

MINISTRY OF EDUCATION AND TRAINING MINISTRY OF FINANCE
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**IMPROVING THE ACCOUNTING FOR COST AND
PRICE OF MEDICAL EXAMINATION AND
TREATMENT SERVICES AT HOSPITALS UNDER
THE MINISTRY OF HEALTH IN VIETNAM**

Major: Accounting

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THESIS SUMMARY

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- The National Library.
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INTRODUCTION

1. Urgency of the Research Topic

On June 21, 2021, the Government issued Decree 60/2021/ND-CP, replacing Decree 16/2015/ND-CP and Decree 85/2012/ND-CP. In addition, currently, hospital fees have been converted to a service price mechanism in accordance with the provisions of the specialized law. This is an important legal basis, creating a turning point and a drastic change in management and administration at medical non-business units in general and public hospitals, requiring hospitals to have strategies and solutions to increase revenue, strictly control costs, reduce dependence on the state budget, and at the same time improve the quality of health services.

Along with that is the change of the guidelines for public sector accounting from Decision 19/2006/QD-BTC to Circular 107/2017/TT-BTC, approaching International Public Accounting Standards, applying from the fiscal year 2018. Therefore, cost and price accounting activities as an important tool in performing the management function have actively contributed to exploiting revenue sources, controlling expenses, and determining the price of medical examination and treatment services towards the goal of improving the quality of medical examination and treatment services of the hospital. On the other hand, on July 31, 2019, the Ministry of Finance issued Decision 1299/QD-BTC approving the project to announce the system of Vietnamese Public Accounting Standards, which is also the basis for perfecting the accounting regime.

In the context that public hospitals have to exercise their autonomy, the price of the current medical examination and treatment service is determined only by 4 out of 7 factors. It has put pressure on administrators. The precise cost calculation requires the unit to determine the costs that constitute the service fee accurately. In addition to the correct calculation of the service fee, accounting information regarding the cost and medical service price also play an important role for administrators to perform their administrative roles. Accounting is an effective supporting tool that helps administrators access information timely and accurately. Thereby, they can find out cost-control measures for short-term and long-term decisions.

As for front-line and end-line hospitals, pioneering in autonomy, accounting for cost and service price plays an important role for other healthcare institutions under the Ministry of Health. However, accounting for service expenses and service costs at these hospitals remain many shortcomings. For example, the cost of medical examination and treatment services has not been calculated, and management accounting content is still unclear. For theoretical and practical requirements, the author selected the topic **"Improving the accounting for cost and price of medical examination and treatment services at hospitals under the Ministry of Health in Vietnam"** to conduct the research.

2. Overview of Studies Related to the Thesis Topic

In Vietnam, practically and in the world generally, there has been numerous research related to accounting for the cost and price of products/services from financial and management accounting perspectives. However, research on the accounting theory for the cost and price of public services in general and medical services in particular, is limited in number. In other words, very few research works comprehensively mention the accounting for cost and price of public services, especially for medical examination and treatment services at public hospitals. There has not been a specific study on accounting for the expense and price of medical examination and treatment services at hospitals under the Ministry of Health, notably since the administrative-accounting regime was implemented according to Circular 107/2017/TT- BTC on 10/10/2017. The solutions proposed in the research are not systematic because of an incomplete and incomprehensive approach to the link between the expense and price of medical examination and treatment services. Therefore, the research topic selection of "**Improving the accounting for cost and price of medical examination and treatment services at hospitals under the Ministry of Health in Vietnam**" is independent without duplication with any work regarding the content, space, and time of research.

3. Research Objectives and Tasks of the Thesis Topic

3.1. Research Objectives

The thesis proposes solutions and recommendations to improve the accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health based on a science-backed basis in theory and practice.

3.2. Research Tasks

Firstly, the research systematizes the theoretical basis of public services, cost and price of public services at public non-business units, and accounting for expense and price of public services at these units.

Secondly, the research analyzes the actual situation of accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health in Vietnam between 2018 and 2021. It indicates the achievements, limitations, and causes of those shortcomings in accounting for the cost and price of medical services at the researched units.

Thirdly, the research proposes a system of synchronous solutions to improve accounting for the cost and price of medical services at hospitals under the Ministry of Health in Vietnam.

4. Research Subject and Scope of the Thesis Topic

4.1. Research Subject

The research thesis is about the theoretical basis of accounting for the cost and price of public services at public non-business units; the actual accounting for costs and prices of medical examination and treatment services at hospitals under the Ministry of Health in Vietnam.

4.2. Research Scope

Scope of research content:

The thesis focuses on in-depth research into the theoretical basis of accounting for the cost and price of medical examination and treatment services at healthcare institutions. It analyzes the situation of accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health in Vietnam. Accordingly, the thesis also systematizes solutions to complete that situation.

Scope of research space:

The research thesis is conducted at 36 hospitals under the Ministry of Health. Eight of those hospitals are selected as typical models for interviewing and collecting secondary data, including Bach Mai Hospital, Vietnam German Friendship Hospital, National Children's Hospital, E Hospital, Central Lung Hospital, Huu Nghi Hospital, and National Hospital 74, National Psychiatric Hospital No.1. These eight selected hospitals belong to all types of public non-business units implementing the autonomy mechanism at different levels with a diversity of scales, types of specialized and general hospitals, as well as types of medical examination and treatment services. Thus, researching and analyzing can help find out the characteristics, differences, and limitations of accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health.

Time periods of the research:

The thesis focuses on researching, surveying, and evaluating the actual situation of accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health in Vietnam between 2018 to 2021. It was the period when the hospitals applied the administrative-accounting regime according to Circular 107/2017/TT-BTC dated 10/10/2017.

5. Research Methodology

The thesis research methodology used is the scientific research methodology of dialectical materialism and historical materialism. The methods include the survey method, documentary collection method, statistical method, comparative method, synthesis method, systematic analysis, etc. Based on the survey data, the author statistically analyzes, compares, and evaluates the actual situation of accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health in Vietnam.

