

# Business Administration in the Health Department

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**Abstract-** The importance of Business administration in Healthcare department has grown in contemporary times. The principles of professional business administration that are applied in most other departments are steadily working their way into day-to-day running of healthcare departments and organisations. Those businesses that embrace these concepts will reap the benefits sooner. Business administration examines the ways in which Management, marketing and finance principles are used in the health and medical department.

## Introduction

Business Administration in Health departments is a combination of knowledge and experience in business and health care. Business is described as selling or buying of goods or services in an effort to make profit. A business system is defined as how a system operates. Healthcare in the prevention, maintenance or restoration of a person's health by trained medical specialists and medical institutions. The terms Business and Healthcare are rarely used together. The operation of a hospital or university is not technically a business enterprise because the primary motive is not for profit (Buttaro & Buttaro, 1999). If a non-profit health care department makes profit in business, the money is not used for buying better equipment and hiring better employees. Business and Healthcare should be used together since one cannot survive without the other (Bucci, 2014).

Health care administration is defined in Timmreck's Dictionary of Health Services Management as: (a) a generic term covering the activities of a broad range of individuals: health planners and policy analysts in federal, state, regional, and local agencies; hospital and clinic administrators; and administrators of group practices, health maintenance organizations, or long-term care facilities, among others. Health administrators are involved in planning, coordinating, organizing, evaluating, and directing the resources and procedures necessary to provide health services. (b) Planning organizing, directing, controlling, and coordinating the resources and procedures by which needs and demands for health and medical care and a healthful environment are converted to specific services for individual clients, organizations, and communities (Stewart, 1996).

The U.S. Bureau of Labor Statistics (BLS) predicts faster than average growth in the area of health care administration over the next several years, with hospitals continuing to employ the largest

number of managers and administrators (www.bls.gov). Employment of medical and health services managers is projected to grow 17 percent from 2014 to 2024, much faster than the average for all occupations. Health care administration is highly competitive, but job prospects should be strongest for candidates with clinical and managerial experience in health care, as well as an advanced degree in hospital administration or a related field. The BLS reports that 2014 annual earnings in the 10th-90th percentile range for health care administrators ranged from \$55,890 to \$161,150.

## Why is business administration in health department important?

In the ever-changing field of health, new roles, such as the health care administrator, have begun to take prominence in business administration in health organisations. A growing number of patients mean an increasing demand for staff, and the business administrative tasks involved with managing both are necessary to the overall functionality of the department. The ascendancy of managed care and competition has forced providers to adopt more businesslike approaches. Mergers between health organisations and departments and between health maintenance organizations (HMOs) have centralized "back office" tasks. E-mail has displaced regular mail, and the Internet allows insurers to offer on-line verification of applicants' eligibility, utilization review, and payment approval (Woolhandler, Campbell & Himmelstein, 2003).

## Goals of Business Administration

Healthcare administrators impact the lives of many people by providing health planning services, policy formation and organizational structure, policy formation and organizational policy formation and analysis, and asset risk management. Careers in this field require professionalism (BLS, 2014). Professionals in healthcare administration run the gamut of operations in medical settings. From overseeing

staff, assisting with budgeting and finance, and making critical decisions that affect a whole organization, health administrators hold a critical position in the medical industry.

Health care administrators manage the business of health care. They establish and maintain budgets, recruit and supervise personnel, and ensure compliance with state and federal regulations. In larger settings, like hospitals, a top-level health care administrator may focus on long-term goals and policy-making for the entire facility, while assistant administrators oversee the financial, personnel, and management issues of specific departments [http://study.com/]. For larger organizations, healthcare administrators can even have their hand in policy making and in the development of business strategies. In smaller facilities like medical offices and nursing homes, health care administrators are often directly involved in day-to-day operations, from finance and marketing to the coordination of patient care programs.

Some administrative positions are held by health specialists who supervise specific clinical services in the medicine. Health care administration requires strong analytical and communication skills in addition to leadership ability and business savvy. [http://study.com/] An administrator must be able to make decisions and delegate authority, while managing all levels of medical and administrative personnel. He or she must be able to establish goals, analyze data, make evaluations, and create policy to maintain consistent standards of patient care among departments. A health care administrator must also be a good negotiator and have the ability to build relationships with government agencies, unions, and community organizations [http://study.com/]. With extensive job-specific training and involvement with implementing policies and procedures for their departments, they work closely with other managers to plan and coordinate operations for a health system.

### **Challenges in Business Administration in Health**

Many physicians are becoming leaders within the health department. However many of the physicians and non-physicians entering administrative positions in the health departments lack the basic business administrative skills that are required to perform their duties (Bucci, 2014). These business administrative skills are not acquired during their medical training or business training. They may also may not be equipped with financial, organisational and leadership expertise and the knowledge and implications of health policies. Health business administration needs skills that

properly and effectively function and provide value to the organisation.

Health administration is a professional challenging environment with some of the most critical issues and problems in our society. It's a very difficult business environment that hospitals and other health care providers operate in. Health organisations and their patients are heavily intertwined with the economy, often times there are business decisions that need to be made in order to keep the doors open.

To conclude, Business Administrative skills are an integral part of any health or medical department and organisation. The opportunities for a healthcare administrator or manager are plentiful, and can include patient or employee care and/or operations of a health organization.

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