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Multiple Revenue Sources for Health Care Services

Having multiple revenue sources of health care services is important because it helps hospitals keep offering their services. For starters, health care facilities receive revenue from government grants, donations, insurance, out-of-pocket payers, and private donations. These funds help the hospitals purchase new equipment and medical supplies that will be beneficial to patients, expand the hospital to cater to more patients, and manage hospital expenses such as electricity bills, water, and wages (Hartman et al., 2018). This is because hospitals are businesses but with a social intention. Second, multiple sources of revenue for health care services provide hospitals with financial independence. This allows health care facilities to improve their services because they are financially stable. Third, some of these revenue sources, such as donations, are non-taxable if the donors do not require anything in return (Baker & Dawson, 2020). Therefore, this lowers their taxable income and maximizing their profits.

Each source of revenue has its limitations. For instance, insurance covers can be difficult for patients to sustain because they are expensive (Blumberg & Holahan, 2019). This would lead to increased hospital bills that can go unclaimed if the patient does not pay, creating a financial crisis. Mismanagement of funds occurs when having multiple sources of revenue for healthcare services. This is as a result of health care leaders might embezzle the funds instead of investing it on important things like buying medical supplies. Hence may lead to poor health care services due to a shortage of staff members and outdated medical equipment. If one of the revenue sources were a loan, they would need to be paid off after some time with interest. For that reason, it might become difficult for health care services to pay off this debt due to high-interest rates, which lower their profits.

References

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