

MODULE 6

HOW TO BUDGET FOR HEALTH

ACCOMPANIES THE 'MANAGING HEALTH AT THE WORKPLACE' GUIDEBOOK

MODULE 6: How to Budget for Health

Health services and related activities require the same kind of budgeting as any other function of your business.

A budget determines the priorities for any organization. But managers use it also as an invaluable tool for:

- Tracking what has been done
- Making the organization and individuals accountable for what they have committed to do
- Determining what needs to be done in the future and taking action

Budgeting is about making wise investments – and getting the most out of those investments.

Your ability to get **a return on your health investments** depends on your ability to **manage a health budget** and understand the costs as well as the full benefits.

Your health budget is part of creating accountability and assigning responsibility for health activities – for the health staff, for management, and for the company.

It creates accountability in three ways:

1. It helps you determine usage of medicines, supplies, products and materials – and that allows you to consider where resources are going.
2. It helps you think strategically about how resources are being used and consider ways to improve what you do.
3. It enables you to give health providers increasing levels of responsibility for managing resources well – and creates allies for improvement.

The Health Budget can provide valuable information to inform your health action and annual plans (**See Module 1**).

INDUSTRY RESEARCH

The International Labor Organization research of factories involved in its Better Work program finds that firms undervalue the importance to workers of non-monetary benefits, such as health services (which workers actually value highly).

Yet many firms fail to realize the full value to the company of these benefits because they *under-invest* in them.

You should use budget information to:

- Determine health areas that need more investment and shift resources or increase spending in those areas.
- Determine what costs are unjustified or increasing too much – and find solutions.
- Set annual goals and define activities that address the priorities reflected in the budget.

Every factory will have its own budget format and process. The health budget process should fit into what already exists in your factory.

This Module will give you a better sense of the specific line items that considered in developing

a Health Services Budget. It focuses on two of the Scorecard categories: **Health Services and Management Systems**.

Most of the line items, however, will be under Health Services. The health services budget will focus on expenses related to health activities and services and improvements *at the workplace*.

The Health budget process has two parts:

1. Creating a health budget (if one does not exist). This includes:

- Determining existing health expenses and estimating those that are unknown or planned
- Involving the right people in the process – senior management, human resources and the health staff
- Getting senior management approval of the final annual budget for health

2. Revising the budget each year in consultation with senior management and the health team. This includes:

- Reviewing the current budget (and comparing trends over multiple years), assessing costs and benefits, and determining priorities for improvement
- Developing the new budget that aligns with the new annual plan for health.

CREATING A HEALTH BUDGET

If your first time creating a health budget – or the first one with more detailed line items – you will need to estimate likely costs.

The key steps include:

- **Capturing all the existing or planned line items in your budget** based on the categories and general line items in Box 1.

You need to be sure to identify all the items that should be listed under the general line items in **Box 1**. The two Tools below provide a comprehensive list of likely items that go under the general line items.

But you will certainly may have other expenses as well that you will need to add.

- **Estimating the actual or expected spending** for each general line item and the specific items on each (either by month or annually) from the last year

The Tool X, Budget Worksheet, below provides a full list of likely sub-line items and simple framework that may be for calculating of expected expenses. It divides the estimates into two types of expenses:

- ☐ **Regular and recurring** – spending on items on a monthly basis. The monthly spending is multiplied by 12 to get the annual estimate.
- ☐ **Infrequent** – spending on items that occur a couple of times a year or even every few years. For example: You may do basic repairs of the health clinic infrequently over the year. Or you may need to replace furniture every few years.

Your budget needs to account for both kinds of expenses.

- **Put your expenses into a budget management program such as Excel.** Tool 23 provides a simple Excel Health Budget template that has you track health expenses on a quarterly basis.
- **Share the Health Services Budget with your nurses and health staff.** They need to know the resources available to them. But they also need to be given responsibility for managing the health budget specific to Health Services. This is a

role, for instance, you might assign to your Senior Nurse – after you have provide adequate training.

Most of the budget line items for Management systems are confidential – but important for management to include in the overall health budget.

- **Review the budget at least quarterly** with business office and health staff and revise budget allocations based on available resources emerging needs, priorities and spending patterns.

Scorecard Link – Indicators

6.1.6 An annual budget for health operations is allocated that is adequate for meeting workplace health standards and plans

7.2.3 Chief Executive Officer ensures that funds for the health line item in the budget are allocated

REVISING A HEALTH BUDGET ANNUALLY

Developing a budget and revising it each year is essentially the same process. The second year will be easier as you will have had a formal process for capturing actual expenses and a full year's history of your spending.