6. New Contributions of the Thesis

In theory: The theoretical framework of accounting for the cost and price of public services at public non-business units is systematized and clarified from both financial accounting and management accounting perspectives.

In practice: The actual situation of accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of

Health in Vietnam during the period 2018 to 2021 is analyzed and clarified both in terms of financial accounting and management accounting. As a consequence, it allows for accurate objective assessments of that situation at the hospitals mentioned above. The thesis also points out the advantages, limitations, and causes of those limitations in accounting for the cost and price of medical examination and treatment services in the hospitals since the application of the new administrative-accounting regime according to Circular No. 107/2017/TT-BTC. Moreover, in the thesis, the author proposes a system of synchronous solutions to improve accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health in Vietnam, both from financial accounting and management accounting perspectives.

7. Structure of the Thesis

Besides the Introduction, Conclusion, and Appendices, the structure of the thesis consists of 3 chapters as follows:

Chapter 1: Theoretical basis of accounting for cost and price of public services at public non-business units.

Chapter 2: The actual situation of accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health in Vietnam.

Chapter 3: Solutions to improve the accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health in Vietnam.

Chapter 1

THEORETICAL BASIS OF ACCOUNTING FOR COST AND PRICE OF PUBLIC SERVICES AT PUBLIC NON-BUSINESS UNITS

1.1. OVERVIEW OF PUBLIC NON-BUSINESS UNITS AND PUBLIC SERVICES

1.1.1. Overview of Public Non-Business Unit

1.1.1.1. Definition, Roles, and Features of Public Non-Business Units

1.1.1.2. Classification of public non-business units

1.1.2. Overview of Public Services

Public services include activities that provide essential social welfare for people in terms of education, culture, science, health care, physical training, insurance, social security, etc. Following the current trend in the world, the government only performs public services that society cannot or does not want to do. Hence, the government has allocated a part of public service provision to private units and social organizations. In Vietnam, the provision of public services can be carried out by the government agencies directly through public non-business units or private units that are assigned a part of the public service provision by the government. Public services branch into public services using the state budget and public services not using the state budget.

1.2. OVERVIEW OF THE PUBLIC SERVICE COST AND PRICE

1.2.1. Definition and Features of the Public Service Cost and Price

1.2.1.1. Public Service Cost

According to the author, *the public service cost is all necessary expenses in money that the public non-business units have to spend in a certain period to provide consumers with public services.*

The biggest feature of public service provision is not-for-profit. For some public services, consumers pay partly or all of the cost. Nonetheless, the government is still responsible for ensuring the provision of these services. The input resource of the public service delivery process shows a bigger shortcoming because the funding for public service costs is more limited than that of the private units. In addition, the cost of public services is also under the control and management of the government.

1.2.1.2. Public Service Price

The author assumes that *the public service price is the total of public service costs (costs of labor, machinery, and others) needed for a volume of public service to be completed.*

Price is based on costs. In essence, the service cost and price have a close mutual relationship in which expenses of labor and machinery in use are expressed in money. Still, they are different in terms of quantity. In terms of costs, it is limited to a certain period, whether the service is completed or not. Meanwhile, service price is to determine a certain amount of service cost needed for a certain volume of services to be complete.

1.2.2. Classification of the Public Service Cost and Price

1.2.2.1. Classification of the Public Service Cost

Criteria for classifying the public service costs: (1) By operational functions (expense items, economic uses); (2) By economic nature and content (factors of cost); (3) By relationship between costs and operating levels; (4) By ability to add costs into the object of cost accumulation; (5) By relationship among items on the financial statements; (6) By decision-making authorization; (7) By basis for decision-making.

1.2.2.2. Classification of the Public Service Price

Criteria for classifying the public service price: (1) By the time of price determination; (2) By scope of the costs involved; (3) By cost calculation data.

1.2.3. Objects for Cost Accumulation, Objects for Service Costing and Period for Service Costing of Public Services

1.2.3.1. Objects for Cost Accumulation of Public Services

Objects for cost accumulation of public services are the scopes within which service costs should be accumulated in public non-business units. The objects for cost accumulation at these units can be:

- Each service, detail of service category, service group, service package, etc.
- Each department, division, etc.

- Each person using services.

1.2.3.2. Objects for Service Costing of Public Services

The objects for service costing toward the volume of service completed require calculating the total cost and the unit cost. To determine the object for service cost calculation, the unit must base on features of organization, operation management, types of service provided, and the administrators' requirements. Objects for service costing of public services can be each category of service or order that is completed.

1.2.3.3. Period for Service Costing of Public Services

The service costing period is the one in which the accounting department for public service cost needs to conduct the calculation for service costing objects. Based on features of the organization and operation and the service provision cycle of each unit, the service costing period is usually applied as follows:

- In the case of providing many services with a short and continuous, alternating service provision cycle, the service costing period is monthly.
- When providing services based on orders with a long service provision cycle in which the service is only completed at the end of the cycle, the service costing period is the time when the service is done.

1.2.4. Method of Cost Accumulation and Service Costing of Public Services

1.2.4.1. Methodology of Public Service Cost Accumulation

(1) Direct inductive method:

This method is used to accumulate cost categories that are directly related to the determined objects for cost accumulation.

(2) Indirect allocation method:

In this method, cost categories that are indirectly related to many defined sets of cost-accumulation objects are accumulated. The accountant cannot allocate costs for each of these objects.

According to the traditional view, the indirect cost allocation usually selects only one criterion. Based on the ABC model, all indirect costs in the process of service provision are gathered into each activity and then allocated to the appropriate criteria.

1.2.4.2. Method of Determining the Unfinished Public Service Cost

Unfinished public service is the one that is still in the progress of being provided to consumers. Determining the in-progress service cost is the calculation and determination of the cost that the unfinished service progress has to bear at the end of the period. The unfinished-service determination can be conducted with one of two methods. One is to define the service cost based on the direct cost of materials, while the other works by determining the corresponding completed volume of services.

