



Assessing the financial performance of teaching hospitals: insights from Bulgaria

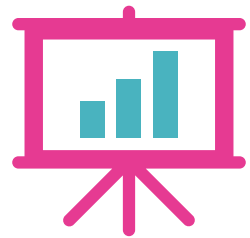
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Introduction

Financial analysis is an indispensable tool in healthcare institution management

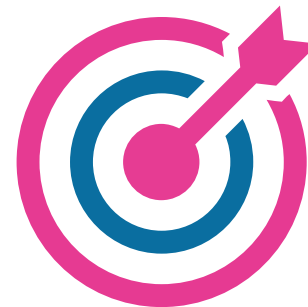
- ✓ facilitates the assessment of financial health
- ✓ supports strategic decision-making
- ✓ enhances operational efficiency
- ✓ contributes to increasing competitiveness



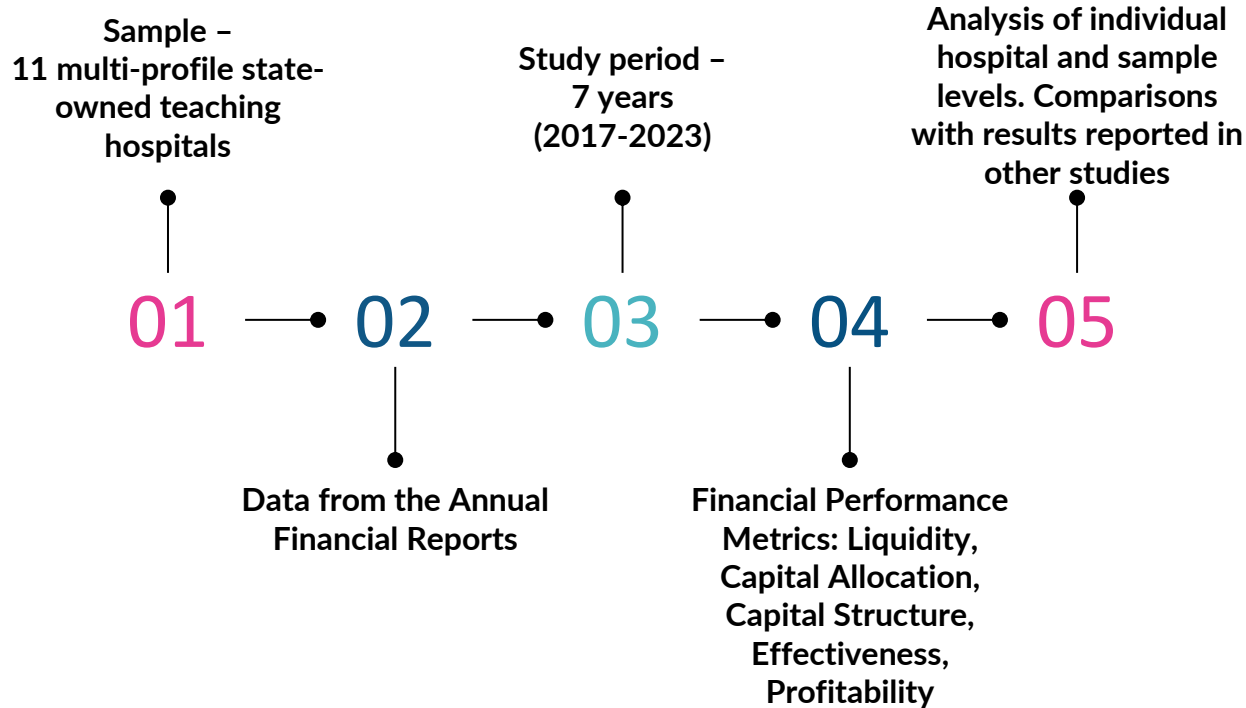
Hospitals' financial stability is essential for their sustainable development.

