| Preface | 5001 |
|-----------------------------------|------|
| Principles of Cost Finding | 5010 |
| Bases and Sequence of Allocation | 5020 |
| Compilation of Data | 5030 |
| Revenue and Expense | 5031 |
| Statistics | 5032 |
| Adjustments and Reclassifications | 5040 |
| Other Operating Revenue | 5041 |
| Non-Operating Expenses | 5042 |
| Reclassification of Cost Centers | 5043 |

COST FINDING

PREFACE

This chapter provides an overview of the cost finding process as well as the basis and sequence of the allocation. The chapter also addresses adjustments and reclassifications which are to be made.

PRINCIPLES OF COST FINDING

Cost finding is the apportionment or allocation of the costs of the non revenue-producing centers to each other and to the revenue-producing centers on the basis of the statistical data that measure the amount of service rendered by each center to other centers. The purpose of cost finding is to determine the total or full costs of operating the revenue-producing centers of the hospitals.

The underlying principles governing development of the required sequence of allocations for cost finding include:

- 1) Cost centers that provide the greatest amount of service to the greatest number of other centers and receive the least from others are apportioned in the first stages of cost finding.
- 2) When the above determination could not be made, the allocation sequence was made based on the greatest amount of accumulated cost.

5001

5010

COST FINDING

BASES AND SEQUENCE OF ALLOCATION

The process of cost finding to be used is called the step-down method. This method gives recognition to the fact that the services rendered by certain non-revenue - producing centers are utilized by other non-revenue - producing centers, as well as by the revenue - producing centers. The accumulated cost in a non-revenue - producing center, therefore, is allocated to other non-revenue - producing centers which utilize its services, as well as to the revenue - producing centers to which it renders services. Once the costs of a non-revenue - producing center have been allocated, however, that center is considered closed and will not receive any portion of the costs of the other non-revenue - producing centers whose costs have yet to be allocated. The required sequence of and statistical bases for allocating the costs of non-revenue - producing centers are as follows. The statistical bases are defined in Section 5032.

| Non-Revenue Producing Center | Statistical Basis for Cost Allocation |
|---|--|
| Interest - Other | Square Feet |
| Insurance - Other | Square Feet |
| Licenses and Taxes (Other than on | - |
| Income) | Square Feet |
| Depreciation and Amortization | Square Feet |
| Leases and Rentals | Square Feet |
| Interest - Working Capital | Accumulated Costs |
| Hospital Administration | Accumulated Costs |
| Governing Board Expense | Accumulated Costs |
| Public Relations | Accumulated Costs |
| Management Engineering | Accumulated Costs |
| Community Health Education | Accumulated Costs |
| Other Administrative Services | Accumulated Costs |
| General Accounting | Accumulated Costs |
| Communications | Accumulated Costs |
| Other Fiscal Services | Accumulated Costs |
| Printing and Duplicating | Accumulated Costs |
| Personnel | Hospital FTEs |
| Employee Health Services | Hospital FTEs |
| Employee Benefits - Non-Payroll Related | Hospital FTEs |
| Non-Patient Food Services | Hospital FTEs |
| Purchasing and Stores | Supplies |
| Housekeeping | Square Feet Serviced |
| Grounds | Square Feet |
| Security | Square Feet |
| Parking | Square Feet |
| Plant Operations | Square Feet |
| Plant Maintenance | Square Feet |
| Other General Services | Square Feet |

APRIL 1991

COST FINDING

| | Statistical Basis for |
|--------------------------------------|-------------------------------------|
| Non-Revenue Producing Center | Cost Allocation |
| Dietary | Meals Served |
| Laundry and Linen | Dry and Clean Pounds Processed |
| Patient Accounting | Gross Patient Revenue |
| Data Processing | Gross Patient Revenue |
| Credit and Collection | Gross Patient Revenue |
| Auxiliary Groups | Gross Patient Revenue |
| Chaplaincy Services | Gross Patient Revenue |
| Medical Library | Gross Patient Revenue |
| Medical Records | Gross Patient Revenue |
| Medical Staff Administration | Gross Patient Revenue |
| Social Work Services | Gross Patient Revenue |
| Utilization Management | Gross Patient Revenue |
| Insurance - Hospital and | Gross i allent ite vende |
| Professional Malpractice | Gross Patient Revenue |
| Admitting | Gross Patient Revenue |
| Other Unassigned Costs | Gross Patient Revenue |
| Outpatient Registration | Gross Outpatient Revenue |
| Nursing Administration | Nursing FTEs |
| Inservice Education - Nursing | Nursing FTEs |
| Central Services and Supplies | Costed Requisitions |
| | and Cost of Sales |
| Pharmacy (excluding Cost of Sales) | Costed Requisitions |
| Thanhady (excluding cost of bales) | and Cost of Sales |
| Research Projects and Administration | Gross Patient Revenue |
| Education Administrative Office | Students in All Approved Programs |
| Student Housing | Students in All Approved Programs |
| Licensed Vocational | Assignment of Student Nurses |
| Nursing Program | ribiginitent of Student (tubes |
| School of Nursing | Assignment of Student Nurses |
| Paramedical Education | Assignment of Paramedic Students |
| Other Health Profession Education | Assignment of Paramedic Students |
| Medical Postgraduate Education | Assignment of Medical Post-Graduate |
| filodical i ostgradado Dadoution | Students |
| COMPILATION OF DATA | |
| | |

REVENUE AND EXPENSES

Revenue and expenses must be either accumulated in or reclassified to the accounts according to the functional units that produce and incur them.

