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Exploring Optimized Pathways for Fund Management in Public Hospitals

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Abstract: Against the dual backdrop of deepening healthcare system reform and the advancement of digital transformation, fund management has become a crucial pillar supporting the operation and development of public hospitals. Its efficiency and quality directly affect the continuity of healthcare services, the rationality of resource allocation, and the capacity for sustainable development. At present, public hospitals face prominent issues in fund management, including an imperfect budgeting system, increasing difficulty in controlling accounts receivable, and relatively low efficiency in fund utilization. These problems constrain the effective performance of core hospital functions. Based on the distinctive characteristics and critical importance of fund management in public hospitals, this paper explores optimization pathways from multiple dimensions, including improving full-process closed-loop budget management, strengthening full-chain governance of accounts receivable, refining fund management frameworks, and focusing on accurate resource allocation and the activation of idle funds. The study aims to promote the transformation of fund management in public hospitals from extensive use to refined operation, establish a sound institutional foundation for the safe and efficient operation of funds, and support the coordinated improvement of hospitals' economic and social benefits.

Keywords: Public Hospitals; Fund Management; Refined Operation.

1. Overview and Importance of Fund Management Models in Public Hospitals

1.1. Overview of Fund Management in Public Hospitals

Fund management in public hospitals refers to a series of management activities through which hospitals scientifically plan, reasonably organize, and effectively control the entire process of fund raising, allocation, utilization, and monitoring. Its core objective is to ensure the safe, efficient, and compliant use of funds while maintaining normal hospital operations and the quality of medical services, thereby improving both economic performance and social benefits.

In the context of digital transformation, modern fund management in public hospitals has gone beyond traditional bookkeeping. It has gradually developed into a full-chain management system encompassing budget preparation, cost accounting, fund scheduling, risk early warning, and performance evaluation.

1.2. Importance of Fund Management in Public Hospitals

Fund management in public hospitals has notable industry-specific characteristics. Public hospitals have diversified sources of funding, including fiscal subsidies, medical service revenue, income from scientific research and education, and other revenue streams. Scientific and effective fund management is the lifeline for hospital survival and development.

First, fund management serves as the core support for ensuring the continuity of healthcare services in public hospitals. It guarantees sufficient operating capital for routine medical activities, such as payment of staff salaries, procurement of medicines and medical equipment, and maintenance and upgrading of facilities. Poor fund scheduling can directly undermine service quality and patient experience. Particularly during public health emergencies, rapid disbursement and precise utilization of funds are essential for securing emergency treatment capacity.

Second, fund management is a key lever for improving resource allocation and comprehensive competitiveness. Through scientific fund management, hospitals can optimize resource allocation by directing funds toward priority areas and reducing inefficient expenditures. On the one hand, centralized fund management and rational allocation of low-risk financial products can improve returns on idle funds. On the other hand, funds can be directed toward key clinical specialties and the development of critical and emergency care capacity, avoiding unnecessary infrastructure expansion and excessive equipment purchases. This ensures that fund flows match actual needs and enhances the hospital's overall competitiveness.

Finally, strict fund monitoring can effectively prevent financial risks and improve fund utilization efficiency. It helps avoid misuse, misappropriation, or loss of funds, ensuring that funds are used safely and in compliance with regulations, thereby safeguarding the hospital's reputation and credibility. Efficient fund management also contributes to lowering operating costs, easing financial pressure, and promoting sustainable development.

2. Existing Problems in Fund Management of Public Hospitals

2.1. The Budget Management System Requires Further Improvement

As the core mechanism for coordinating and allocating funds in public hospitals, the completeness of the budget management system directly determines the accuracy and

rationality of fund allocation. At present, many public hospitals still have underdeveloped budget management systems, with problems such as misalignment between fund allocation and actual demand and a lack of effective control during budget execution.

During budget preparation, many hospitals adopt relatively extensive approaches, often relying on incremental budgeting. Budget formulation depends heavily on historical data and experiential judgment, without sufficient forecasting based on hospital strategic development plans, actual departmental needs, or industry development trends. Budget omissions also occur in some hospitals, resulting in incomplete budgets and substantial deviations from actual financial needs.

During budget execution, there is a lack of strict dynamic monitoring mechanisms and rigid constraints. On the one hand, budget adjustment procedures are non-standardized, and certain departments overly rely on budget adjustment mechanisms [1]. As a result, budgets that should serve as rigid constraints become formalities in practice, failing to effectively regulate departmental economic behavior and weakening the authority and seriousness of budgets. Financial departments face difficulty in tracking fund flows in real time, leading to a serious disconnect between budget execution and budget planning. On the other hand, performance evaluation mechanisms in fund utilization are missing. There are insufficient quantitative indicators to assess the efficiency and effectiveness of fund use across departments and projects, making it difficult to measure the alignment between investment and outcomes.