1.2.4.3. Method of Public-Service Costing

The method of public-service costing is the one for accountants to calculate the total cost and unit cost related to the volume of completed public services. The methods of public-service costing include calculating the service price by work (orders), by process, by direct-cost method, by a coefficient, by ratio, and by quota.

1.3. ACCOUNTING FOR COSTS AND PRICES OF PUBLIC SERVICES FROM THE FINANCIAL ACCOUNTING PERSPECTIVE

1.3.1. Collection of Accounting Information for Costs and Prices of Public Services

Economic transactions incurring costs in the process of public-service provision are very diverse. Therefore, it is necessary to use many different types of accounting vouchers to reflect that transaction.

1.3.2. Processing the Accounting Information for Costs and Prices of Public Services

1.3.2.1. Determining the Cost and Price of Public Services

- a. Determining the cost of public services
- b. Determining the cost of unfinished public services and calculating the cost of completed public services

1.3.2.2. Applying the System of Accounting Accounts

1.3.2.3. Applying the System of Accounting Book

1.3.3. Presenting and Providing the Accounting Information for Cost and Price of Public Services

Information about the cost and price of public services is presented in the reports, including the Profit & Loss Statement and the Financial Statement, with supplemented detailed information in the Financial Statement footnotes.

1.4. ACCOUNTING FOR COSTS AND PRICES OF PUBLIC SERVICES FROM THE MANAGEMENT ACCOUNTING PERSPECTIVE

1.4.1. Management Accounting for Costs and Prices of Public Services for Planning

1.4.1.1. Formulating the Cost Coefficients for Public Services

Categories of cost coefficients: Ideal coefficient and actual coefficients.

Methods of formulating cost coefficients: Technical method, methods of analyzing historical data, and adjustment method.

Formulating cost coefficients for public services at public non-business units: Formulating the cost coefficients for direct materials; Formulating the cost coefficients for direct employees; Formulating cost coefficients for common services.

1.4.1.2. Formulating Estimates for Public Services

Purpose of formulating estimates: Estimates are used for two different purposes that include planning and controlling.

Departments involved in the process of formulating estimates: Not only the accounting department but also all departments in the unit are at play in the

process of formulating estimates. The accounting department only plays a role in budgeting.

Period of formulating estimates: Estimates are usually formulated for a certain period of time, which can be a year or a period (month/quarter/06 months).

Basis of formulating estimates: The cost quota of the public services (this is considered the core issue of the estimates); Information from the actual operating results and estimates of the previous period; Price fluctuations of factors related to the cost; Based on macroeconomic policies such as the tax policy, etc.; Based on the professional qualifications of the cost estimator.

Order of formulating estimates: (i) Formulating estimates from the senior management; (ii) Formulating the combined estimates; (iii) Formulating estimates from the first-line management.

Public-service cost estimates: Estimating the direct material costs; Estimating the direct employee cost; Estimating the common service cost.

1.4.2. Management Accounting for Costs and Prices of Public Services for Implementation

1.4.2.1. Collecting Information of Management Accounting for Costs and Prices of Public Service

Depending on the purpose of presenting the accounting information for the cost and price of public services on the management accounting report, the accountant can formulate the necessary accounting vouchers for the management accounting work.

1.4.2.2. Handling the Management Accounting Information for Cost and Price of Public Service

Determining the cost of public services: From the perspective of management accounting, the determination of the public-service cost is also based on the operating level of the cost.

Calculating the cost of public services: Depending on the using purpose of the administrator, the accountant can choose one or more methods for public-service calculation. Despite different results from various public-service costing methods, they complement each other.

In terms of the formulation of the management accounting system: Based on the purpose of presenting information on the management accounting report, the units can detail the accounts by levels 2, 3, 4, 5, etc., which are suitable for the needs of summarizing information about cost and price of services at their units.

Regarding the management accounting book system: Units formulating the accounting books for each account need to comply with legal regulations on accounting.

1.4.2.3. Presenting and Providing the Management Accounting Information For Cost and Cost of Public Services

Public non-business units can make a number of management accounting reports for the cost and price of public services as follows:

- Report on the cost of public services by expense items.
- Report on cost and price of full public services.
- Report on the price of public services by variable costs.

1.4.3. Management Accounting for Cost and Price of Public Services for Control and Evaluation

To perform the cost controlling function, managers can use many different tools. One of them is to compare the difference between the actual costs incurred and the corresponding costs based on estimates. The comparative method is also the most used one in financial analysis. Its advantage is the easy computation.

- (1) Controlling the difference of public-service variable costs.
- (2) Controlling the difference between general-service fixed costs.

At the end of the process of analyzing the difference in public service costs, the accountant performs the analysis and makes reports to summarize the analyzed results of factors that cause fluctuations in the cost of public services. Eventually, the accountant makes comments and forecasts the trend of production cost fluctuations in the next period.

1.4.4. Management Accounting for Cost and Price of Public Services for Decision-Making Process

The decision-making is linked with other procedures of the cost and price management process of public services. It is present in all stages of the management process from pre-planning, planning, implementation, and post-implementation for the cost and price of public services.

Management accounting has the role of consulting and providing information for managers in making decisions.

1.5. FACTORS AFFECTING THE ACCOUNTING FOR COST AND PRICE OF PUBLIC SERVICES AT PUBLIC NON-BUSINESS UNITS

In the developing and organizing process of the accounting for cost and price of public services, the public non-business units will have a better overview of the accounting model by identifying the factors that affect the accounting for cost and price of public services. Hence, the units can find solutions and recommendations with the aim of promoting positive factors and simultaneously limiting negative impacts. Moreover, they can get lessons learned in the process of organizing and operating the accounting for the cost and price of public services at the unit.

1.5.1. External Factors

External factors affecting the accounting for cost and price of public services at public non-business units include factors of the legal framework regulated by the government and factors of the competitive environment along with the international integration process.