5030

5031

COST FINDING

STATISTICS

5032

Cost finding utilizes statistics in making the distribution of indirect costs to revenue-producing cost centers. Adequate statistical data must be maintained to measure the performance of each center. Each non revenue-producing center shall have one statistic that measures its production (volume of service to other centers).

It is advisable to develop a written procedure for the collection of statistical data. The definitions and sources of the required statistics for cost allocation are as follows:

Definitions and Sources of Statistics for Cost Allocation

| <u>Statistic</u> | Definition or Method of Computation | Source |
|------------------|---|---|
| Square feet | The number of square feet in each cost center of the hospital must be determined either by a physical measurement of the hospital or by a measurement from blueprints. Floor area measurements must be taken from the center of walls to the center of adjoining corridors if a hallway services more than one cost center. Exclude stairwells, elevators, and other shafts. General and unused areas, hallways, waiting rooms, storage areas are also to be excluded. Hallways, waiting rooms, storage areas, etc., serving only one cost center must be included in that cost center. Common areas such as conference rooms, break rooms and other areas used by more than one cost center must be excluded. When changes in assigned area have been made during the year as a result of new construction, cost center relocation, expansion, or curtailment of service, statistical data must be maintained to allow for the development of "weighted" areas for the fractional part of the year. For example, the addition or deletion of 1,200 square feet for a six month period would be an adjustment of 600 square feet; where the same area serves more than one function, this area must be apportioned between or among the appropriate functions | Blueprints of the hospital facility or actual measurement if blueprints are not available. |

| <u>Statistic</u> | Definition or Method of Computation | Source |
|---|---|---|
| Square Feet Serviced | The number of square feet serviced shall be computed in the same manner square feet are computed, however, include only square feet serviced on a regular and ongoing basis. | Blueprints of the hospital facility or actual measure- ment if blueprints are not available |
| Accumulated costs | The direct costs of each cost center and indirect costs previously allocated. | Report Page 20 |
| Hospital full- time equivalents | Divide total productive hours (hour worked) by 2080. | Payroll accounting records (or Report Pages 21 and 22) |
| Supplies | Total direct costs contained in the natural classification "Supplies" by cost center, as reclassified. | General ledger, as reclassified (or Report Pages 17 and 18) |
| Meals served | Number of meals served shall include only regularly scheduled meals and exclude snacks and fruit juices served between regularly scheduled meals. | Actual count maintained by dietary |
| Number of dry and clean pounds processed | Statistic shall include the weight of linen processed for each cost center's use (including linen of personnel quarters and employee housing) for the entire report period. | Actual count maintained in the laundry and linen cost center. |
| Gross patient revenue | Gross patient revenue of each revenue-producing center | General ledger (on Report page 12) |
| Gross Outpatient Revenue | Gross outpatient revenue of each revenue producing center. | General ledger (on Report page 12) |

| <u>Statistic</u> | Definition or Method of Computation | Source |
|---|--|--|
| Nursing full- time equivalents | Divide total productive hours for nursing employees by 2080. | Payroll accounting records (on Report page 21) |
| Costed requisitions for central services and supplies | Total dollar amounts of costed requisitions by an actual accumulation or on a sampling basis. (See instructions for completing Report page 19). | Copies of requisitions maintained in Central Services and Supplies cost center. |
| Costed requisitions for pharmacy | Total dollar amount of costed requisitions by an actual accumulation or on a sampling basis. (See instructions for completing Report Page 19.) | Copies of requisitions maintained in Pharmacy cost center. |
| Students on all approved programs | Number of students enrolled in all approved teaching programs during the reporting period by assigned Education Program. | Education records |
| Assignment of student nurses | Number of full-time equivalent (FTE) nursing students enrolled in LVN and student nursing programs by assigned cost center. FTE is defined as the number of paid student nurse months divided by 12. Partial months are counted as one when one-half or more of the month is worked and not counted when less than half of the month is worked. | Education records |
| Assignment of Paramedical students | Number of full-time equivalent students enrolled in paramedical and other health profession educational programs by assigned cost center. FTE is defined as the number of paid paramedical students months divided by 12. Partial months are counted as one when one half or more of the month is worked and not counted when less than half of the month is worked | Education records |

| <u>Statistic</u> | Definition or Method of Computation | Source |
|--|---|----------------------|
| Assignment of residents and fellows. | Number of full-time equivalent (FTE) residents and fellows in approved and non-approved teaching programs by assigned cost centers. FTE is defined as the number of paid residents/fellowship months divided by 12. Partial months are counted as one when one half or more of the month is worked and not counted when less than half of the month is worked. Fellows are graduates of a school of medicine or osteopathy who have had a period of post doctoral medical education and are pursuing a more individualized course of advanced residents who have already completed the minimum number of years of training required for board eligibility. | Education Records |

COST FINDING

ADJUSTMENTS AND RECLASSIFICATIONS

OTHER OPERATING REVENUE

Other operating revenues (Accounts 5010-5790) are reported on Report Page 14. Certain of these revenue are offset against the costs of the cost center generating the revenue on Report Page 20 during cost allocation. Revenues generated by several cost centers and minor cost recoveries are offset against direct costs prior to cost finding on Report Pages 17 and 18. Research and education revenues and restricted fund transfers are offset against costs after cost finding on Report Page 20.

