

ORIGINAL ARTICLES

Financial performance of Anh Quat General Hospital in the period 2021 – 2023

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ABSTRACT

Objective: This study aims to analyze the financial performance of Anh Quat General Hospital from 2021 to 2023.

Methods: A cross-sectional study was conducted based on annual reports, financial statements, and related documents concerning the hospital's financial management from 2021 to 2023.

Results: The hospital's total revenue increased steadily, from 17,356 billion VND in 2021 to 82,441 billion VND in 2023, with reimbursements from social health insurance accounting for 79% to 82% of the revenue. Total expenses also showed a consistent rise from 20,136 billion VND in 2021 to 82,954 billion VND in 2023. The three largest expense categories were professional operational costs (32%-49%), personnel payments (23%-32%), and fixed asset depreciation (15%-19%). The hospital recorded a negative profit of -2780 billion VND in 2021 and -512 million VND in 2023, while 2022 saw a positive after-tax profit of 935 million VND. The investment return rate reached 21% in 2023, with total investment amounting to 125 billion VND.

Conclusions: The hospital's revenue increased significantly, primarily from social health insurance-covered medical services, but the growth was not consistent between 2021 and 2023. The hospital's profit was heavily affected by the COVID-19 pandemic and substantial investments in medical equipment. The hospital should maintain its focus on revenue from social health insurance-related services while diversifying other income sources. It is also essential to establish clear and detailed internal expenditure regulations.

Keywords: Financial performance, private hospital, hospital financial management.

INTRODUCTION

Financial management is a key component of hospital administration and is recognized by the World Health Organization as a core competency for hospital leadership to improve quality of healthcare services (1). In Vietnam, policies promoting the development of the private health sector, accelerating healthcare socialization, granting financial autonomy to public hospitals, along with reforms in service pricing, provider payment methods, and changes in regulations on reimbursement of medical services covered by the social health insurance (SHI) scheme, have posed

significant challenges for hospitals—particularly private ones—in evaluating, monitoring, and effectively utilizing financial resources.

As part of efforts to develop the private healthcare system in Bac Giang Province and to better meet the growing healthcare needs of the local population, Anh Quat General Hospital was established in 2020. Compared to other public hospitals in Vietnam, financial management in private hospitals has several specific characteristics, governed by policies related to private healthcare management (including Ordinance 26-L/CTN, Ordinance No. 7/2003/



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PL-UBTVQH11, Decree No. 103/2023, Decree No. 56/2006/ND-CP, Decree No. 155/2018/ND-CP, etc.); enterprise management policies (including the Law on Enterprises No. 59/2020/QH14, the Accounting Law No. 88/QH13, the Investment Law No. 61/2020/QH14, the Labor Code No. 45/2019/QH14, the Law on Tax Administration No. 38/2019/QH14, Circular 133/2016/TT-BTC guiding the accounting regime for small and medium-sized enterprises, etc.); social health insurance policies; and other related regulations.

In the context of being a newly established hospital with only four years of operation, the hospital faces several challenges, including limited experience in financial management; difficulties in attracting patients—particularly given the presence of other private healthcare facilities in the area equipped with modern technology; obstacles in accessing preferential loans, workforce training, and the transfer of new technologies; and issues related to the reimbursement of health insurance-covered medical services. Financial performance analysis plays an important role in providing the hospital's leadership with evidence to improve the effectiveness of financial management. Therefore, this paper aims to describe the hospital's financial performance, focusing on revenue, expenditures, and profit outcomes of Anh Quat General Hospital, Tan Yen District, Bac Giang Province, during the period 2021–2023.

METHODS

Study design: A retrospective descriptive study using quantitative secondary data collected from 2021 to 2023.

Study site and time: From December 2023 to November 2024 at Anh Quat General Hospital, Tan Yen District, Bac Giang Province.

Study subjects: Financial data, records on medical service delivery, human resources, and related documents, decisions, and

meeting minutes concerning the hospital's financial management from 2021 to 2023.

Inclusion Criteria: All financial data, records on medical service delivery, human resources, and official documents and decisions issued by the hospital between 2021 and 2023. Both hard copy and electronic reports were included.

