



Financial Management Challenges and Strategies for Public Hospitals in the Urban Medical Consortium Model

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Abstract. Public hospitals in the urban medical consortium model face various financial management challenges, including fund liquidity management, income distribution and accounting, performance assessment and incentives, resource sharing and risk allocation, and financial transparency and supervision. To address these challenges, effective strategies can be implemented, such as establishing a robust budgeting and fund management system, clarifying income distribution mechanisms, establishing scientifically sound performance assessment systems, allocating risks reasonably, and strengthening financial supervision and internal controls. Future research can explore more specific challenges and solutions and enhance studies on financial management to promote the sustainable development of the medical consortium model.

Keywords: Urban medical consortium, public hospitals, financial management, strategies

1 Introduction

In the urban medical consortium model, public hospitals need to share funds and resources with other healthcare institutions, which, however, presents a range of financial management challenges [1-5]. To overcome these challenges, it is crucial to establish an effective budgeting and fund management system to ensure the rational allocation and utilization of funds, while strengthening cost control and expense auditing to maintain financial stability [6-9]. Additionally, it is necessary to establish clear income distribution mechanisms that delineate the rights and responsibilities of all parties involved and ensure transparent and fair accounting processes [10-12]. Regarding performance assessment and incentive mechanisms, a scientifically sound system should be established to measure and evaluate the performance of public hospitals within the medical consortium, thereby motivating active participation in collaboration. Furthermore, reasonable resource sharing and risk allocation mechanisms can help public hospitals address the challenges of financial stability. Strengthening financial transparency and supervision are key measures to ensure compliance and transparency in public finance. Therefore, public hospitals in the urban medical consortium model need to establish a scientifically sound financial management system, strengthen supervision and evaluation, and ensure stability and

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control in fund liquidity, income distribution, performance assessment, resource sharing, and financial transparency to achieve sustainable development of the consortium model.

2 Fund Liquidity Management

Firstly, public hospitals should establish detailed budget plans taking into account the unique requirements and collaborative relationships in the medical consortium model. The budget should encompass aspects such as income, expenses, and investments, ensuring the rational allocation and utilization of funds. Secondly, as public hospitals share funds and resources with other healthcare institutions, it is essential to establish a fund allocation mechanism that ensures the equitable distribution of funds among participating organizations based on reasonable proportions, with timely fund settlements. Additionally, funds should be allocated appropriately based on actual needs, ensuring their utilization in critical areas and projects. Moreover, public hospitals should develop cost control strategies to ensure the reasonableness and sustainability of expenditures. Regular expense audits should also be conducted to ensure compliance with regulations and to promptly identify and rectify any potential issues.

In summary, effective budgeting and fund management systems need to be established for public hospitals in the urban medical consortium model to ensure the rational allocation and utilization of funds. Strengthening cost control and conducting regular expense audits will contribute to financial stability. These strategies will assist public hospitals in effectively addressing the challenges of fund liquidity management and facilitate the smooth operation of the consortium model.

3 Income Distribution and Account Settlement Issues

Establishing a clear income distribution mechanism is crucial in the medical consortium model. This can be achieved by explicitly defining the rights and responsibilities of all parties and establishing proportional distribution ratios through cooperative agreements or protocols. When determining the distribution ratios, factors such as contributions, resource investments, and service levels of each party should be comprehensively considered to ensure fairness and reasonableness in the allocation. Furthermore, this includes establishing clear guidelines for income accounting, settlement periods, and account allocation proportions. Public hospitals should collaborate with other healthcare institutions to develop account allocation rules that ensure transparency and operability in the account settlement process. When formulating the account allocation mechanism, factors such as the nature of medical services, resource utilization, and account allocation costs should be thoroughly taken into account. Additionally, public hospitals should ensure accurate recording and reporting of financial information, strengthen internal controls, and prevent financial misconduct. Transparency and fairness in the income distribution and account settlement processes should be ensured, allowing all parties to understand and oversee

the account allocation procedures. Furthermore, establishing specialized financial audit or supervisory agencies to oversee and review the income distribution and account settlement processes can ensure compliance with account allocation regulations and prevent financial irregularities. Lastly, in the medical consortium model, regular evaluation and adjustments are necessary for the income distribution and account settlement mechanisms. Periodic assessments of contributions and cooperative effectiveness should be conducted, and necessary adjustments and optimizations should be made based on the evaluation results to adapt to changing circumstances.

By implementing these strategies, public hospitals can establish clear income distribution mechanisms and account settlement processes, ensuring equitable distribution of rights and responsibilities among collaborating parties in the medical consortium model, while safeguarding the fairness and transparency of income distribution and account allocation.