NON-OPERATING EXPENSES

Non-operating expenses are included in the cost finding trial balance (Report Page 20) and will absorb overhead costs through step down, if appropriate. Direct non-operating expenses are not allocated to the revenue-producing cost centers, but are carried directly to the Income Statement (Report Page 8). Provision for income taxes and extraordinary items are not shown on the cost finding schedule but are carried directly to the Income Statement.

RECLASSIFICATION OF COST CENTERS

Reclassifications are necessary to adjust the hospital's records to the reporting requirements of the Office if they do not already reflect these requirements. Reclassification of physician and students' compensation is accomplished on Report Pages 15 and 16. All other expense reclassifications must be made on the hospital's books and records prior to entering the trial balance amounts on Report Pages 17 and 18.

Revenue reclassifications are to be made on the hospital's books and records prior to entering the trial balance amounts on the revenue report pages (Report Pages 12 and 14).

Reclassification, as discussed in this Manual, are of three types:

- (1) Reclassification to obtain the required level of reporting.
- (2) Reclassification to correct "dislocations" of a given type of patient care service which affect revenues and costs, and
- (3) Reclassification to correct accumulation of costs.

5043

5041

5040

5042

COST FINDING

The first type of reclassification may be necessary to reach the required level of reporting because the hospital has combined several departments. For instance, smaller hospitals may be combining the costs of acute and intensive care in one nursing unit cost center. In such cases, it is necessary to reclassify the total direct costs incurred in the two different types of care into two specific cost centers relating to these two types of services.

The second type is necessary when "overflow" patients are treated in cost centers other than the functional center relating to the services provided (e.g., a Medical/Surgical acute patient treated in an intensive care unit because all Medical/Surgical beds were occupied).

The third type of reclassification, to correct the accumulation of costs, would be necessary when expense associated with a particular function is recorded in a cost center different from the functional description specified in this Manual. For instance, a reclassification would be required if Dietary recorded the costs associated with handfeeding of patients, because these costs should have been recorded in the Daily Hospital Services cost center relating to that patient.

The following are examples of how a hospital may accumulate costs in one cost center and then reclassify the costs to the appropriate cost centers for year end reporting.

- 1) Plant maintenance all plant maintenance costs accumulated in the plant maintenance cost center (8460) during the year, with work order information accumulated during the year relative to significant, nonroutine work for which costs must be transferred. Actual transfers would then be made at year end on the accounting records to individual cost centers for which the work was done.
- 2) Depreciation depreciation may be accumulated in one cost center (8810) during the year but adjustments must be made on the accounting records at year end to transfer depreciation on major moveable and minor equipment specifically identifiable to individual cost centers to those cost centers.
- 3) Employee benefits employee benefits may be accumulated in one cost center (8880) during the year with adjustments made on the accounting records at year end to relate payroll-related employee benefits to specific cost centers.

The following reclassification matrices indicate the cost center which should be charged with the cost of providing certain functions. If these expenses have not been included in direct costs of the indicated cost center, a reclassification is required, if material. Materiality is defined as a distortion of the cost per unit of service by more than five (5) percent in either cost center. The effect of reclassification is cumulative. One reclassification may not distort the cost per unit of service by five percent distortion. Therefore, these would be material and must be made.

COST FINDING

These reclassifications may be computed on any one of the following bases:

- 1) Analysis of direct expenses including time and cost studies.
- 2) Ratio of total charges to charges of a specific cost center.
- 3) Ratio of total units of service to units of service being reclassified in a specific cost center.