Sample size and sampling method: The study used a complete sampling method, including financial data sets from 2021, 2022, and 2023. Specifically, this consisted of three sets of annual financial data (three balance sheets, income statements, cash flow statements, 36 payroll and income summary sheets, three asset inventory records, and three asset change reports); three sets of human resource data (personnel reports and staffing changes); and three sets of data on medical service delivery outcomes.

Study variables and qualitative research topics

The study includes five main groups of variables: human resources, medical service delivery outcomes, revenue, expenditures, and financial performance. According to Circular 133/2016/TT-BTC on accounting guidelines for small and medium-sized enterprises, the revenue of Anh Quat General Hospital includes: (1) Revenue from pharmaceutical and medical supply sales; (2) Revenue from medical examination and treatment services, which is further divided into revenue from SHI-covered services and services paid out-of-pocket; (3) Revenue from financial activities, such as interest from loans/deposits, installment sale interest, income from financial leasing or asset rental, dividends, profit sharing, foreign currency gains, and exchange rate differences.

The hospital's expenditures include: (1) Personnel-related costs, such as recruitment expenses, salaries, insurance, benefits, and performance-based rewards; (2) Medical

supply and treatment costs, including expenses for medicines, infusions, blood and blood products, transportation of blood, medical supplies, and equipment for healthcare service delivery; (3) Operating costs, such as office supplies, utilities and rentals, communication and public information costs, repair and maintenance services; (4) Financial activity costs, including losses or expenses related to financial investments; (5) Depreciation of fixed assets, which refers to the systematic allocation of the historical cost of fixed assets over their useful life as part of business expenses.

The annual pre-tax profit is calculated as the difference between total revenue and total expenditures. The post-tax profit is determined by subtracting corporate income tax from the pre-tax profit. The cumulative return on investment (ROI) is calculated as the ratio of pre-tax profit to total capital investment, expressed as a percentage.

Tools and methods of data collection: Using a pre-designed checklist, the researcher collected data from various sources, including the balance sheet, income statement, cash flow statement, payroll, and other income records, reports on procured assets, asset inventory minutes, and asset change reports obtained from the hospital's finance and accounting department. Data on hospital performance were collected from the general planning department. All data from different sources were cross-checked for accuracy before analysis.

Processing and analyzing data: Data entry

and analysis were conducted using Microsoft Excel. The analysis included calculations of totals, proportions (%), and year-over-year percentage changes between consecutive years.

Research ethics: The study was conducted following approval from the Ethics Committee of the Hanoi University of Public Health (Approval No. 59/2024/YTCC-HD3, dated April 4, 2024) and with permission from the management board of Anh Quat General Hospital.

RESULTS

Revenue of Anh Quat General Hospital during the period 2021–2023

Table 1 shows that during the period 2021–2023, the hospital's total revenue increased significantly, from VND 17,356 million in 2021, rising by 221% in 2022 and continuing to grow by another 48% to reach VND 82,441 million in 2023. Revenue from healthcare services was the main source of income, accounting for the largest proportion—76%, equivalent to VND 13,120 million in 2021. This was followed by revenue from the sale of medicines and medical supplies, which made up 24% of total revenue, or VND 4,235 million in 2021, increasing to VND 21,838 million in 2023. Lastly, financial income—mainly from short-term bank deposit interest—generated a modest annual return for the hospital, ranging from VND 1 to 3 million.

Table 1. Total revenue and revenue structure of Anh Quat General Hospital, 2021–2023

Revenue	2021	2022	Compared to 2021(%)	2023	Compared to 2022 (%)
	Revenue in million VND (%)	Revenue in million VND (%)		Revenue in million VND (%)	
Total revenue	17,356 (100%)	55,627 (100%)	+221%	82,441 (100%)	+48%
Revenue from pharmaceutical and medical supply sales	13,120 (76%)	38,383 (79%)	+193%	60,602 (74%)	+58%
Revenue from medical examination and treatment services	4,235 (24%)	17,244 (21%)	+307%	21,838 (26%)	+27%
Revenue from financial activities	1 (0%)	3 (0%)	+182%	1 (0%)	-57%

Table 2 presents a breakdown of the hospital's revenue by sources, in which SHI reimbursements accounted for the largest share, i.e., 82% (VND 14,308 million) in 2021. Co-payments from insured patients and out-of-pocket service payments contributed nearly

equal shares, each making up around 9% of total revenue from professional services. The most frequently reimbursed conditions under the SHI scheme included type 2 diabetes, hypertension, paraplegia and quadriplegia, lower back pain with sciatica, and gastritis and duodenitis.