1.5.2. Internal Factors

Basically, there are four groups of internal factors affecting the accounting for cost and price of public services, including (1) The scale and operating characteristics of the public non-business unit; (2) The qualification and information needs of administrators; (3) The qualification of the accounting staff; (4) The information technology application level in accounting.

Chapter 2

THE ACTUAL SITUATION OF ACCOUNTING FOR THE COST AND PRICE OF MEDICAL EXAMINATION AND TREATMENT SERVICES AT HOSPITALS UNDER THE MINISTRY OF HEALTH IN VIETNAM

2.1. OVERVIEW OF HOSPITALS UNDER THE MINISTRY OF HEALTH IN VIETNAM

2.1.1. A System of Hospitals Under the Ministry of Health

The system of public hospitals under the Ministry of Health is the end-line ones with modern medical facilities and infrastructure, providing specialized, sophisticated medical services with high technical requirements. As the leading hospitals in the country, these end-line hospitals are responsible for implementing specialized techniques, applying medical technology advancements to medical treatment, and performing specialized instructions for the lower-level hospitals. According to Decision 246/QĐ-TTg of the Prime Minister, there are 36 public hospitals under the Ministry of Health.

2.1.2. Medical Examination and Treatment Services at Hospitals Under the Ministry of Health

Hospitals under the Ministry of Health provide many different types of medical services. Based on the funding sources for the cost of performing services, medical examination and treatment services at these hospitals include medical services using the state budget and medical services not using the state budget. Depending on the list of medical-technical services, medical examination and treatment services at hospitals under the Ministry of Health include the category of medical examination services, the category of day-to-day treatment services, and the group of technical and testing services.

2.1.3. Financial Mechanism at Hospitals Under the Ministry of Health

On June 21, 2021, the government issued Decree 60/2021/ND-CP stipulating the financial autonomy mechanism of public non-business units. It came into effect on August 15, 2021, as a replacement for Decree 16/2015/ND-CP and Decree 85/2012/ND-CP. However, in the period between 2018 and 2021, the public non-business units in the health sector still follow many points regarding the autonomy mechanism based on Decree 43/2006/ND-CP, which was replaced by the Decree 16/2015/ND-CP without any guidelines for the health sector. Therefore, the hospitals under the Ministry of Health still apply the regulations on financial autonomy according to Decree 43/2006/ND-CP and its guideline - Decree 85/2012/ND-CP for public non-business units in the health sector.

2.1.4. Organizational Structure and Accounting System at Hospitals Under the Ministry of Health

2.1.5. Legal Basis of the Accounting for the Cost and Price of Medical Examination and Treatment Services

In order to carry out the accounting for the cost and price of medical services, hospitals under the Ministry of Health need to follow the accounting laws enacted by the competent authorities. Since hospitals under the Ministry of Health are the public non-business units in the medical field, the accounting at these hospitals complies with the Accounting Law 2015, Decree 174/2016/ND-CP dated December 30, 2016, the guideline for the Accounting Law 2015, Circular 107/2017/TT-BTC on October 10, 2017, the guideline for the administrative-accounting regime coming into effect from January 1, 2018, and other relevant legal documents related to the medical examination and treatment activities.

2.2. ACTUAL SITUATION OF THE COST AND PRICE OF MEDICAL EXAMINATION AND TREATMENT SERVICES AT HOSPITALS UNDER THE MINISTER OF HEALTH IN VIETNAM

2.2.1. Classification of the Cost and Price of Medical Examination and Treatment Services

Hospitals under the Ministry of Health classify the cost of medical examination and treatment services according to the cost content and the relationship between costs and the patient.

These hospitals do not have an obvious criterion for the clear classification of the medical examination and treatment service costs. However, the price of medical services at hospitals is currently determined based on the accounting-auditing standards issued by the Ministry of Health and each hospital. Thus, it can be considered that hospitals have used the criterion for the standard price in the accounting of medical examination and treatment services. However, this price has not fully included the expense items of medical examination and treatment services.

2.2.2. Objects of Cost Accumulation and Objects of Cost Calculation of Medical Examination and Treatment Services

In terms of objects for the medical examination and treatment service cost accumulation, hospitals under the Ministry of Health select the units spending costs (departments or the whole hospital) and the objects incurring costs (patients).

Regarding objects for service costing of medical examination and treatment services, they include each completed medical-technical service and each patient.

2.2.3. Method of Determining and Calculating Costs of Medical Examination and Treatment Services

Hospitals do not determine the cost of unfinished services. The cost of medical examination and treatment services is defined according to the medical

examination and treatment process. The price of medical examination and treatment services is based on the accounting-auditing standards issued by the Ministry of Health and each hospital.

2.3. ACTUAL SITUATION OF THE COST AND PRICE OF MEDICAL EXAMINATION AND TREATMENT SERVICES AT HOSPITALS UNDER THE MINISTER OF HEALTH IN VIETNAM IN THE FINANCIAL ACCOUNTING PERSPECTIVE

2.3.1. Collecting the Accounting Information for the Cost and Price of Medical Examination and Treatment Services

2.3.2. Processing the Accounting Information for the Cost and Price of Medical Examination and Treatment Services

2.3.2.1. Determining the Cost of Medical Examination and Treatment Services and Calculating the Cost of Completed Medical Examination and Treatment Services

2.3.2.2. Applying the system of Accounts

Table 2.14. The accounts used to reflect the cost of medical examination and treatment services

Medical examination and treatment services		Source of funding	The accounts reflecting the cost of medical examination and treatment services
Medical examination and treatment services using the state budget	Medical examination and treatment service costs are 100% covered by the state budget	State budget	Account 611 – Operating expenses
	Medical examination and treatment service costs are partly covered by the state budget	Health Insurance	Account 154 – Cost for production and business, services in progress
Medical examination and treatment services not using the state budget	Medical examination and treatment services on demand	Payment by patients	
		Socialization	

(Source: Summary from hospitals)

Hospitals use “Account 611 - Operating expenses” and the “Account 154 - Production and business costs, services in progress” to reflect the cost of medical examination and treatment services. However, E Hospital uses Account 642 instead of Account 154.