| The point of the p | A Home Health Care Services A Home Health Care Services B Hospice - Outpatient B Other Ambulatory Services |
|---|--|
| X X Morrisery Acute Care X X Mursery Acute X X Sub Acute Care X X Stilled Nursing Care X X Other Long-Term Care Services X X Satellite Ambulatory Surgery Rooms X X Satellite Ambulatory Surgery Center X X Satellite Ambulatory Surgery Center X X Satellite Ambulatory Surgery Services X X Satellite Ambulatory Surgery Center X X Satellite Ambulatory Surgery Services X X Satellite Ambulatory Surgery Services X X Satellite Ambulatory Surgery Center X X Satellite Ambulatory Surgery Services X X Satellite Ambulatory Services < | × |
| X X X Mediative Acute X X X Pediatric Acute X X X Yerite Acute X X X Yerite Acute X X X Yerite Acute X X Yerite Acute Yerite Acute X X Yerite Acute Yerite Acute X X Yeritatic Acute Yeritatic Acute X X Alternate Birthing Center Yeritatic Acute X X Alternate Birthing Center Yeritatic Acute X X Alternate Birthing Center Yeritatic Acute Care X X Alternate Birthing Center Yeritatic Acute X X Alternate Birthing Center Yeritatic Acute X X Yeritatic Acute Care Yeritatic Acute Yeritatic Acute X X Yeritatic Acute Yeritatic Acute Yeritatic Acute X X Yeritatic Acute Yeritatic Acute Yeritatic Acute X X Yeritatic Acute Yeritatic Acute Yeritatic | |
| X X Kediatric Acute X X Yediatric Acute X X Psychiatric Acute X X Maternate Birthing Center X X Maternate Care X X Maternater <td></td> | |
| X X Xedical/Surgical Acute X X Yediatric Acute X Yediatric Acute Adolescent and Child X Yediatric Acute Adolescent and Child X Yediatric Acute Adolescent and Child X Yediatric Acute Xeolasterices X Yediatric Acute Xeolasterices X Yediatric Acute Xeolasterices X Yedical Transportation Services Xeolasterices X Xeolasteric Acute Xeolasterices X Yedical Transportation Services Xeolasterices X Xeolasterice Acute Xeolasterices X Xeolasterice Acute Xeolasterices X Yeolaster Yeolaster X Yeolaster Yeolaster X Yeolaster Yeolaster X Yeolaster Yeo | |
| X X Kedical/Surgical Acute X X Pediatric Acute X X Psychiatric Acute X Y Alternate Birthing Center X X Alternate Birthing Center X X Hospice - Inparient Sves X X Miter Acute X X Stellike Acute X X Miter Acute Cate X | |
| X X Medical/Surgical Acute X X Medical/Surgical Acute X X Psychiatric Acute X X Sychiatric Acute X X Sychiatric Acute X X Sychiatric Acute X Y Sychiatric Acute X Sychiatric Acute Adolescent and Child X Sychiatric Acute Secontact X Sychiatric Acute Secontact X Sychiatric Acute Secontact X Sychiatric Acute Secontact X Sychiatric Acute Care Secontact X Sychiatric Acute Care Secontact X Sychiatric Acute Care Secontact X Sychiatric Energency Services Secontact X Secontact Secontact X <t< td=""><td></td></t<> | |
| X X Medical/Surgical Acute X Y Pegohiatric Acute X Y Pegohiatric Acute X Y Pegohiatric Acute X X Pegohiatric Acute X Y Pegohiatric Acute X Y Pegohiatric Acute X Y Obstetrics Acute X X Alternate Birthing Center X X Obstetrics Acute X X Alternate Birthing Center X X Obstetrics Acute X X Alternate Birthing Center X X Obstetrics Acute X X Obstetrics Acute X X Mursing Care X X Sub Acute Care X X Medical Transportation Services X X Medical Transportation Services X X Satellite Arute X X Medical Transportation Services X X Satellite Care X X Satellite Arute < | |
| × × × Medical/Surgical Acute × × Pediatric Acute × × × Pediatric Acute × × > Psychiatric Acute × × > > > × > > > > × > > > > × > > > > × > > > > × > > > > × > > > > > × > | |
| X X Medical/Surgical Acute X Psychiatric Acute X Psychiatric Acute X Psychiatric Acute X Alternate Birthing Center and Child X Alternate Birthing Center X Alternate Care X Mursery Acute X Stellite Anurang Care X Stellite Care X Other Long-Term Care X Mursery Acute X Stellite Anurang Care X Stellite Care X Medical Transportation Services X Stellite Care X Stellite Anurang Care <td></td> | |
| × Medical/Surgical Acute × Pediatric Acute × Psychiatric Acute × Psychiatric Acute × Psychiatric Acute × Obstetrics Acute × Alternate Birthing Center × Abtorie Care × Stilled Nursing Care × Stilled Nursing Care × Stellite Auusing Care × Stellite Auusing Care × Batellite Care × Batellite Care × Batellite Auusing Care × Batellite Auusing Care × Batellite Care × Batelinte Care < | |
| Medical/Surgical Acute Pediatric Acute Peychiatric Acute - Adult Psychiatric Acute - Adolescent and Child Psychiatric Acute - Adolescent and Child Psychiatric Acute Morence Acute Chemical Dependency Services Mursery Acute Mursery Acute Stilled Nursing Carte Mursery Acute Mursery Acute Mursery Acute Mursery Acute Stilled Nursing Carte Mursery Acute Stilled Nursing Carte Medical Transportation Services Stevities Dother Long-Term Care Services Medical Transportation Services Clinics Stellite Ambulatory Surgery Center Dother Long-Term Care Services Medical Transportation Services | |
| Medical/Surgical Acute Pédiatric Acute Pédiatric Acute Pésorinatric Acute - Adolescent and Child Psychiatric Acute - Adolescent and Child Mosterics Acute Ablternate Birthing Center Ablter Acute Care Bub Acute Care Abute Care Abute Care Acute Care Abute Care Chinics Chinics | |
| Medical/Surgical Acute Pevoliatric Acute - Adolescent and Child Psychiatric Acute - Adolescent and Child Psychiatric Acute - Adolescent and Child Obstetrics Acute Chemical Dependency Services Physical Rehab Care Other Acute Care Sub Acute Care Differ Acute Care Sub Acute Care Mursery Acute Psychiatric - Long Term Care Clinics Other Long-Term Care Services Psychiatric Emergency Rooms Clinics Clinics Conteatial Care Satellite Ambulatory Surgery Center Clinics Conteation Care Satellite Clinics Conteation Care Satellite Clinics Clinics Clinics Clinics Clinics Clinics Clinics Clinics Clinics Clinics Clinics Clinics Clinics Clinics Clinics Courpatient Chemical Dependency Services Satellite Clinics C | |
| Medical/Surgical Acute Pediatric Acute - Adolescent and Child Psychiatric Acute - Adolescent and Child Dsychiatric Acute - Adolescent and Child Obstetrics Acute Chemical Dependency Services Physical Rehab Cate Other Acute Cate Dother Acute Cate Stilled Nursing Cate Confect Inpatient Svcs Dother Long Term Cate Psychiatric - Long Term Cate Mursery Acute Dother Long Term Cate Stellite Ambulatory Surgery Center Clinics Dother Uaginal Services Satellite Ambulatory Surgery Center Clinics Deservation Care Deservation Care Deservation Care Deservation Care Home Health Care Services Deservation Care Deservation Care Home Health Care Services Deservation Care Deservation Care Deservices Deservation Care Deservices Des | |
| ┓ ┺╶╹╴╹╸┛╾┚╸┶╸┢╺┢╸┢╸╋╸┛╸┦╸┦╸┦╸╹╴┥╺┝╺┝╸┝╸ | Home Health Care Services Hospice - Outpatient Adult Day Health Care |
| Kesponsibuuty Reporting Centers | |
| Descritting, Descritting | |