Aim

**To assess the financial performance of
Bulgaria's state-owned multi-profile
teaching hospitals**



Materials and Methods



Results and Discussion

Figure 1 Current Ratio 2017–2023

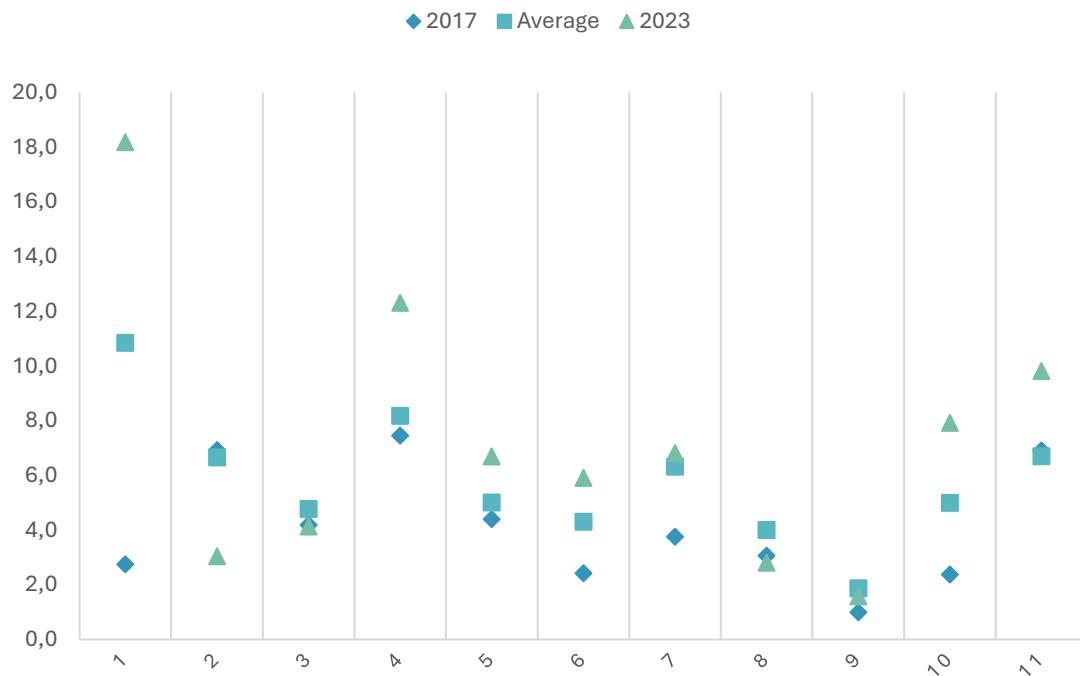


- **Increase** in the Average Current Ratio for the sample from **0.93 in 2017 to 2.02 in 2023**
- **Only two** hospitals register worsening in the indicator
- Value is **above 1** for **all hospitals** by the end of 2023
- **Moderate approach** to managing working capital

Results and Discussion

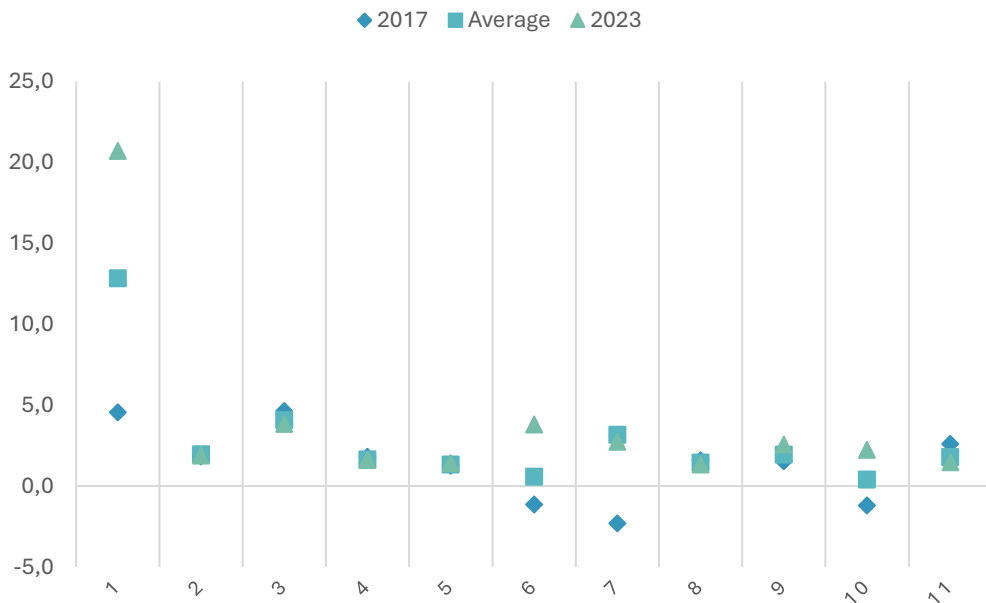
- Nearly **threefold increase** in the **aggregate amount of capital expenditures** for the period
- **Increase** in the average **CapEx to Sales ratio** from **4.81% (in 2017)** to **7.87% (in 2023)**
- **Disparities** within the group
- **Peak** in the indicator's value in 2020

Figure 2. CapEx to Sales ratio 2017–2023 (in %)



