To all the people that made this investigation possible

“In today’s competitive environment, hospitals that can control their costs will be the survivors”

Toso (1989)
Acknowledgements

A case study requires the active participation of the subject that is being researched. For that reason, my first acknowledgments are for Financial Director for giving me permission to study cost accounting in CHS and for introducing me to people that were crucial to this research. I would like to thank everybody that made my field work possible. A case study like this would not be possible if people did not give their contributions. That is my evidence. And throughout the time spent with me...I thank you!

Besides the work developed, a study like this requires an enormous effort of those who shared the day-to-day with me. Many projects were postponed and everyone around me during this time already knew that everything was to be made “after the thesis is finished”.

Now that I finally achieved my objective it is time to say thanks to so many people that always stood there for me, helping, supporting, motivating…giving me strength. Thanks…

… to my mother. It is with an enormous relief that I realize that the most important person to me, my three year old daughter, did not felt these efforts. And this was only possible thankful to my mother. To her, my greatest and most loving thanks.

…to my beloved husband that always lifted my head up when things did not go so well and the light at the end of the tunnel was difficult to see. Thank you.

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RESUMO

O objectivo desta investigação foi estudar como a Contabilidade Analítica (CA) é trabalhada pelo Centro Hospitalar de Setúbal e de como os seus outputs são utilizados, pelos médicos e pela gestão, nos processos de decisão.

Fiz uma revisão de literatura internacional, a fim de compreender a realidade de outros países. Revi, igualmente, um estudo sobre outro centro hospitalar português. Estes estudos referem-se ao uso da informação da CA pelos médicos e gestores hospitalares e à importância do seu papel no processo. Não encontrei nenhum artigo que focasse especificamente como é trabalhada a CA nos hospitais.

Os resultados deste estudo revelam irregularidades em relação ao plano de contabilidade analítica (PCAH) dos hospitais. As prestações recíprocas não estão a ser consideradas. As alocações das amortizações e dos custos com pessoal não são reais. Os medicamentos fornecidos pela farmácia hospitalar não são considerados no centro de custo prescrito. São custos não imputáveis e, em 2006, representaram 47% desses custos. A informação da CA para processo de tomada de decisão existe para reportar a informação exigida pela Administração Central do Sistema de Saúde (ACSS). Os dados da CA não são utilizados pelos médicos no processo de decisão. Todos se mostraram receptivos à ideia e estão conscientes de que dispõr dessa informação é a única maneira de reagir, em tempo útil, a custos anormais. Com informação semestral ou anual a reacção é ineficaz.

Palavras-chave: Contabilidade Analítica; Método das secções homogéneas; custos hospitalares; processo de decisão

Classificação do Journal of Economic Literature (JEL): I119 – Health; M41 - Accounting
ABSTRACT

The aim of this research was to understand how cost accounting was worked by Setúbal’s Hospital Center and how its outputs were used by physicians and management in decision processes.

I reviewed international literature in order to understand what was being done in other countries and a Portuguese study regarding another hospital center. These studies referred mainly to the use of cost accounting outputs by physicians and hospital managers, and the importance of their role in the process. I did not find any article that explained how cost accounting was used by hospitals.

The results of this study reveal some irregularities in the hospital’s cost accounting plan (PCAH) use. Reciprocal flows are not being considered, allocation of amortizations and personnel costs are not based on reality. Medicines that are prescribed by hospitals and supplied by hospital pharmacy are not considered in the prescriber’s cost center. They are treated as non-imputable costs and, in 2006, represented 47% of its total. Regarding the use of cost accounting outputs to the decision-making process the main idea is that cost accounting exists to report information to the Central Administration of the Health System (ACSS). This was also the general opinion of accounting professionals interviewed in the process. Cost accounting is not used by physicians in the decision process. However they are very receptive to the idea and aware that is the only way to react in time to abnormal costs.

Keywords: Cost Accounting; Department allocation costs method; hospital costs; decision process

Journal of Economic Literature (JEL) Classification System: I119 – Health; M41 - Accounting
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<tr>
<td>AMT</td>
<td>Means of therapy</td>
</tr>
<tr>
<td>ARS</td>
<td>Health Regional Administration</td>
</tr>
<tr>
<td>CA</td>
<td>Contabilidade Analitica</td>
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<td>CAS</td>
<td>Cost Accounting System</td>
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<td>CES</td>
<td>Social and Economic Council</td>
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<td>CHS</td>
<td>Setúbal's Hospital center</td>
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<td>CNCAP</td>
<td>Public Administration Commission of Accounting Normalization</td>
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<tr>
<td>DGS</td>
<td>General Directorate of health</td>
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<tr>
<td>EPE HOSPITALS</td>
<td>Enterprise Public Entity hospitals</td>
</tr>
<tr>
<td>HMO</td>
<td>Health Maintenance Organization</td>
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<tr>
<td>IGIF</td>
<td>Health Information Technology and Finance Management Institute (extinguished in 2006, by nº39 Cabinet Resolution. Its functions were integrated on ACSS - Decree-Law nº219/2007, May 29th)</td>
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<tr>
<td>PCAH</td>
<td>Hospital's Cost Accounting Plan</td>
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<td>PCISS</td>
<td>Accounting Plan for Social Security Institutions</td>
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<tr>
<td>POC</td>
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POCMS  Official Accounting Plan of Health Ministry
POCP  Public Accounting Official Plan
POCSS  Official Accounting Plan of Health Services
PPO  Preferred Provider Organization
PRACE  Governmental Programme for Public Administration Restructure
RAFE  Public Financial Administration Regime
SA HOSPITALS  Anonymous Society hospitals
SEE  State Enterprise Sector
SIDC  Decentralised information systems of accounting
SNS  National Health Service
SPA  Administrative Public Sector
TC  Court of Auditors