Table 2. Detailed revenue from healthcare services and sale of medicines and medical supplies, 2021–2023, broken down by sources of revenue

Revenue	2021	2022	Compared to 2021(%)	2023	Compared to 2022 (%)
	Revenue in million VND (%)	Revenue in million VND (%)		Revenue in million VND (%)	
SHI reimbursement	14,308 (82%)	43,729 (79%)	+206%	68,152 (83%)	+56%
Co-payments from SHI insured patients	1,572 (9%)	5,011 (9%)	+219%	7170 (9%)	+43%
Out-of-pocket payment	1,475 (9%)	6,886 (12%)	+367%	7,118 (9%)	+3%

Expenditures of Anh Quat General Hospital, 2021–2023

Table 3 describes the expenditures of the hospital from 2021 to 2023. The total expenditures of the hospital increased significantly over the years. Initially, it was VND 20,136 million in 2021, and then increased by 173% in the following

year (VND 54,884 million) and by 51% in 2023 (VND 82,954 million). The two largest expense categories were personnel costs and professional service costs. The professional service costs saw a sharp increase in 2022 and 2023 due to the higher number of patients, which led to increased costs for medicines, infusions, and

medical supplies. The average monthly income of hospital staff increased significantly in 2022, rising by VND 3.3 million (91%) compared to 2021, reaching VND 7.1 million. In 2023, this amount increased by an additional VND 1 million (15%), reaching VND 8.1 million per person per month. Depreciation of fixed assets

was the third-largest cost, representing the depreciation for all fixed assets, including newly purchased equipment. This cost accounted for 15% of total expenditures in 2021, equivalent to VND 2,942 million. It increased by 224% in 2022 to reach VND 9,531 million (18%), and in 2023, it rose to VND 15,785 million (19%).

Table 3. Total expenditures of Anh Quat General Hospital, 2021–2023

Expenditure	2021	2022	Compared to 2021 (%)	2023	Compared to 2022 (%)
	Expenditure in million VND (%)	Expenditure in million VND (%)		Expenditure in million VND (%)	
Total expenditure	20,136 (100%)	54,458 (100%)	+173%	82,954 (100%)	+51%
Personnel-related costs	6,384 (32%)	14,317 (26%)	+124%	19,364 (23%)	+35%
Medical supply and treatment costs	6,361 (32%)	24,571 (45%)	+286%	40,773 (49%)	+66%
Operating costs	1,393 (7%)	2,584 (5%)	+86%	3,448 (4%)	+33%
Depreciation of fixed assets	2,942 (15%)	9,531 (18%)	+224%	16,038 (19%)	+68%
Financial activity costs	3,054 (15%)	3,453 (6%)	+13%	3,330 (4%)	-4%

Profit of Anh Quat General Hospital, 2021–2023

Table 4 shows the hospital's profit before and after tax for the period 2021-2023. Specifically, the hospital experienced two years of negative

profit: in 2021 and 2023. In 2021, the profit was -VND 2,780 million. In 2023, the post-tax profit was -VND 538. In 2022, the hospital recorded a positive profit of VND 1,169 million. The post-tax profit was VND 935 million, which represents a 134% increase compared to the previous year.

