital in North Carolina. The hospital relies on patient care revenues from government programs, direct payment from patients, and commercial insurance since it is a private non-profit institution. The following is the financial structure of the organization that was compiled in a balance sheet in 2020 and represented thousands:

Assets	
Current assets:	
Currency and cash correspondent	$ -
Receivable accounts, net from patients	324,074
Other receivables	18,670

Net assets and liabilities	
Current liabilities	
Payable accounts	$ 106,697
Accrued wages, vacation, and salaries payable	92,203
Estimated third-party payer reimbursements, net	222,015
A recent portion of post-employment and postretirement benefits responsibilities	-
Indebtedness recent amount	-
Finance lease liabilities current amount	2,900
Current amount of operating lease liabilities	2,124
The latest part of estimated professional liability budgets	-
Other present liabilities	14,066
Total up-to-date liabilities	**440,005**
Postemployment and postretirement benefit obligations, net of the existing portion	**-**
Indebtedness, net of the recent portion	-
Finance lease liabilities, net of the recent portion	7,763
Operating lease liabilities, net of the recent portion	2,052
Estimated professional liability cost, net of current portion	-
Derivative instruments	-
Other noncurrent liabilities	11,684

operations, I can liquidate the assets to obtain external financing due to the higher probability of repayment. Negatively, I can leverage the institution's assets that would result in the risk of low investment and failure to attract investors.

The second cost is the liabilities which is the sum of money that the healthcare owes. By transferring economic benefits such as goods, services, or money, liabilities are settled over time. Generally, they include a forthcoming service owed to others, short-term or extended pledging from the banks, other entities, or people. As an administrator, borrowing capacity stemming from tax-exempt conduit bonds' benefits can encourage the hospital to raise more debt capital. Negatively, there could be a risk of bankruptcy that would cause the institution to postpone investment and refrain from borrowing. Net assets represent the amount of cash returned to the shareholders if they liquidate all the resources and pay off the debts (McLaughlin & Olson, 2017).

References

Karuppan, C. M., Dunlap, N. E., & Waldrum, M. R. (2016). *Operations management in healthcare: Strategy and practice*.

Langabeer, J. R., & Helton, J. (2016). *Health care operations management: A systems perspective*.

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