2.3.2.3. Applying the Accounting Book System

2.3.3. Presenting and Providing Information on the Cost and Price of Medical Examination and Treatment Services

Hospitals do not determine the value of unfinished medical examination and treatment services at the end of the period before making the annual financial statements. Hence, information about the cost of medical examination and treatment services at hospitals is reflected in the Profit & Loss Statement, with additional information in the Financial Statements footnote.

2.4. ACTUAL SITUATION OF THE COST AND PRICE OF MEDICAL EXAMINATION AND TREATMENT SERVICES AT HOSPITALS UNDER THE MINISTER OF HEALTH IN VIETNAM IN THE MANAGEMENT ACCOUNTING PERSPECTIVE

2.4.1. Management Accounting for the Cost and Price of Medical Examination and Treatment Services for Planning

2.4.1.1. Establishing Cost Norms for Medical Examination and Treatment Services

The system of accounting-auditing norms in hospitals under the Ministry of Health includes those issued by both the Ministry of Health and the hospitals.

Cost norms for medical examination and treatment services at hospitals are costs for employees, drugs, medical supplies, consumable chemicals, other cost norms, and fixed asset usage norms.

2.4.1.2. Estimating the Cost and Price of Medical Examination and Treatment Services

Hospitals under the Ministry of Health have not yet made estimates for the cost and price of medical examination and treatment services. They only formulate estimates for the annual budget expenditure based on the cost-related content guided by the Ministry of Health in accordance with the government regulations.

2.4.2. Management Accounting for the Cost and Price of Medical Examination and Treatment Services for Implementation

2.4.2.1. Collecting Information of the Management Accounting for the Cost and Price of Medical Examination and Treatment Services

The information of management accounting for the costs of medical examination and treatment services only tracks the detailed information about the costs of drugs, medical supplies, and consumable chemicals with the support of the hospital management system.

2.4.2.2. Processing Information of Management Accounting for the Cost and Price of Medical Examination and Treatment Services

In terms of determining the cost of medical examination and treatment services.

Regarding the medical examination and treatment service price: Hospitals do not determine the price of medical services used for administrative purposes.

Regarding accounts: Hospitals do not build a differentiated management accounting system.

Regarding accounting books: The details in accounting books are to serve the financial accounting instead of going deep into the management accounting.

2.4.2.3. Presenting and Providing Information of Management Accounting for the Cost and Price of Medical Examination and Treatment Services

The content of the reports only provides statistical data on the cost of drugs, medical supplies, chemicals used in the reporting period, or information on hospital bill payments (including the list of services used by the patient) without preparing the cost management reports by items of cost or by the operating level of costs.

2.4.3. Management Accounting for the Cost and Price of Medical Examination and Treatment Services for Control and Evaluation

The process of control and evaluation is only carried out at a simple level with tools such as accounting-auditing norms, internal spending regulations of the hospitals, and regulations of the government. They do not really focus on using costs effectively and economically. The cost control process is strictly implemented with the participation and coordination between the Finance and Accounting Department and other departments such as Planning, Pharmacy, and Supplies.

2.4.4. Management Accounting for the Cost and Price of Medical Examination and Treatment Services for Decision Making

The information of accounting for the cost and price of medical services meets the basic requirements of the administrator. However, both administrators and accountants of hospitals believe that it is necessary to further promote the management accounting at the unit, especially the management accounting for the cost and price of medical examination and treatment services.

2.5. ASSESSMENT OF THE ACTUAL SITUATION OF ACCOUNTING FOR THE COSTS AND PRICES OF MEDICAL EXAMINATION AND TREATMENT SERVICES AT HOSPITALS UNDER THE MINISTER OF HEALTH IN VIETNAM

2.5.1. Achievements

Firstly, in terms of the cost and price of medical examination and treatment services: Hospitals choose criteria to classify the medical examination and treatment service costs depending on the cost content and the

relationship between costs and patients. The cost criteria used by hospitals today are the cost based on the cost norm; the object of cost accumulation based on the units spending the costs (departments, the whole hospital) and the objects incurring the costs (each patient); the object of cost accumulation is each completed medical-technical service and each patient. The cost of medical examination and treatment services is determined by the medical treatment process of each patient. The method of service costing for the medical examination and treatment services is based on the accounting-auditing norms, the cost norms promulgated by the Ministry of Health and the specific hospital, as well as the cost during the medical treatment process of the patients.

The second achievement is related to accounting for the cost and price of medical examination and treatment services from the financial accounting perspective. Accountants of hospitals follow suit with the accounting regulations in the Accounting Law 2015, Decree 174/2016/ND-CP, Circular 107/2017/TT-BTC, and other regulations of the government.

Thirdly, in terms of accounting for the cost and price of medical examination and treatment services from the management accounting perspective:

For planning: Hospitals comply with and apply the accounting-auditing norms promulgated by the Ministry of Health. As for new technical services, the Ministry of Health has not yet issued accounting-auditing norms. Therefore, hospitals proactively build the accounting-auditing norms of those technical services and submit them to the Ministry of Health for approval. Other cost norms are specified by the hospitals in the internal expenditure regulations. Hospitals formulate estimates for the annual budget revenue and expenditure following regulations and guidance of the Ministry of Health.

For implementation: Hospitals keep track of the patient's medical examination and treatment process in detail. Hospitals only use the accounts prescribed in Circular 107/2017/TT-BTC without making a differentiated management accounting system. The detailed open accounting books are based on prescription in Circular 107/2017/TT-BTC corresponding to the detailed accounts. Hospitals have designed a number of cost management accounting reports for medical services by themselves to present and provide management accounting information on the cost and price of medical examination and treatment services at the request of administrators.