| Functional Reclassification Matrix Responsibility Reporting Centers | Daily Hospital Services Ambulatory Services | In 2 In <t< th=""><th></th><th>t Care 19 1 X X</th><th>Ambulatory 20 20 20 20 20 20 20 20 20 20 20 20 20</th><th></th><th></th><th></th><th>atient, Ambulatory 24 24 24 24 24 24 24 24 24 24 24 24 24</th><th>- Inpatient, Ambulatory 25 25 25</th><th>- Inpatient Ambulatory 26 26 26 27 27 27 27 27 27 27 27 27 27 27 27 27</th><th>npatient Ambulatory 27 1 <th1< th=""> <th1< th=""> 1 <th1< th=""></th1<></th1<></th1<></th><th>ervices 28 28 28 28 28 28 28 28 28 28 28 28 28</th><th>vices 29 29 29 29 29 29 29 20 20 20 20 20 20 20 20 20 20 20 20 20</th><th></th><th>bulatory 31 31 31 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1</th><th></th><th></th><th></th><th>ervices 35 35 35 35 35 35 35 35 35 35 35 35 35</th><th></th><th>atory</th><th></th><th></th></t<> | | t Care 19 1 X X | Ambulatory 20 20 20 20 20 20 20 20 20 20 20 20 20 | | | | atient, Ambulatory 24 24 24 24 24 24 24 24 24 24 24 24 24 | - Inpatient, Ambulatory 25 25 25 | - Inpatient Ambulatory 26 26 26 27 27 27 27 27 27 27 27 27 27 27 27 27 | npatient Ambulatory 27 1 <th1< th=""> <th1< th=""> 1 <th1< th=""></th1<></th1<></th1<> | ervices 28 28 28 28 28 28 28 28 28 28 28 28 28 | vices 29 29 29 29 29 29 29 20 20 20 20 20 20 20 20 20 20 20 20 20 | | bulatory 31 31 31 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | | | | ervices 35 35 35 35 35 35 35 35 35 35 35 35 35 | | atory | | |
|--|---|---|----------|----------------------------|---|------------|---------------------|----------------------------|---|---|--|--|--|---|---------------------|---|--------------------------|----------------------|--------------------|--|-------------------------------|---|------------------|-----------------------------|
| | | Type 2 Functions Requiring Reclassification | Abortion | Psychiatric Day/Night Care | Lab Svcs - Inpatient Ambulatory | Blood Bank | Cardiology Services | Electrodiagnostic Services | Radiology Svcs - Inpatient, Ambulatory | Drug Sold to Patients - Inpatient, Ambulatory | Respiratory Therapy - Inpatient Ambulatory | Physical Medicine - Inpatient Ambulatory | General Anesthesia Services | Local Anesthesia Services | Surgery - Inpatient | Surgery - Minor - Ambulatory | Surgery - Minor - Clinic | Surgery - Minor - ER | Ambulance Services | Labor and Delivery Services | Surgery - Minor Gynecological | Med Supplies Sold to Patients - Inpatient, Ambu | Imaging Services | Develoption Therapy Camicas |

COST FINDING



(DHS - Daily Hospital Services)