2.2. Increasing Difficulties in Accounts Receivable Management

With the advancement of medical insurance payment reform and the expansion of medical service coverage, public hospitals have experienced continuous growth in accounts receivable, making management increasingly challenging. Accounts receivable have become an important factor restricting cash recovery and undermining liquidity. In terms of composition, accounts receivable mainly include medical insurance settlement funds, patient arrears, and receivables from other organizations, among which medical insurance settlement funds account for the highest proportion and are also the most difficult to manage.

Regarding medical insurance settlement funds, frequent policy adjustments, complex settlement procedures, and strict audit standards have substantially increased management difficulty. On the one hand, medical insurance agencies have intensified audits of medical expenses. They not only impose severe penalties for violations such as off-label medication use, excessive examinations, and duplicate billing, but also establish detailed audit rules, requiring high consistency between diagnostic procedures and fee standards. Hospitals must invest extensive manpower and resources to prepare and verify reimbursement documentation. For disputed items raised during audits or surprise inspections, hospitals must repeatedly provide evidence and conduct negotiations. On the other hand, with reforms in medical insurance payment methods, disbursement mechanisms have shifted from monthly payments to DRG- and DIP-based payment systems, leading to longer recovery cycles and greater difficulties in receivable collection. These funds remain tied up in hospital operations for prolonged periods, lowering turnover efficiency and weakening liquidity.

2.3. Low Efficiency in Fund Utilization

Low fund utilization efficiency is another prominent problem in public hospital fund management. It is closely related to imperfect budget management, irrational resource allocation, and incomplete institutional frameworks, and it directly affects operational performance and development quality. Low efficiency mainly results from two aspects: low return on investment and inadequate management of idle funds [2].

Some hospitals excessively allocate funds to large-scale medical equipment purchases and construction projects such as new campuses, while neglecting process optimization, talent development, and information system construction. As a result, fund allocation deviates from the core needs of improving service quality. In addition, the lack of integrated planning causes repeated purchases and resource waste among departments, resulting in low overall equipment utilization and discrepancies between expected and actual input-output performance.

In fund utilization, insufficient activation of idle funds and serious fund accumulation remain key concerns. Defects in fund management systems mean that idle funds generated in daily operations are not centrally and scientifically managed. On the one hand, inadequate dynamic monitoring prevents hospitals from accurately tracking the progress and benefits of fund use, making it difficult to adjust allocation in time, and causing long-term low-efficiency operation. On the other hand, strict fund control requirements mean that public hospitals need to go through multiple levels of approval to engage in low-risk wealth management activities, leading to high time costs and reduced fund utilization efficiency.

3. Optimization Pathways for Fund Management in Public Hospitals

3.1. Improving the Budget Management System and Establishing Full-Process Closed-Loop Control

Public hospitals should promote the transformation of budget management toward refinement and strategic orientation. Based on medium- and long-term planning and development goals, hospitals may introduce rolling budgeting and other budgeting methods to enhance the scientific nature and sustainability of budget formulation[3] . Moreover, a full-process closed-loop system of budget preparation, execution, monitoring, evaluation, and optimization should be established.

In budget preparation, hospitals should break down departmental information barriers and develop a collaborative mechanism between the finance department and other departments. For instance, for large-scale equipment purchases, clinical and medical-technical departments first initiate demand applications, and feasibility studies and performance projections should be jointly conducted by departments such as biomedical engineering, procurement, finance, and auditing. Fund needs should be precisely estimated before deciding whether to approve the purchase. Key business indicators such as outpatient volume, number of discharged patients, and bed occupancy rate should be integrated into budget preparation to improve accuracy and scientific grounding. Budget data should be managed more precisely, with monthly or quarterly breakdowns to support fund flow forecasting and enhance the accuracy of subsequent

financial reporting.

In budget execution and monitoring, rigid constraints should be strengthened and budget adjustment procedures standardized. Relying on financial information systems, hospitals should establish dynamic monitoring platforms that enable real-time tracking of budget expenditure progress. For regularly scheduled payments such as property management fees and outsourcing expenses, the system can generate automatic reminders to encourage timely reimbursement for long-unused funds. For expenditures exceeding budget limits or progress thresholds, the system should trigger early-warning mechanisms to precisely manage deviations and ensure budget execution remains aligned with established goals. Conditions, authority levels, and procedures for budget adjustments should be clarified to prevent arbitrary changes in spending purposes and breaches of budget limits.

In budget evaluation and optimization, hospitals should establish a quantitative performance evaluation index system linking fund utilization outcomes to core objectives such as service quality, patient satisfaction, and discipline development achievements. Budget performance evaluation results should be directly connected with departmental performance distribution and assessment of department heads, creating a positive cycle of evaluation, feedback, and improvement to promote continuous optimization of budget management.

3.2. Strengthening Accounts Receivable Control to Improve Cash Recovery Efficiency

As the core component of accounts receivable in public hospitals, medical insurance settlement funds directly determine liquidity. Hospitals should establish a full-chain accounts receivable control system to enhance cash recovery efficiency.