For control and evaluation: Hospitals control the cost content related to costs of employees, drugs, supplies, consumable chemicals, and other expenses. Tools for controlling are accounting-auditing norms, internal expenditure regulations of the hospital, and regulations of the government. The control process is strictly implemented with coordination between the Finance and Accounting Department and other relevant departments.

For decision making: The information about costs at the hospital basically meets the needs of the administrator. The cost accounting information for

medical examination and treatment services is used for the preparation of the budget expenditure estimate for the next year, amendment and adjustment of the regulations on internal expenditure, along with evaluation for the implementation of the estimate at the hospital.

Fourthly, in terms of IT application in management and accounting: All hospitals use accounting software and the hospital management system.

Fifthly, regarding the accounting system: The organizational model of the accounting system selected by hospitals is the centralized one. Accountants at hospitals have high professional qualifications and responsibilities.

2.5.2. Shortcomings

Firstly, in terms of the cost and price of medical examination and treatment services: Hospitals are still confused when identifying costs and expenditures. The cost classification of medical examination and treatment services is based on only two criteria, including the cost content and the relationship between costs, without considering other criteria. Hospitals use the criteria of normative cost price for medical examination and treatment services but do not fully calculate the norms of cost items, namely the cost of the fixed-asset depreciation and the medical equipment depreciation. The object of cost accumulation is the place where the costs are spent, and the cost contents have not been gathered by the united scope. Hospitals have not determined the cost of unfinished medical examination and treatment services at the end of the period. The normative cost price of medical examination and treatment services is based on the accounting-auditing norms, the standard cost of the Ministry of Health and the Hospital, but not all items of medical service costs.

Secondly, in terms of accounting for the cost and price of medical examination and treatment services from the financial accounting perspective: The salary cost at the hospitals is currently calculated by the salary scale based on rank, grade, and job title instead of the job position. Some costs related to many faculties/departments, such as electricity, water, logistics, sanitation, etc., have not been allocated or allocated with a relative ratio among faculties/departments. Depreciation for fixed assets is only applied to the machinery and medical equipment of the joint venture association or sources of socialization using the medical examination and treatment service required at the hospital. As for the system of accounts, different hospitals use different accounts to record the same items of medical service costs (Account 154 and Account 611). There are still hospitals (E Hospital) that use Account 642 instead of Account 154 to record the direct costs of providing medical examination and treatment services. Information on the cost of medical examination and treatment services has not been presented clearly and fully in the Profit and Loss Statement.

Thirdly, in terms of accounting for the cost and price of medical examination and treatment services from the management accounting perspective.

For planning: Hospitals have not proactively issued their own accounting-auditing norms. Instead, they apply the norms regulated by the Ministry of Health. Hospitals only formulate the annual budget expenditure estimates according to the guidance of the Ministry of Health instead of formulating the cost estimates based on cost items for medical examination and treatment services.

For implementation: Information on costs of medical examination and treatment services is only tracked with detailed information about the cost of drugs, medical supplies, and consumable chemicals by each patient or each department. Other cost information comes with the same data source as financial accounting. Hospitals monitor the direct costs of providing the medical examination and treatment services in the whole unit instead of opening the details of Account 154. Hospitals do not have a set of management accounting books. The contents of the management accounting report only provide statistical information on the costs of drugs, medical supplies, and chemicals used during the reporting period or information on the payment of hospital bills but not based on cost items or operating levels of the costs. Some hospitals still defer the management report preparation.

For controlling and evaluating: The hospitals mainly control the quantity of drugs, medical supplies, chemicals used for each patient, especially the ones who use the medical examination and treatment services covered with health insurance. The tools for controlling used are only accounting-auditing norms, internal expenditure regulations, and Government regulations. The analysis of fluctuations in costs only stops at calculating and comparing the difference in the number of drugs, medical supplies, and chemicals consumed between a period and the previous one and points out the common cause. There is a lack of specific cost analysis reports. Accountants of the hospitals both synthesize and analyze data without the presence of a separate analysis department.

For decision making: Administrators' decisions still considerably depend on the regulations of the Government and the Ministry of Health.

Fourthly, in terms of the IT application in management and accounting at the hospitals: The hospital management system can only handle the management related to patients, connect to the drug warehouse without being integrated additional management functions on personnel, assets as well as the link between data and the accounting software at the hospitals.

Fifthly, regarding the accounting apparatus: Hospitals do not organize separate financial accounting and management accounting departments.

2.5.3. The Cause of Limitations

2.5.3.1. Objective Reasons

Firstly, the influence of regulations and legal documents.

Secondly, medical examination and treatment services are the basic, essential, and peculiar ones.

Thirdly, the transformation of the financial mechanism accelerates the process of implementing financial autonomy at the hospitals.

Fourthly, the transformation of accounting principles and accounting regimes.

Fifthly, there is no guidance on implementing management accounting.

Sixthly, the Ministry of Health still put off promulgating the accounting and auditing norms.

2.5.3.2. Subjective Reasons

Firstly, it is the scale and operating characteristics of the hospitals.

Secondly, it is the information needed by the administrators.

Thirdly, financial accounting is mostly assigned to the accounting apparatus instead of a separate management accounting department at the hospitals.

Fourthly, hospitals use the general norms issued by the Ministry of Health instead of proactively creating their own accounting and auditing norms, which are suitable for the situation and characteristics of the hospital.

Fifthly, it is the level of IT application in accounting.

Chapter 3

SOLUTIONS TO IMPROVE THE ACCOUNTING FOR THE COST AND PRICE OF MEDICAL EXAMINATION AND TREATMENT SERVICES AT HOSPITALS UNDER THE MINISTRY OF HEALTH IN VIETNAM

3.1. DEVELOPMENT ORIENTATION, PRINCIPLES AND REQUIREMENTS FOR COMPLETING THE ACCOUNTING FOR COSTS AND PRICES OF MEDICAL EXAMINATION AND TREATMENT SERVICES AT HOSPITALS UNDER THE MINISTRY OF HEALTH IN VIETNAM

3.1.1. Development Orientation of Hospitals Under the Ministry of Health in Vietnam

3.1.2. Principles of Completing the Accounting for Costs and Prices of Medical Examination and Treatment Services at Hospitals Under the Ministry of Health in Vietnam

Firstly, the cost and price of medical examination and treatment services must be determined reliably and recorded in accordance with the provisions of the accounting law.

