

Preface

The purpose of this book is to provide a baseline knowledge set of business administration skills for physicians and individuals entering administrative positions in the healthcare field. More physicians are becoming leaders within the healthcare system and a growing number of physicians lead organizations. However, many of the physicians and nonphysicians entering administrative positions in hospitals and health systems lack the basic business administration skills that are required to perform their duties in these positions.

Physicians do not normally acquire business administration skills during their medical training, and non-physicians may or may not receive business training during their academic instruction. Even if healthcare professionals have acquired advanced degrees in business administration, healthcare administration, nursing administration, or other professional programs, they may lack many of the business skills needed to operate a hospital or medical practice. Many of the abilities that are lacking include, but are not limited to, financial, organizational, and leadership expertise; understanding of the revenue cycle; and the knowledge and implications of healthcare policies, laws, and regulations that control the healthcare environment.

In developing this book, I have drawn on my work experience in different healthcare settings, including hospitals and outpatient care facilities, private and public healthcare systems, and for-profit and not-for-profit businesses. Healthcare administrators need training in business administration skills to properly and effectively perform their functions while providing “value” to their organization. While this book is not an in-depth educational tool for achieving proficiency in accounting, finance, or organizational management, it does provide a basic set of business skills that can be used in both the private and public healthcare sectors. It is tailored expressly for physicians and other healthcare professionals who are assuming administrative roles in these settings.

Medicine and Business: A Practitioner’s Guide begins with an introduction to the relationships between business and healthcare and discusses the importance of leadership, mission creation, and governance to the success of healthcare organizations. Chapters 4–7 explain the purpose and interpretation of financial and income

statements, balance sheets, and cash flows and detail the similarities and differences in these tools in healthcare and non-healthcare sectors. Financial analysis, budgeting, and business and strategic planning are described in Chapters 8–10, followed by a discussion about the types of health insurance, managed care, and payment methods (Chapters 11–15). Chapters 14 and 15 review business and hospital organizations and physician's compensation structures. The book concludes with an overview of medical business law and regulations and new government initiatives, such as the Affordable Care Act. Features of the book include instructional details about and illustrations of the development and analysis of financial statements as well as situational life examples derived from healthcare businesses.

The healthcare system and the roles of administrators in this system have changed dramatically over time. Historically, these positions did not require administrators to possess advanced business skills to be successful in their jobs. However, factors such as cost controls, managed care, and government regulations and oversight have permanently changed the healthcare system in the United States. These professionals need to be proficient in applying business administration and management strategies to their practice so as to insure the success, viability, and sustainability of their organizations.

In preparation for the actual development of this book, an advisory committee consisting of physicians, healthcare professionals, and a finance specialist was assembled. These individuals gave suggestions for content and reviewed portions of the writing to validate that it fulfilled the intentions of the author. This advisory committee included Michael Rubin, M.D.; Joseph Iemma, M.D.; Ibrahim Farid, M.D.; Russell Maroni; and Shana Locktish. I am grateful for these contributions to the book and also appreciate the support of my family, including my wife Lynn; my children Gina, Dominic, Angelo, and Maria; and our family dog Amber.

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