Table 4. Profit of Anh Quat General Hospital, 2021–2023

Indicators	2021	2022	Compared to 2021 (%)	2023	Compared to 2022 (%)
	in million VND	in million VND		in million VND	
Total revenue	17,356	55,627	+221%	82,441	+48%
Total expenditure	20,136	54,458	+170%	82,954	+52%
Pre-tax profit (1)-(2)	-2,780	1,169	+142%	-513	-144%
Post-tax profit	-2,780	935	+134%	-538	-158%
Profit margin of revenue (4)/(1)	-0.16	0.02	+110.49%	-0.01	-138.82%

Investment Recovery Situation at Anh Quat General Hospital in the Period 2021–2023

Table 5 illustrates the investment recovery situation for the period 2021–2023. The investment capital has increased each year through bank loans to continue investing in the hospital. The capital increased from 85,000 million VND in 2021 to

100,000 million VND in 2022, and further to 125,000 million VND in 2023. The post-tax profit has been negative or still low, with -2,779 million VND in 2021, a profit of 935 million VND in 2022, and a further negative figure of -537 million VND in 2023. The ROI rate was 11% in 2022 and then increased by another 10% in 2023.

Table 5. Investment recovery situation of Anh Quat General Hospital for the period 2021 – 2023

Content	2021	2022	2023
Depreciation cost in million VND (1)	2,942	9,531	16,038
Post-tax profit in million VND (2)	-2,780	935	-538
Cumulative return on investment value (1) + (2)	163	10,466	15,501
Cumulative return on investment (%)	0%	11%	21%
Total capital investment	85,000	100,000	125,000

DISCUSSION

Revenue of Anh Quat General Hospital during the period 2021–2023

In the period from 2021 to 2023, the total revenue of Anh Quat General Hospital saw a significant increase in 2022, and continued to grow in 2023. However, this revenue increase at Anh Quat General Hospital was lower compared to the revenue growth of Vinh Phuc Transport Hospital, which has a similar scale with 200 beds (2, 3). Vinh Phuc Transport Hospital experienced strong growth due to focusing on exploiting and diversifying other service activities, such as regular health check-ups for units, environmental health services, preventive medicine, and leasing services like canteens, pharmacies, and parking services (3). These are services that Anh Quat General Hospital has yet to fully exploit and should be considered to provide and focused on in the near future. Furthermore, the revenue growth at Anh Quat General Hospital remains relatively modest, partly because the hospital has only been operational since 2020 and is still in the process of establishing its position and the hospital brand recognition.

In terms of revenue sources, Anh Quat General Hospital primarily relies on revenue from SHI reimbursement. Although it is a private healthcare facility, its dependence on this revenue source (82% from SHI reimbursement) is higher than that of public hospitals, as seen in the studies by Nguyen Toan Thang, which reported 30% of revenue from SHI reimbursement, and Nguyen Thi Nhan, which reported 22.12% from SHI reimbursement (2, 4). The difference may be due to the varying development strategies of each hospital. Anh Quat General Hospital is located between industrial zones with a large workforce, allowing the hospital to tap into SHI-covered services for workers and employees. Additionally, this area has a relatively low per capita income (4.79 million VND per person in 2023), with a high percentage of the population having SHI cards (99.6% in 2021). The hospital's focus on primary healthcare services and SHI services reflects its strategy of achieving universal health coverage, particularly through a revenue-raising model based on SHI, aimed at alleviating the economic burden on patients and households. At the same time, this strategy can also contribute to increasing the hospital's revenue sustainably.

Expenditures of Anh Quat General Hospital during the period 2021 – 2023

During the period of 2021-2023, the hospital's total expenditures increased year by year. This growth trend is quite similar to the increase in revenue. This trend was also reported in studies by Nguyen Thi Ngoc Uyen (2019), Nguyen Toan Thang (2022), and Phan Van Duc (2018) (2, 5, 6). These studies suggest that the increase in expenditures should be considered in relation to the rate of increase in revenue, as the trend of rising costs is inevitable given the economic fluctuations, along with the changing prices of medical goods, medications, supplies, and chemicals.

Although it is a private hospital, the expenditure categories at the hospital are essentially similar to those of public healthcare facilities, with major costs allocated to Medical supply and treatment costs, including medical supplies, medications, infusions, blood products, and medical equipment, as well as personnel expenses, including salaries, bonuses, and training costs. This result is quite similar to several hospitals, such as the Lao Cai Provincial General Hospital, where professional services account for 38-40% of costs, and personnel expenses account for 25.3%-29.3%; or the Vinh Phuc Transport Hospital, where professional services make up 53.6%-57.4%, and personnel expenses account for 27.5%-35.6% (3, 7). Depending on the characteristics and policies of each hospital, spending on these two categories may vary, but they remain the two key expense areas that the hospital should pay attention to appropriate cost control, as it is crucial to ensure financial efficiency.