| Response School of Nursing Response School of Nursing <t< th=""><th></th></t<> | |
|---|---|
| A Central Services and Supplies A Central Services and Supplies A Pharmacy A Pharmacy A Pharmacy A Pharmacy A Pharmacy B Pharmacy Counds Counds A Pharmacy B Pharmacy Counds Counds A Pharmacy B Pharmacy Counds Counds A Pharmacy Counds Counds Connections Connections Communications Communications C Communications C Communications | |
| A Central Services and Supplies A Central Services and Supplies A A A A B Pharmacy Connact Pharmacy A A B Pharmacy Counds Counds Counds Counds A A B Parking Counds Counds Counds Counter Counds Counds Counds Counter | |
| A Central Services and Supplies A Central Services and Supplies A X A X A X A Phremapy and Stores B Phremapy and Stores Counds Counds A X A X B Phremapy and Stores B Phremapy and Stores Counds Counds | |
| A Central Services and Supplies A Central Services and Supplies A A A Phrehasing and Stores A A B Phrehasing and Stores Counds A Counds A Counds A A Burchesing and Stores A Burchesing and Stores A Burchesing and Stores B Burchesing and Stores B Burchesing and Stores | |
| A Central Services and Supplies A Central Services and Supplies A Photnacy A Photnacy A Photnacy A Photnacy B Photnacy Contral Services A Contral Services A Contral Services A A Photnackereping A Photnackereping | |
| A Central Services and Supplies A Central Services and Supplies A Photmacy A Contral Services A Contral Services A Contral Services A Contral Services B Photmacy C Contral Services C Security S Security | |
| Cantal Structs and Supplies Cantal Structs and Supplies N < | |
| | |
| | |
| | |
| | |
| | |
| | |
| and and a second second and a second | X |
| mal Paramedical Education filtity | X |
| mail Paramedical Education filtity Student Housing filtity Student Food Services filtity Student filtity Student | X |
| mail Sectoration Sectoration fillity Sectoration Sectoration | |
| nal Reclassific nal Reclassific nal Student Housing nal Choice Health Profession Education nal Printing and Duplicating nal Printing and Duplicating | |
| Paramedical Education Student Housing Chief Health Profession Education Printing and Duplicating Printing and Duplicating | |
| Paramedical Education Student Housing Other Health Profession Education Other Health Profession Education | |
| Batamedical Education Paramedical Education Data Data <td></td> | |
| Baramedical Education Student Housing | |
| | |
| | |
| Z Z [d] noitearth at enther of learball | |
| Licensed Vocational Nursing | |
| | |
| E 🛪 Education Administrative Office | |
| | |
| | |
| Research Projects and Administration | |
| | ╉╋╋ |
| | ╉╶╂┈╋╍╆╍ |
| Cost Center to which Employee is Assigned | |
| | |
| Muraing Unit to which Patient is Assigned | |
| E Cost Center to which Asset is Assigned | |
| Medical Records | ++++ |
| | |
| | + + + + |
| 1 <u>1 1 1 1 0 0 ∞ 7 0 2 4 3 5 - 8 Ё</u> | 191181 |
| | |
| | |
| | |
| | |
| | |
| | |
| | Kitchen |
| | E E |
| | |
| s cation Cation Is firstures Is and Itient Linens g Area | 1 1 21 1 _ |
| tins infication infication internation intuffs Patient L Patient L | tral apits |
| ictions assification nent nds, Fixture ices d Stuffs d Stuffs d Stuffs ices ices ices d Stuffs assification recenticals ices d Stuffs assification recenticals assification | Lal Lospits spital entral |
| unctions classification ipment Blinds, Fixture Blinds, Fixture ervices ervices ical Supfiles maceuticals maceuticals s and Patient L oors n Nursing Area | spital m Hospit Hospital 1 Central |
| Functions Functions Reclassification Guipment g, Blinds, Fixture g, Fi | Hospital from Hospita in Hospital com Central |
| e 3 Functions g Reclassification of Equipment of Equipment eting, Blinds, Fixture ting Services Fing Pharmaceuticals ring Pharmaceuticals ring Pharmaceuticals ring Pharmaceuticals ring Pharmaceuticals ring Pharmaceuticals ring Floors foors | de Hospital de from Hospital ithin Hospital d from Central |
| Ype 3 Functions ring Reclassification ee of Equipment repeting, Blinds, Fixture uilding Services Storing Food Stuffs Storing Food Stuffs Storing Food Stuffs Storing Food Stuffs and Patient L Storing Floors and from Nursing Area | tside Hospital and from Hospital t within Hospital ood from Central |
