



Press Note

ICAI AND HEALTHCARE ASSOCIATIONS TO WORK TOGETHER TO IMPROVE HEALTHCARE MANAGEMENT COST TO BENEFIT PATIENTS

The Institute of Cost Accountants of India (ICAI) has tied up with two top Medical Associations, connected with healthcare service across the country, to ensure better cost management to benefit patients in India.

Two Associations are Association of Healthcare Providers (India) (AHPI) representing the majority of healthcare providers in India and Delhi Medical Association (DMA). They approached ICAI for the better Cost Management systems which will benefit all the concerned.

The objective of this tie-up, inked here on 29th May 2015 between ICAI and the two medical associations, is to provide expert advice of Cost Accountants to hospitals in implementing best practices and maintain costing system that helps the service providers in managing and controlling the cost to ultimately benefit patients. Role of Cost Accountants in this area will be critical as the healthcare costing is complicated due to heterogeneous products, intricate and varied processes and complicated cost structures. The MoU was signed by CMA Dr. A.S. Durga Prasad, President, ICAI, Dr. Girdhar J Gyani, Director General, AHPI, and Dr. Chander Mohan Bhagat, Chairman, DMA NH & MEF.

Initially, the arrangement will cover 25 hospitals in and around the National Capital Region. Later, the goal is to expand the facility to cover other hospitals across the country. Following the understanding, the members from both sides agreed to create a robust cost accounting system in hospitals.

The development is a direct and positive fall out of the ICAI organized Asian Summit on* Health Care Cost Management in March 2015 which was attended by top health Insurance companies, Government and health care service providers. Through this initiative ICAI could bring all concerned together for a rich interaction that would Touch Lives by bringing better and more scientific Cost Management in Health Care. The deliberations in the summit kept in view the national objectives, policy intervention and cost aspects of the healthcare sector, including the cascading impact of government spend on healthcare and the revenue flow downstream.



The key takeaways were:

- To estimate the reasonable cost of health care resources used in patient care
- Performance measurement of all cost and revenue drivers
- Lower health care cost without compromising on quality of services rendered or extended.
- Define the healthcare delivery value chain
- Determine the fees or tariffs for goods and services
- Estimate the capacity of each resources and comparison with actual utilization
- Helping the health care administrator in sustaining the financial health of the entity and enable growth.
- The professional approach to pricing healthcare services
- Aligning cost reporting to financial reporting to make healthcare affordable

The latest understanding will help promote and enhance the cost Accounting system in hospitals; to provide advice for implementation of robust cost Accounting system in hospitals; to assist in computing the cost of the treatment through the established medical procedures existing in the hospitals and to help in promoting standardization of cost of the treatment through the established medical procedure for various sizes of Hospitals.

The scope of the such engagement for periodical service at mutually agreed intervals will be provided to collect, and disseminate the cost data available in the hospitals and compute the cost statement of the services / procedures /treatment provided by the said hospitals and to provide technical assistance by training the staff deputed by the Hospital Management in collating the cost information and cost techniques and enable the hospital to compute the cost as per the cost template also to provide necessary help in organizing, collecting cost data and compiling the cost template to determine the actual cost to the extent feasible based on available data quality. The assignment of a Practicing Cost Accountant will be out of the panel maintained by the Institute.

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