Secondly, the cost and price of medical examination and treatment services must be tracked in detail.

Thirdly, accountants must choose the appropriate criteria for allocating the medical examination and treatment service costs.

Fourthly, the policies and methods of accounting for the cost and price of medical examination and treatment services must be applied consistently in the annual accounting period.

Fifthly, accounting reports must be fully, accurately, and timely made.

3.1.3. Requirement to Complete the Accounting for the Cost and Price of Medical Examination and Treatment Services at Hospitals Under the Ministry of Health in Vietnam

Firstly, the accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health must be consistent with the current system of policies and laws.

Secondly, the accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health must be in accordance with the strategies, development goals, operational characteristics as well as the financial mechanism of the units.

Thirdly, the accounting information related to the cost and price of medical examination and treatment services provided must be continuously, timely, accurately, clearly, completely, understandable, and comparable recorded to meet the requirements of the administrators.

Fourthly, accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health must be efficient and economical at the same time, not waste resources.

3.2. SOLUTIONS FOR A COMPREHENSIVE COMPLETION AND CLASSIFICATION OF COSTS AND PRICES, MEDICAL EXAMINATION AND TREATMENT SERVICE COSTING METHOD

3.2.1. Distinguishing and Correctly Identifying the Expenditure and Cost of Medical Examination and Treatment Services

To perform well, first of all, accountants need to clearly identify and distinguish between expenditures and costs. Currently, the confusion between these two still exists. It is why the hospitals only formulate estimates of budget expenditures according to regulations of the Government and the Ministry of Health rather than formulating estimates for the budget (costs) of medical examination and treatment services.

3.2.2. Adding Criteria to Classify Costs and Prices of Medical Examination and Treatment Services

Firstly, additionally integrate criteria for classifying costs by the cost items, by the inductive ability of costs, and by the activity level of costs.

Secondly, add criteria for classifying medical examination and treatment service price: Price of medical examination and treatment services by the full cost, by the variable costs, by the target price of medical examination and treatment services.

3.2.3. Completing the Object of Cost Accumulation for Medical Examination and Treatment Services

Unificate in selecting the cost accumulation object, which is the place where costs are generated by each department/division. For example, the cost accumulation object is the Department of Medical Examination, Department of Medical Treatment for Required Services, Department of Pediatrics, Department of Laboratory, Department of Surgery, etc.

3.2.4. Completing the Method of Calculating the Cost of Medical Examination and Treatment Services

Firstly, add the method of determining the cost of medical examination and treatment services in progress: The method of determining the cost of medical examination and treatment services in progress at the end of the period by the direct material cost.

Secondly, improve the method of calculating the cost of medical examination and treatment services: Calculating the direct cost of medical examination and treatment services (the sum of direct material and direct labor costs), adding the norm of the fixed-asset depreciation in the cost of medical examination and treatment services based on the cost norm.

3.3. SOLUTIONS TO COMPLETE THE ACCOUNTING FOR THE COST AND PRICE OF MEDICAL EXAMINATION AND TREATMENT SERVICES AT HOSPITALS UNDER THE MINISTRY OF HEALTH IN THE FINANCIAL ACCOUNTING PERSPECTIVE

3.3.1. Completing the Accounting Information Processing for the Cost and Price of Medical Examination and Treatment Services

Firstly, determine and allocate the cost of medical examination and treatment services.

- Labor costs: The salary policy at hospitals should soon be switched from the salary by grade and coefficient to the salary by position, combined with the norm of minimum working time for each employee.

- Costs for electricity and water allocated by the actual usage of each faculty/department.

- Costs for telecommunications, telephone, and internet services recorded at the contracted rate that is specified in the Internal Expenditure Regulations of the hospitals.

- Costs for waste treatment and environmental sanitation allocated by hospital bed days and conversion coefficients among departments.

- Costs for equipment maintenance and repair recorded and distributed by the actual amount that is incurred in each department/faculty, determined by the unit price as well as the quantity of equipment for each department/faculty.

- Fixed asset depreciation: Apply depreciation for all fixed assets at the hospital.

Secondly, add accounts to record the cost items of medical examination and treatment services.

Thirdly, improve the method of accounting for the cost and price of medical examination and treatment services.

3.3.2. Completing the Financial Statements at Hospitals Under the Ministry of Health

3.4. SOLUTIONS TO COMPLETE THE ACCOUNTING FOR THE COST AND PRICE OF MEDICAL EXAMINATION AND TREATMENT SERVICES AT HOSPITALS UNDER THE MINISTRY OF HEALTH IN THE ADMINISTRATIVE ACCOUNTING PERSPECTIVE

3.4.1. Improving the Management Accounting for the Cost and Price of Medical Examination and Treatment Services for Planning

Firstly, the hospitals need to develop and complete a separate system of basic accounting-auditing norms and cost norms soon.

Secondly, complete the system of cost estimates for medical examination and treatment services at the hospitals.

- In terms of the period for estimating the cost of medical examination and treatment services: monthly, quarterly, and annually.

- In terms of the basis of cost estimation for medical examination and treatment services: The cost estimate for medical examination and treatment services is formulated by the basic accounting-auditing norms, cost norms, the estimate of the previous year, information on the financial situation of the hospital, the development plan, the past data on the number of patients who come for examination and treatment services categorized by types of disease at the hospital, etc.

- The order of formulating the cost estimate is proposed to follow the order of formulating the combined cost estimate.