| Type 3 Functions uiring Reclassification ance of Equipment Equipment Building Services Building Services Building Services g. Storing Pharmaceuticals g. Storing Pharmaceuticals food Stuffs food Stuffs foor Sharmaceuticals for Storing Pharmaceuticals for | Outside Hospital Outside Hospital ent within Hospital d Food from Central |
| Type 3 Functions equiring Reclassification equiring Reclassification enance of Equipment e. Carpeting, Blinds, Fixture gs, Building Services Es, Building Services Es, Building Services ing, Storing Fharmaceuticals ving, Storing Fharmaceuticals ving, Storing Food Stuffs r Stocks - Medical Supplies r Stocks - Medical Supplies r Stocks - Medical Supplies r Stocks - Medical Supplies ing, Storing Floors flos and Tubes mts to and from Nursing Area | nt Outside Hospital dies to and from Hospital pment within Hospital ared Food from Central |
| Type 3 Functions Functions Requiring Reclassification intenance of Equipment intenance of Equipment intenance of Equipment interance of Equipmen | atient Outside Hospital ppplies to and from Hospital quipment within Hospital epared Food from Central |
| Type 3 Functions Type 3 Functions Requiring Reclassification Maintenance of Equipment Maintenance of Equipment intiture, Carpeting, Blinds, Fixture uniture, Carpeting, Blinds, Fixture uniture, Carpeting, Blinds, Fixture intens Maintenance of Equipment Maintenance of Equi | Patient Outside Hospital Supplies to and from Hospital Equipment within Hospital Prepared Food from Central |
| Type 3 Functions Type 3 Functions Requiring Reclassification In Maintenance of Equipment Furniture, Carpeting, Blinds, Fixture Furniture, Carpeting, Blinds, Fixture Furniture, Carpeting, Blinds, Fixture Puilding Services In Linens g, Receiving, Storing Pharmaceuticals g, Receiving, Storing Pharmaceuticals ing Floor Stocks - Medical Supplies ing Ploor Stocks - Medical Supplies ing Floor Stocks - Medical Supplies ing Ploor Stocks - Medical Supplies ing Ploor Stocks - Medical Supplies ing Ploor Stocks - Medical Storing Floors Light Bulbs and Tubes ing Patients to and from Nursing Area | ing Patient Outside Hospital ing Supplies to and from Hospital ing Equipment within Hospital ing Prepared Food from Central |
| Type 3 Functions Requiring Reclassification sand Maintenance of Equipment sand Maintenance of Equipment to Furniture, Carpeting, Blinds, Fixture sto Euridings, Building Services rs to Linens to Buildings, Storing Food Stuffs sing, Receiving, Storing Food Stuffs and Linens is thing Floor Stocks - Medical Supplies is thing Floor Stocks - Medical Supplies sing Light Bulbs and Tubes of Light Bulbs and Tubes of Light Bulbs and Tubes of the Storing Ploors Area | orting Patient Outside Hospital orting Equipment within Hospital orting Equipment within Hospital orting Prepared Food from Central |
| Type 3 Functions Requiring Reclassification airs and Maintenance of Equipment airs to Furniture, Carpeting, Blinds, Fixture airs to Furniture, Carpeting, Blinds, Fixture airs to Building Services and Maintenance of Equipment airs to Linens chasing, Receiving, Storing Food Stuffs chasing, Receiving, Storing Food Stuffs chasing, Receiving, Storing Pharmaceuticals chasing, Receiving, Storing Pharmaceuticals chasing, Receiving, Storing Pharmaceuticals chasing, Receiving, Storing Food Stuffs chasing, Receiving, Storing Food Stuffs chasing, Receiving, Storing Food Stuffs chasing Ploor Stocks - Medical Supplies fenishing Floor Stocks - Pharmaceuticals ing Up Bed, Disinfecting ming Up Bed, Disinfecting ming Up Spills, Mopping Floors inging Light Bulbs and Tubes reporting Patients to and from Nursing Area | insporting Patient Outside Hospital Isporting Equipment within Hospital Isporting Prepared Food from Central |
| Type 3 Functions Type 3 Functions Requiring Reclassification Repairs and Maintenance of Equipment Repairs to Furniture, Carpeting, Blinds, Fixtures Repairs to Storing Fooring Services Repensiting Floor Stocks - Medical Supplies Purchasing, Receiving, Storing Foor Stocks - Medical Supplies Replenishing Floor Stocks - Pharmaceuticals Replenishing Floor Stocks - Pharmaceuticals Making Up Bed, Disinfecting Making Up Spills, Mopping Floors Cleaning Up Spills, Mopping Floors Cleaning Up Spills, Mopping Floors Cleaning Up Spills, Mopping Floors | Transporting Patient Outside Hospital Transporting Batient Outside Hospital Transporting Equipment within Hospital Transporting Prepared Food from Central J |