Moreover, the director board of Anh Quat General Hospital has prioritized cost-saving and control measures, particularly in areas such as office supplies, utilities, and seminar expenses. From 2021 to 2023, the office supply costs remained stable despite an increase in the number of patients, thanks to the application of technology and reduction of paperwork. However, these measures are currently just directives without specific regulations. The hospital needs to establish clear spending regulations to ensure compliance by all staff, similar to what the

Vinh Phuc Transportation Hospital has done with its internal expenditure regulations, which clearly define the types of expenses, spending limits, and management measures, as well as regulations on salaries and bonuses (3).

Profits of Anh Quat General Hospital during the period 2021 – 2023

The hospital's post-tax profit has fluctuated significantly, with negative profits in 2021 and 2023, and positive profit in 2022. The reason for the negative post-tax profit in 2021 was due to the COVID-19 pandemic, which caused the hospital's total revenue to decline while still incurring operational expenses such as staff salaries, utilities, and anti-pandemic costs. A study on the financial performance of the exclusive treatment center at Tien Giang General Hospital also noted a similar drop in profit during the COVID-19 pandemic. Specifically, the center's post-tax profit in 2020 decreased by half compared to 2019 (from 15,130 million VND to 7,702 million VND) and dropped another 60% in 2021. However, the center remained profitable due to stable revenue from dialysis machines and the addition of COVID-19 PCR testing services (2). It can be seen that investment in certain equipment and techniques provides a steady revenue stream, along with flexibility in implementing policies to attract patients and increase hospital revenue. For example, by adding services that align with specific needs at different times, this has been a key factor in helping many healthcare facilities maintain operations during difficult times. Anh Quat General Hospital should explore this approach moving forward to secure more stable and adaptable revenue sources, ensuring that expenses do not surpass income.

Regarding investment recovery, the hospital achieved a return on investment of 21% in 2023, based on a total investment of 125,000 million VND. This rate of return is similar to the study by Nguyen Toan Thang at the required treatment unit of Tien Giang General Hospital in 2015-2016, which reported a return rate of 20% per year. However,

it is lower than the study by Nguyen Thi Nhan at the medical service center of Khanh Hoa General Hospital, which reported a return rate of 68.66% (2, 4). These healthcare facilities share a common feature: diversification of revenue sources, leading to strong growth in revenue and quicker breakeven points. Meanwhile, Anh Quat General Hospital has not yet diversified its revenue sources and still relies heavily on revenue from SHI reimbursêmnt. Other potential revenue sources, such as canteens, pharmacies, and patient transportation services, are currently absent, due to the hospital leadership's decision to focus resources on medical services. However, this is also a limitation, causing the hospital's slower return on investment, which should be addressed and improved in the future.

Study limitations: The research has not broken down profit details by specific technical service groups, which would provide more detailed information for future development directions. The hospital needs to improve the recording of this data in the future to better support the analysis of financial performance.

CONCLUSION

The hospital's revenue has significantly increased from 17,356 million VND (2021) to 82,441 million VND (2023), with the main source of revenue coming from SHI reimbursement, which accounted for 79% to 82% of total revenue. Corresponding with the growth in total revenue, the hospital's total expenses have risen from 20,136 million VND (2021) to 82,954 million VND (2023), with the three largest expense categories being medical supply and treatment costs, personnel costs, and depreciation of fixed assets. The hospital's profit remains unstable, and the capital recovery rate is modest, due to the impact of the COVID-19 pandemic and continued large investments in equipment.

To improve financial performance, Anh Quat General Hospital should continue focusing on SHI-based revenue while exploring diversification

of revenue sources, such as expanding health check-up services, screening services, preventive healthcare, and other ancillary services such as renting out spaces for canteens and water stations. To better control costs, it is essential to optimize financial management by establishing clear regulations and detailed expenditure policies.

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