

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!

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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 (PDAH) 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 prescriptor. 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 dispôr 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

CONTENTS

1 INTRODUCTION

1.1. Description of the objectives of the investigation in the context of the existing literature	1
1.2. Personal motivations and relevance of this study/ investigation	2
1.3. Research methodology	3
1.4. Thesis structure	4

2 LITERATURE REVISION

2.1. Foreign studies made concerning cost accounting on hospitals	6
2.2. A Portuguese study concerning cost accounting on hospitals	15

3 PUBLIC ACCOUNTING IN PORTUGAL: EVOLUTION AND

IMPLEMENTATION IN HOSPITALS

3.1. Evolution	17
3.2. Brief description of POCP	19
3.3. The Official Accounting Plan of Health Ministry - its evolution through last two decades	21
3.4. Governmental Programme for Public Administration Restructure	22
3.5. POCMS' implementation	23
3.6. Description of changes occurred in Portugal	
3.6.1. Evolution on health sector expenditure	24
3.6.2. Changes occurred in Portuguese hospitals	25
3.6.3. Studies and analysis of SA/EPE hospitals' performance	33
3.7. Cost accounting on Portuguese hospitals	37
3.7.1. Hospitals cost accounting plan - PCAH	38
3.7.2. Cost department method in Portuguese EPE hospitals	46

4 RESEARCH METHODOLOGY	
4.1. Research strategy: case study	55
4.2. Steps followed in the case study	56
4.2.1. Interviewing process	65
5 THE EMPIRICAL STUDY	
5.1. History/ description of Setúbal's hospital center	70
5.2. Accounting plans used on CHS	72
5.3. Cost accounting on CHS	73
5.4. Cost accounting outputs and management decisions	89
6 CONCLUSIONS	
6.1. Overview of the study	96
6.2. Theoretical/ practical contributions	99
6.3. Limitations and suggestions for further investigation	99
APPENDICES	101
REFERENCES	109

APPENDICES

Appendix n°1	Letter submitted to CHS Financial Director asking permission to do my research at the hospital	102
Appendix n°2	PCAH cost drivers	104

LIST OF EXHIBITS

Exhibit n° 1	Main stages of Accounting Plans used by Health Ministry	22
Exhibit n° 2	Total expenditure on health on % gross domestic product	25
Exhibit n° 3a)	List of Public Administrative Sector Hospitals / SNS	29
Exhibit n° 3b)	List of the other SPA entities / SNS	31
Exhibit n° 3c)	List of Enterprise Hospitals / SNS	32
Exhibit n° 4	Direct Allocation Method	43
Exhibit n° 5	Sequential Allocation Method (Step-Down Allocation Method)	44
Exhibit n° 6	Reciprocal Allocation Method	45
Exhibit n° 7	Department Method Allocation Costs – 1st Level - Direct costs allocation	48
Exhibit n° 8	Department Method Allocation Costs – 2nd Level - Administrative cost department allocation	50
Exhibit n° 9	Department Method Allocation Costs – 3rd Level - General support cost department allocation	52
Exhibit n° 10	Department Method Allocation Costs – 4th Level - Clinical support cost department allocation	53

Exhibit n° 11	Conditions that define the research strategy to be chosen	56
Exhibit n° 12	Six Sources of Evidence: Strengths and Weaknesses	59
Exhibit n° 13	Semi-Structured interview scripts	
Exhibit n° 13 a)	for accounting, cost accounting and hospital manager	61
Exhibit n° 13 b)	for physicians - Service Directors	63
Exhibit n° 13 c)	for Hospital Administrator	64
Exhibit n° 14	List of performed interviews	67
Exhibit n° 15	The use of methods to allocate support department costs	74
Exhibit n° 16	CHS's 2008 Administrative cost departments	77
Exhibit n° 17	CHS's 2008 General support – auxiliary cost departments	81
Exhibit n° 18	CHS's 2008 Clinic support – auxiliary cost departments	84
Exhibit n° 19	CHS's 2008 Main departments	86

LIST OF ABBREVIATIONS

ACSS	Central Administration of the Health System
AMD	Means of diagnosis
AMT	Means of therapy
ARS	Health Regional Administration
CA	Contabilidade Analítica
CAS	Cost Accounting System
CES	Social and Economic Council
CHS	Setúbal's Hospital center
CNCAP	Public Administration Commission of Accounting Normalization
DGS	General Directorate of health
EPE HOSPITALS	Enterprise Public Entity hospitals
HMO	Health Maintenance Organization
IGIF	Health Information Technology and Finance Management Institute (extinguished in 2006, by n°39 Cabinet Resolution. Its functions were integrated on ACSS - Decree-Law n°219/2007, May 29th)
PCAH	Hospital's Cost Accounting Plan
PCISS	Accounting Plan for Social Security Institutions
POC	Official Account Plan
POCAL	Official Accounting Plan for Local Authorities
POC - Education	Official Accounting Plan for Education Sector
POCISSSS	Official Accounting Plan for Solidarity and Social Security System

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