Results and Discussion

Figure 3 Total Assets to Total Equity 2017–2023

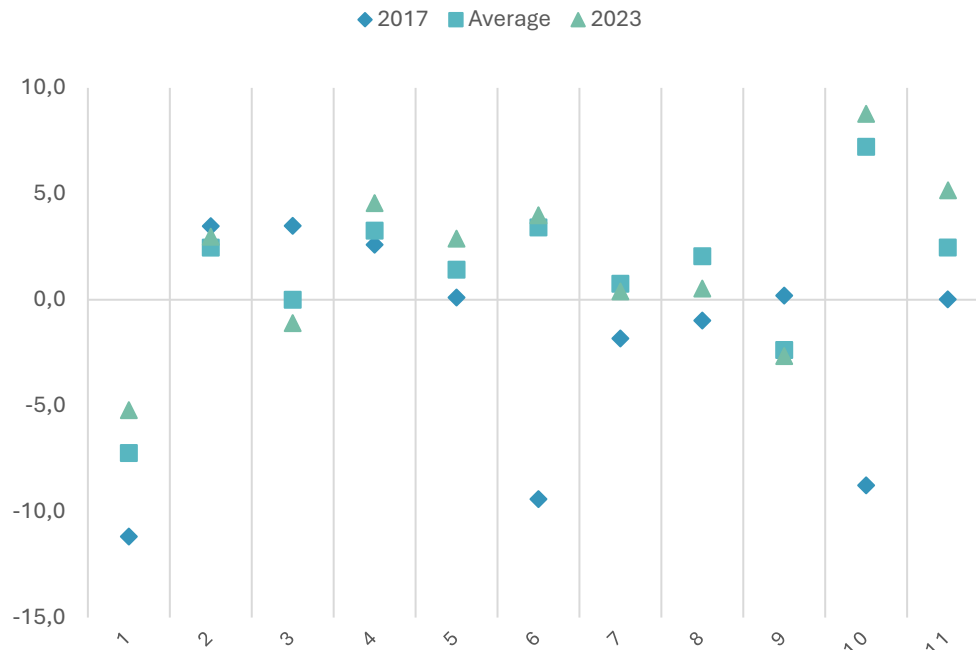


- The ratio levels remained **relatively constant** for most hospitals
- **Average level** measured for the sample over the study period **is 2.84** - exceeds the average of 2.03 reported by Turner et al.
- In **over 50%** of the examined healthcare institutions, **Total Equity < Registered Capital** at the end of 2023

Results and Discussion

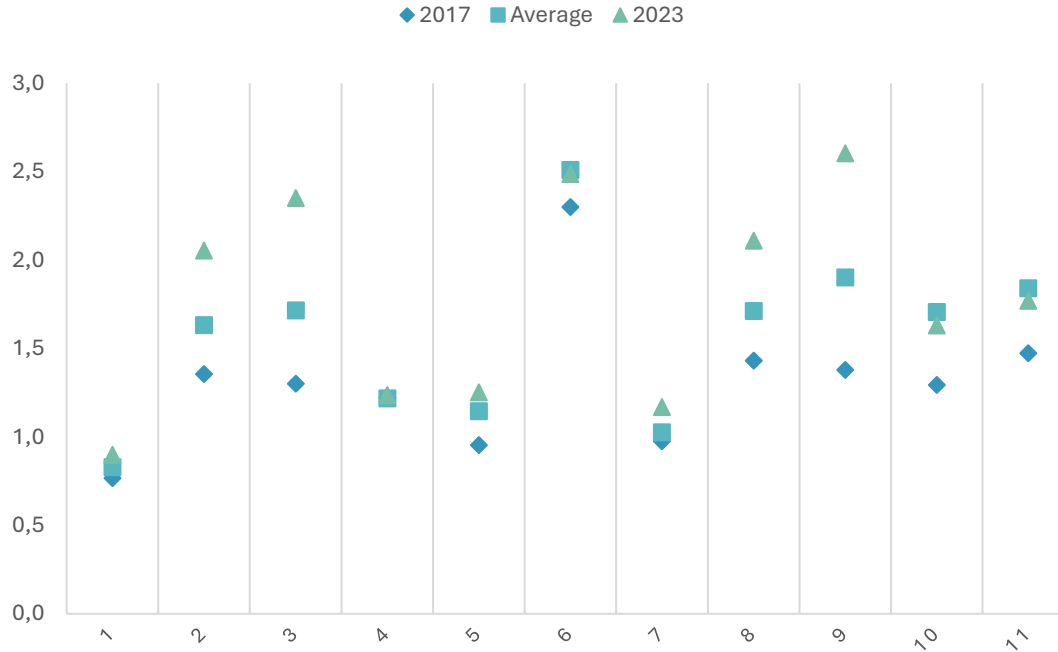
- Average **net profit margin increased** from **negative 2.02% in 2017** to **positive 1.85% in 2023**
- The **highest** average values for the sample were observed in **2020 and 2021**
- The **sample-average value** for the study period is **1.22%** - **above** the reported mean in Portugal and Poland, **below** one of the US University hospitals

Figure 4 Net profit margin 2017 – 2023 (%)



Results and Discussion

Figure 5 Asset Turnover 2017 – 2023



- The **average value** of this coefficient was **1.31 in 2017**, rising to **1.78 in 2023**
- The **sample-average** value for the study period was **1.57** - **exceeding** the 1.17 (for a sample of US teaching hospitals) and the 0.7-1.5 range (a subset of Korean public hospitals)

Summary

- **Two** hospitals in the sample have favorable mean and end-of-study period values for **five of the six** financial performance indicators.
- **Another two** register better-than-peer and industry average values for **four out of the six** studied indicators.



- **One** of the hospitals is underperforming in **five out of the six** indicators.
- **Another four** register poor values in **four** of the indicators.

Conclusions

- **General improvement** in the financial performance of the teaching hospitals in Bulgaria
- A need for a **targeted approach** in certain areas, such as **profitability and economic efficiency**
- **Challenges** in **maintaining** sustainable **positive financial results**
- Results can be further utilized in various **intra- and international comparisons**





THANK YOU

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