4 Performance Assessment and Incentive Mechanisms

Performance assessment within the medical consortium should encompass medical quality, service levels, patient satisfaction, and resource utilization. It should objectively and comprehensively evaluate the hospital's performance while considering its unique characteristics and the consortium's goals for accurate evaluation. Incentive mechanisms, including economic rewards, performance-based salaries, promotions, and training opportunities, should be established to align with the hospital's performance within the consortium, ensuring fairness, transparency, and avoiding conflicts of interest. Effective communication and collaboration among consortium members enable timely feedback, discussions for improvement, and optimization strategies to enhance overall performance. Continuous evaluation and adjustment of performance assessment and incentives are necessary to adapt to changes in the consortium cooperation and ensure the scientific validity and effectiveness of the evaluation process.

By establishing a scientifically reasonable performance assessment system, ensuring the fairness and effectiveness of incentive mechanisms, and implementing effective communication and feedback mechanisms, public hospitals can incentivize active participation in medical consortium cooperation and improve overall performance levels. Regular evaluation and adjustment of performance assessment and incentive mechanisms are essential to meet the evolving needs and changes in medical consortium cooperation, promoting the sustainable development of the medical consortium model.

5 Resource Sharing and Risk Allocation

Firstly, public hospitals should collaborate with other healthcare institutions to establish a resource sharing mechanism, clearly defining the rights, responsibilities, and modalities of resource sharing. This includes identifying resource providers,

users, as well as the scope and conditions of resource sharing. Ensuring fairness, compliance, and effectiveness in resource sharing is essential. Secondly, during the process of resource sharing, the rights and responsibilities of all participating parties should be clearly outlined. When public hospitals share resources with other institutions, the responsibilities and obligations of each party should be defined, and risks should be allocated reasonably. By establishing a proper division of rights and responsibilities and allocating risks appropriately, the financial risks for public hospitals can be controlled. Additionally, public hospitals should establish effective financial risk management mechanisms, including risk assessment, risk prevention, and risk response strategies. Regular evaluation and monitoring of risks associated with shared resources should be conducted, and appropriate measures should be implemented to manage and control these risks, ensuring financial stability. Lastly, public hospitals should foster strong partnerships and enhance communication and coordination with other healthcare institutions. Timely sharing of information and experiences, as well as strengthened collaboration, will enable joint responses to potential financial risks.

By establishing a reasonable resource sharing mechanism, clarifying rights, responsibilities, and risk allocation among all parties involved, strengthening financial risk management, and enhancing partnerships and communication, public hospitals can effectively manage resource sharing and risk allocation in the urban medical consortium model. This helps ensure the controllability of financial risks and promotes the smooth operation and financial stability of public hospitals within the medical consortium.

6 Financial Transparency and Oversight

Public hospitals should establish a robust internal control system with clear financial management policies, standardized processes, and effective internal auditing to ensure compliance, accuracy, and traceability of financial activities. An independent financial audit mechanism should be implemented for regular audits of financial conditions, statements, and business activities to identify potential risks and ensure accuracy and compliance. Government regulatory bodies, medical consortium management institutions, and independent organizations can provide supervision and evaluation of financial management to ensure transparency and compliance. Proactive financial information disclosure, including statements, indicators, and policies, enhances public trust.

By strengthening internal control in financial management, establishing a sound financial audit mechanism, enhancing supervision and evaluation of financial management in public hospitals, and promoting information disclosure and transparency, public hospitals can improve financial transparency and compliance. This helps enhance the public's trust in the financial management of public hospitals and ensures the fairness and transparency of financial management in the urban medical consortium model. In summary, addressing financial management issues in public hospitals within the urban medical consortium model requires the

establishment of a scientifically sound financial management system, ensuring stability and controllability in areas such as fund liquidity, income distribution, performance evaluation, resource sharing, and financial transparency. Additionally, strengthening supervision and evaluation is crucial to safeguard the sustainable development of the medical consortium model.

7 Conclusion

This study has explored a series of financial management issues faced by public hospitals under the urban medical consortium model, including fund liquidity management, income distribution and accounting, performance evaluation and incentives, resource sharing and risk allocation, as well as financial transparency and oversight. In response to these issues, corresponding strategies have been proposed, such as establishing effective budget and fund management systems, clarifying income distribution mechanisms, establishing scientifically reasonable performance evaluation systems, establishing appropriate resource sharing mechanisms, and strengthening financial transparency and internal control. These strategies aim to achieve financial stability, fairness, and transparency, and promote the sustainable development of the urban medical consortium model.

Future research can further explore the following areas: firstly, conducting in-depth research on the specific challenges and solutions in fund liquidity management, particularly through comparative analysis across different medical consortium models and financial environments. Secondly, strengthening research on performance evaluation and incentive mechanisms, including the development of performance evaluation indicators and incentive programs suitable for medical consortia, and investigating their relationship with medical quality and patient satisfaction. Additionally, further research can be conducted on the models and mechanisms of resource sharing and risk allocation, including the design of cooperative agreements, methods of risk management, and economic benefits evaluation of financial cooperation. Lastly, enhancing research on financial transparency and oversight, including the development of financial indicator systems, promoting digitalized and information-based financial management, and improving and strengthening financial oversight mechanisms.

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