Yet developing your health budget each year should be linked to your Annual Health Plan (See Module 1). Your management team, health staff and other participants in your health planning process need to:

- Review the spending from the last year.
- Identify where spending is high or low and determine why.
- Decide spending needs and priorities for the next year.

At year end – as part of your annual planning process staff – you then create a new budget to reflect:

- Actual spending needs
- New goals and priorities
- Available resources for the year

Your nurses and health staff are an important strategic resources. You must make sure they have the materials and equipment to perform their jobs and a clean and maintained clinic facility.

However, the following line items reflect your commitment to investing in the quality of your health staff.

You should have funds allocated to them:

- Health Provider Salaries
- Bonuses/Awards (end of year bonus, performance recognition)
- Continuing medical education & skills training
- External expert assessment/consultation
- Communications

Box 1: BUDGET CATEGORIES & MAIN LINE ITEMS

HEALTH SERVICES		MANAGEMENT SYSTEMS
Physical Facility	Equipment & Materials	
Cleaning Products	Medical equipment	Health provider salaries/compensation
Laundry	Medicines	Training/ Continuing Medical Education
Waste & Disposal	Supplies/ Products	Communication/ Technology
Facility Maintenance	Health Education Materials	Health Benefits
	Record Keeping Materials	

TOOL 21: HEALTH BUDGET WORKSHEET

HEALTH BUDGET LINE ITEMS (Sample)	A. Recurring Monthly Expenses (x12)	B. Estimated Annual Spending	Total Spending per Line Item (from Column A or B)
Health Services			
<input type="checkbox"/> Physical Facility			
Cleaning product:			\$\$
- Soap	\$		
- Disinfectant	\$		
Laundry			
Waste & Disposal			\$\$
- Sharps containers	\$		
- Hazardous waste disposal service	\$		
Maintenance			\$\$
- Painting		\$	
- Repairs		\$	
<input type="checkbox"/> Equipment & Materials			\$\$
Medical Equipment			
- Thermometers		\$	
- Stethoscope		\$	
- Blood pressure machine			
Medicines		\$	\$\$
- Pain relievers		\$	
- Vitamins		\$	
Supplies			\$\$
- First aid kits	\$		
- Bandages	\$		
- Protective gloves	\$		
- Sanitary napkins	\$		
- Contraceptive products			
Health Education Materials			\$\$
- Printing/purchasing cost	\$		
- Photocopy paper	\$		
- Training Materials	\$		
Record Keeping Materials			
- Forms		\$	
- File folders		\$	
- Registries		\$	
SUBTOTAL HEALTH SERVICES			\$\$\$\$
Management Systems			
Health Staff Compensation			\$\$
- Annual Salary Increase		\$	
- Annual Bonus		\$	
Education/Training			\$\$

- Course fee		\$	
- Transportation		\$	
- Meals		\$	
Communications/Technology			\$\$
- Mobile phone fee	\$		
- Online fees	\$		
Health Benefits			\$\$
- Hospital costs		\$	
- Transports fees		\$	
- Insurance	\$		
SUBTOTAL MANAGEMENT SYSTEMS			\$\$\$\$
TOTAL HEALTH EXPENSES			\$\$\$\$\$\$