3.4.2. Improving the Management Accounting for the Cost and Price of Medical Examination and Treatment Services for Implementation

3.4.2.1. Completing the Collection of Management Accounting Information for the Cost and Price of Medical Examination and Treatment Services

It is necessary to integrate the personnel, fixed assets management, etc., into the hospital management system to track the employee cost, fixed-asset depreciation, and others. The hospital management system operates by departments. Each department at the hospital will have its own tracking number in the hospital management system. The costs of all departments are updated daily on the hospital management system.

3.4.2.2. Completing the Management Accounting Information Processing for the Cost and Price of Medical Examination and Treatment Services

Firstly, develop criteria for allocating common service costs for the management accounting.

Secondly, select criteria and methods to calculate the cost of medical examination and treatment services in accordance with the management accounting purposes. The cost criteria for medical examination and treatment services that can be used in the management accounting are the cost by variable costs, the cost by norms, and the target price.

Thirdly, build a system of accounts and accounting books for management accounting purposes.

3.4.2.3. Completing the Management Accounting Report for the Cost and Price of Medical Examination and Treatment Services

Reports on the cost of medical examination and treatment services by cost items; Reports on the cost and price of medical examination and treatment services by full costs; Reports on the cost and price of medical examination and treatment services by variable costs.

3.4.3. Improving the Management Accounting for the Cost and Price of Medical Examination and Treatment Services for Control and Evaluation

Firstly, build and complete the internal control department.

Secondly, use the target price as a tool to control the cost of medical examination and treatment services.

Thirdly, improve the method of analyzing the fluctuation of medical examination and treatment service costs - the tool to control the cost of medical examination and treatment services.

3.4.4. Improving the Management Accounting for the Cost and Price of Medical Examination and Treatment Services for Decision Making

In each stage of the management process, the management accounting for the cost and price of medical examination and treatment services is performed as follows:

- Pre-planning stage
- Planning stage
- implementation
- The stage after implementation

3.5. OTHER SOLUTIONS

3.5.1. Completing the IT Application in Management and Accounting at the Hospitals

Integrate the hospital management system and the accounting software via the ERP system.

3.5.2. Completing the Accounting Apparatus in Hospitals

Firstly, build an accounting apparatus that combines financial accounting and management accounting. Based on the scale, conditions, operating characteristics, and administrative requirements of the hospital, the accounting apparatus can be built by a combination model of financial accounting and management accounting.

Secondly, improve the qualifications of accountants and focus on training to improve professional skills in accounting in general and management accounting in particular for the accountants in the unit.

3.6. SOME RECOMMENDATIONS

3.6.1. For the Government

Firstly, complete the legal framework on the financial autonomy mechanism for the public non-business units.

Secondly, speed up the implementation of the Decree 32/2019/ND-CP stipulating the task assignment, ordering, or bidding for the public service provision using the state budget from frequent expenditures.

Thirdly, complete legal documents related to the management and use of cadres and employees, foster the implementation of the salary policy by job position at public non-business units.

3.6.2. For the Ministry of Health

Firstly, review and complete the system of accounting and auditing norms for medical examination and treatment services.

Secondly, coordinate with the Ministry of Finance to develop specific guidelines on determining the service prices for on-demand medical examination and treatment services.

Thirdly, renovate the method of financial management towards the budget management by the task performance (management by the output).

Fourthly, counsel the government and develop the guiding documents of Decree 60/2021/ND-CP for public non-business units in the health sector.

Fifthly, regularly train and update new documents, financial management mechanisms, and the accounting regime for the account holders and accountants at affiliated units.

3.6.3. For the Ministry of Finance

Firstly, review, complete, and supplement the inappropriate contents in the administrative-accounting regime.

Secondly, coordinate with the Ministry of Health and Vietnam Social Security to survey, review, and evaluate the implementation of the norms with the purpose of proposing the development and adjustment which are suitable for the socio-economic situation.

Thirdly, coordinate with the Ministry of Health and Vietnam Social Security to develop regulations on determining service prices.

Fourthly, enact guidelines for the implementation of management accounting at the public non-business units.

CONCLUSION

The medical field that directly affects human health and life is a particularly important one in socio-economic development. One of the contents towards the goal of correctly and fully calculating the cost of medical examination and treatment services is to complete the accounting for the cost and price of medical examination and treatment services. It requires accounting for the cost and price of medical examination and treatment services in the direction of improving the quality and information provided in order to achieve that goal. The thesis has achieved the results as objectives:

Firstly, the thesis makes an overview of public non-business units and public services; a general overview of the cost and price of public services; systematizes the accounting process for cost and price of public services at public non-business units from the financial accounting perspective; presents the contents of management accounting for cost and price of public services at public non-business units with the aim of supporting the administration that includes planning, organizing, implementing, controlling, evaluating, and making decisions; analyzes the factors affecting the accounting for cost and price of public services at public non-business units.

Secondly, the thesis presents an overview of the system of hospitals under the Ministry of Health; analyzes the actual situation of accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health in the period between 2018 and 2021 from the financial accounting and management accounting perspectives; gets the achieved results, existing limitations to indicate the causes behind in the accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health.

Thirdly, the thesis proposes solutions to improve the accounting for the cost and price of medical examination and treatment services at hospitals under the Ministry of Health. At the same time, it specifies the conditions for the synchronous implementation of the proposed solutions.

With the completed basic contents, the author hopes that the thesis research results will make certain contributions in completing the theoretical basis regarding the accounting for the cost and price of medical examination and treatment services in hospitals generally and hospitals under the Ministry of Health particularly. However, due to limitations in many aspects, it is inevitable to have certain shortcomings with the thesis. The author hopes to receive valuable comments from scientists and experts so that the thesis can be complete.

LIST OF RELEVANT PUBLICATIONS

1. Le Thanh Dung, Pham Thu Trang (2018), *Cost accounting of public non-business services in Vietnam today*, the scientific research project at Faculty - Academy of Finance.
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