On the one hand, hospitals should strengthen communication with medical insurance agencies by forming specialized medical insurance management teams to track and interpret the latest medical insurance policies and payment standards in a timely manner, quickly handle audit disputes, and shorten the payment cycle. On the other hand, hospitals should optimize internal medical insurance management processes and strengthen compliance audits of clinical practices to avoid violations such as off-label medication use and excessive examinations, reducing rejection rates in insurance audits. At the same time, a medical insurance settlement accountability mechanism should be established, and departments and individuals with frequent violations should be held accountable to improve healthcare staff awareness of insurance policies.

Under current policies that strictly restrict advance collection of medical expenses, hospitals should establish a patient arrears control mechanism through risk pre-positioning and classified strategies. Public hospitals may explore cooperation with financial institutions to build patient credit evaluation systems [4]. Patients with histories of arrears or negative credit records should be flagged. During hospitalization, the hospital information system can be used to track expenses and payments in real time, issuing reminders to make additional payments when prepayments are nearly exhausted, provided that normal diagnosis and treatment are not affected. For groups unable to pay, hospitals should complete assistance approval before treatment, and medical costs should be settled through assistance funds or fiscal guarantee funds. For arrears after discharge, hospitals should adopt graded strategies based on arrears cause and amount, and initiate legal recovery procedures for large-scale malicious defaults.

For other receivables from organizations, such as management fees due from cooperative institutions and scientific research project funds, responsible departments and staff should be clearly defined. Regular collection efforts should be conducted to ensure timely cash recovery. The finance department should periodically settle inter-organizational receivables and urge responsible departments to clean up outstanding items.

3.3. Improving Fund Management Frameworks to Enhance Fund Utilization Efficiency

Improving fund utilization efficiency requires institutional refinement as the foundation. Public hospitals should focus on two key priorities: accurate resource allocation and activation of idle funds. By combining scientific coordination and digital empowerment, hospitals can promote the transition of fund use from extensive use to refined operation, ensuring that every unit of funding generates maximum effectiveness.

With ongoing healthcare reform and digital transformation, higher requirements have been placed on fund management in public hospitals. Therefore, fund management systems must be updated continuously, expanding management coverage and providing a solid foundation for safe and efficient fund operation.

Regarding resource allocation, first, hospitals should balance investments in infrastructure construction and capacity building in accordance with strategic development goals and actual needs, under budget constraints, and strictly avoid blind purchases of high-end equipment detached from clinical practice. Second, asset management departments should build cross-departmental resource-sharing mechanisms and establish scheduling platforms for similar equipment to reduce duplicate purchases, improve equipment utilization rates, and prevent idle waste. Third, with big data tools, hospitals should integrate historical operational data, current strategic priorities, and factors such as the introduction of medical talent, to predict future service demand and allocate human, material, and financial resources more rationally, achieving accurate matching between investment and service demand.

Regarding activation of idle funds, hospitals should use modern technologies to build fund control systems. By establishing dynamic fund monitoring platforms centered on a treasury management system, hospitals can visualize and monitor bank account balances, fund flow details, and real-time cash inflows and outflows, enabling timely detection of large-scale fund fluctuations and preventing long-term idle accumulation. Based on historical fund utilization data and future business and procurement plans, hospitals can forecast capital demand and idle cycles. Under the premise of ensuring safety and compliance, low-risk wealth management approval processes may be simplified, authorizing the finance department to use appropriate financial instruments to preserve and increase the value of idle funds.

4. Conclusion

Optimizing fund management in public hospitals is an

inevitable requirement to adapt to deepening healthcare reform and respond to the challenges of digital transformation. It is also a crucial measure for guaranteeing high-quality healthcare development and achieving sustainable operation. Currently, public hospitals face problems such as underdeveloped budget systems, difficulties in accounts receivable control, and low fund utilization efficiency. These problems stem from extensive management models and lagging institutional frameworks. Therefore, promoting the transformation of fund management from extensive use to refined operation requires institutional refinement as the foundation and full-process control as the key approach. By establishing closed-loop budget management systems, strengthening full-chain governance of accounts receivable, accurately allocating resources, and activating idle funds, hospitals can build a management structure characterized by institutional support, technological empowerment, and efficiency orientation.

In the future, public hospitals should continue to deepen the application of digital and intelligent tools in fund management, break down departmental information barriers, integrate fund flows, business flows, and data flows, and continuously enhance the scientific and precise nature of fund management. At the same time, hospitals should dynamically optimize fund management systems and models in accordance with their strategic development goals and industry trends, ensuring that funds truly support improvements in service quality, discipline strengthening, and core competitiveness development. Ultimately, public hospitals can realize a coordinated win-win outcome between economic benefits and social benefits, and provide strong support for advancing the Healthy China initiative.

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