TOOL 22: HEALTH LINE ITEMS - SAMPLE LIST FOR BUDGETING

HEALTH SERVICES		MANAGEMENT SYSTEMS
PHYSICAL FACILITY	EQUIPMENT & MATERIALS	
Cleaning Products <ul style="list-style-type: none"> <input type="checkbox"/> Soap <input type="checkbox"/> Hand sanitizer <input type="checkbox"/> Disinfectant <input type="checkbox"/> Brooms/mops <input type="checkbox"/> Sponges/cloth <input type="checkbox"/> Other 	Medical Equipment <ul style="list-style-type: none"> <input type="checkbox"/> Thermometer <input type="checkbox"/> Tape measure <input type="checkbox"/> Scale <input type="checkbox"/> Blood pressure cuff/machine <input type="checkbox"/> Stethoscope <input type="checkbox"/> Other: 	Health provider compensation <ul style="list-style-type: none"> <input type="checkbox"/> Performance bonuses <input type="checkbox"/> Awards/Recognition (during year) <input type="checkbox"/> Wage increases
Laundry <ul style="list-style-type: none"> <input type="checkbox"/> Sheets <input type="checkbox"/> Towels <input type="checkbox"/> Uniforms <input type="checkbox"/> Other 	Medicines <ul style="list-style-type: none"> <input type="checkbox"/> Pain Relievers <input type="checkbox"/> Vitamins <input type="checkbox"/> Immunizations <input type="checkbox"/> Drugs related to specific diseases <input type="checkbox"/> Other: 	Continuing Medical Education/ Training <ul style="list-style-type: none"> <input type="checkbox"/> Travel expense <input type="checkbox"/> Meals <input type="checkbox"/> Educational Fees <input type="checkbox"/> Expert consultation daily rate <input type="checkbox"/> Other:
Waste & Disposal <ul style="list-style-type: none"> <input type="checkbox"/> Sharps containers <input type="checkbox"/> Waste baskets <input type="checkbox"/> Plastic bags <input type="checkbox"/> Hazardous waste Disposal services 	Supplies/Products <ul style="list-style-type: none"> <input type="checkbox"/> First aid kits <input type="checkbox"/> Protective gloves/masks <input type="checkbox"/> Bandages <input type="checkbox"/> Analgesic <input type="checkbox"/> Disinfectants <input type="checkbox"/> Sanitary napkins <input type="checkbox"/> Contraceptive products <input type="checkbox"/> Other: 	Communication/Technology <ul style="list-style-type: none"> - Mobile phone fee/access - Computer/repairs - Data management/computer application costs - Online access costs - Other:
Facility Maintenance <ul style="list-style-type: none"> <input type="checkbox"/> Painting <input type="checkbox"/> Repairs <input type="checkbox"/> Electricity <input type="checkbox"/> Water/sink <input type="checkbox"/> Other: 	Health Education Materials <ul style="list-style-type: none"> <input type="checkbox"/> Printer ink/purchase costs <input type="checkbox"/> Photocopy paper <input type="checkbox"/> Training materials (flip chart, markers, paper, sticky notes) <input type="checkbox"/> Other: 	Health Benefits <ul style="list-style-type: none"> <input type="checkbox"/> Insurance payments <input type="checkbox"/> Hospital/medical expenses <input type="checkbox"/> Transportation <input type="checkbox"/> Other:
	Record Keeping Materials <ul style="list-style-type: none"> <input type="checkbox"/> Registry <input type="checkbox"/> Forms (copies) <input type="checkbox"/> File folders <input type="checkbox"/> File cabinets <input type="checkbox"/> Other: 	

TOOL 23: SAMPLE ANNUAL HEALTH BUDGET

Workplace Health Services Annual Budget

Health Budget Line Items	Annual Budget	Quarter 1 Spending	Quarter 2 Spending	Quarter 3 Spending	Quarter 4 Spending	BALANCE	Comments
Physical Health Facility							
Cleaning products							
Soap							
hand sanitizer							
disinfectant							
broom/mops							
OTHER							
Laundry							
sheets/towels							
OTHER							
Waste & Disposal							
Waste baskets & Plastic bags							
Sharps Containers							
Hazardous waste disposal							
OTHER							
Facility Maintenance							
Painting & repair							
Furniture							
Electricity/water							
OTHER							
SUBTOTAL-PHYSICAL FACILITY							
Equipment & Materials							
Medical equipment							
thermometer							
scale & tape measure							
stethoscope,							
blood pressure cuff/machine							
OTHER							
Medicines							
Pain Relievers							
Vitamins							
Immunization							
OTHER drugs related to specific service							
Supplies/products							
first aid kits							

This module was designed and produced through funding from the Levi Strauss Foundation as well as technical assistance on content and development by the Evidence Project (Meridian Group International, Inc.) under its USAID contract.

LEVI STRAUSS FOUNDATION

The Levi Strauss Foundation advances the human rights and well-being of underserved people touched by our business.



USAID
FROM THE AMERICAN PEOPLE

The Evidence Project is made possible by the generous support of the American people through the United States Agency for International Development (USAID) under the terms of cooperative agreement no. AID-OAA-A-13-00087. The contents of this document are the sole responsibility of the Evidence Project and Population Council and do not necessarily reflect the views of USAID or the United States Government.



The Evidence Project uses implementation science—the strategic generation, translation, and use of evidence—to strengthen and scale up family planning and reproductive health programs to reduce unintended pregnancies worldwide. The Evidence Project is led by the Population Council in partnership with INDEPTH Network, International Planned Parenthood Federation, PATH, Population Reference Bureau, and a University Research Network.



Meridian Group International, Inc. is a woman-owned, small business that works with the private and public sectors to create innovative programs and partnerships that benefit both business and society. As an Evidence Project partner, Meridian combines implementation science with its extensive experience implementing workplace health programs and promoting better policies and practices.