| | | | <u> </u> | | | r | | | | | _ | | | | | | | | | | - | r— |
|--|------------------|--|--|--|-----------------------|--|---------------------------------|---|------------------|---------------------------|--------------------------------|--|-----------------|--|----------------------------|--|--|---------------------|---------------------------------------|----------------------|----|----------|
| | | Other General Services | | | | | | | | | | | | | | | | | | | | |
| | | Data Processing | | | | t | | | | - | | | | | _ | | | | | | | |
| | | Communications | | | | | | | | | | | | | | | | | | | | |
| | | Plant Maintenance | | | | | | | | | | | | | | | | | | | | |
| | | Plant Operations | | | | | | | | | | | | | | | | | | | | |
| | | Housekeeping | | | | Γ | | | | | | | | | | | | | | | | |
| | " | Parking | | | | | | | | | | | | | | | | | | | | |
| | <u>8</u> . | Security | | | | | | | | | | | | | | | | | | | | |
| | l 5 | Grounds | | | | | | | | | | | | | | | | | | | | |
| | LS I | Purchasing and Stores | | | | | | | | | | | | | | | | | | | | |
| | General Services | Гратпасу | | | | | | | | | | | | | | | | | | | | |
| | l g | Central Services and Supplies | | × | | | | | | | | | | | | | | | | | | |
| ° II | - | Central Transportation | | | | | | | | | | | | | | | | | | | | |
| er it | | Social Work Services | | | | | | | | | | | | | | | | | | | | |
| N N | | Laundry and Linen | | | | | | | | | | | | | Х | | | | | | | |
| ੂ ਹ | | Dietary | | | | <u> </u> | | | | | | | | | | | | | | | | |
| ž tio | 1 | Non-Patient Food Services | | | | | | | | | | | | | | | | | | | | |
| ica | 1 | Kitchen | | | | L | | | | | | | | | | | | | | | | ļ |
| po difi | | Printing and Duplicating | | | | | | | | | | | | | | | | | | | | |
| Re | <u> </u> | | | | | Ļ | | | | _ | | | | | | _ | | | _ | | - | |
| Functional Reclassification Matrix Responsibility Reporting Centers | 1 | Other Health Profession Education | | | | | | | | | | | | | | | Х | | | | _ | - |
| R | la l | Student Housing | _ | | | ⊢ | | | | | | | | | | | | | | | | |
| nal sib | Educational | Paramedical Education | | | | ┣ | ⊢ | | | | | | | | | | X | | \square | | | |
| 101 | nca | Medical Post Graduate Education | | | | | <u> </u> | | | | - | | | | | | XX | | | | | |
| sp ac | 園 | School of Nursing Licensed Vocational Nursing | - | \vdash | | ┣— | - | | | | | _ | | | | | XΧ | | | | | <u> </u> |
| Re | | Education Administrative Office | _ | | - | ┣─ | - | | | | | | | | _ | | X | | | | | |
| _ | ⊢ | Feither A dministration of the sub- | | | <u> </u> | - | - | \vdash | \square | | | | | \square | | | | _ | | | _ | |
| | ਤ | | | | | | | - | | | | | | | | | | | | | | - |
| | 6g | Research Projects and Administration | | | | | | | - | | | | | | | | - | Х | - | | | |
| | Research | | | | | | - | | | | | | | | | | | - | | | | |
| | | | | | | | | | | | | | | | | | | | | | | |
| | | Cost Center to which Employee is Assigned | | | | | | | | | | | | | | Х | | | | | | |
| | sn | Ancillary Service Making the Charge | Х | | X | | | | | | | х | | Х | | | | | | | | |
| | <u></u> | Nursing Unit to which Patient is Assigned | | | | × | х | Х | х | Х | Х | | Х | | | | | | | | | |
| | []a | Cost Center to which Asset is Assigned | | | | | | | | | | | | | | | | | | | | |
| | Miscellaneous | Medical Records | | | | | | | | | | | | | | | | | Х | | | |
| | Σ | Admitting and O/P Registration | | | | | | | | | | | | | | | | | | Х | | |
| | | o. De | 1 | 2 | 3 | 4 | 5 | 6 | 7 | ~ | 9 | 0 | 1 | 2 | 9 | 4 | 5 | 6 | 7 | ~ | 6 | 0 |
| | | Line No. | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 4 |
| | | | | | | | | | | | | | | | | | | | | | | |
| | | | | s | | | | SU | | | | | | | | | | | | | | |
| | | | Я | ma | | | | igi | | | | | | | | | | | | | | |
| | | | 10 | g It | | | | fe | | | | s | | | | | | | | | | |
| | | | l 9 | ţi | | | | Ľ | | | | Patients | | | | | | | | | | |
| | | UO. | uin | ibu | | 2 | | ing | | | | ati | | | | <u></u> | | | | | | |
| | | | Iss | stri | | ner | | tor | | | | at P | | | |) S | | | | | | |
| | | Type 3 Functions Requiring Reclassificati | ĝ | edi | | ecir | | on | | | | Ĩ. | | ŝ | | 5 | ns | | | | | |
| | | ssit | SSI | ٤R | | Sp | | Σ | | | | Γp | | Cas | | III. | rar | | | | | |
| | | Inc | S | 80 | | S | | for | | | | an | |) yc | | 8 H | 20 C | | | | | |
| | | lec Fu | 占 | Zin | | Fec | s | ent | | | ы | 8 8 | | cra | | hin | d P | | | | | |
| | | 5 S | ing | ilin | | pu | ent | Шd | | | PC | l ag | | Ĕ | ≥ | eac | S | | ť | | | |
| | | li, Pe | Stor | Ste | | n a | Pati | in | | suc | in (| ā | | 님 | ive | г-I | - Ē | | গ্র | | | |
| | | lii T | ŝ | ဆို | les | Itu | of | dΕ | | ati | E | 음 | | E E | ٦ | ž | Ξ | | | | | |
| | | 6 | vin | bli | L. | Spi | ng | ize | | dic | ž | en | | y8c | [p] |) u | 8 | сh | ciar | ţ | | |
| | | × X | S | 1 E | S | Je, | edi | ial | ts | ž | tts] | E. | | ð | n a | atic | Ť | Sea | Ż | E. | | |
| | | | Re | Ass | 8 | Jir. | Fe | ğ | en | gu | E. | - B | ids | 80 | K | nc | ğ | Re | 튑 | Pat | | |
| | | | ê | ŝ | Ē | ിള | pur | 8 S | Pat | E. | Pat | E B B B B B B B B B B B B B B B B B B B | E | Ē | Pic | Ed | 2 | gu | <u></u> | 8 | | |
| | | | asi | CE. | Ling | ctin | 30 | liti. | 8u | nist | .e | Ð | g | Dis | È | ice | .ď | E | -el | Ē | | |
| | | | Purchasing, Receiving, Storing Processing, Issuing Blood | Collecting, Assembling, Sterilizing & Redistributing Items | Drawing Blood Samples | Collecting Urine, Sputum and Feces Specimens | Serving and Feeding of Patients | Operating Specialized Equipment for Monitoring Life Signs | Bathing Patients | Administering Medications | Keeping Patients Room in Order | Operating Equipment to Diagnose and Treat | Infusing Fluids | Administering Oxygen and Therapy Cases | aundry Pickup and Delivery | Inservice Education (Non-Teaching Employees) | Teaching Students on Approved Programs | Performing Research | Trancribing Physicians Reports | Registering Patients | | |
| | | | Ъ | ပိ | Б | ပိ | Se | õ | Ba | Ac | Ke | õ | Ini | Ă | Ľ | Įn, | Ч | Pe | Ë | Ř | | |
| | | | | | | | | | | | | | | | | | | | | | | |

COST FINDING

Type 1 - Functional Reclassifications

Reporting at Required Organizational Unit Level

The revenues, costs, and statistics of each daily hospital, ambulatory and ancillary services listed on Report Page 12 must be reported on the appropriate lines and pages if the hospital has such an organizational unit(s) or if beds have been specified by the hospital for such types of care. If neither is the case, but patients are admitted by the clinical categories or intensity of care categories listed therein, the revenues, costs, and units of service must be reclassified as a Type 2 functional reclassification.

Type 2 - Functional Reclassifications

To Correct "Dislocations" of a Given Type of Patient Care Service

It is recognized that from time to time it will be necessary to admit patients into cost centers providing more intensive care than the patient requires, due to space and other problems. Likewise, it is occasionally necessary to mix major clinical patient categories (i.e., Psychiatric patient in Medical/Surgical unit). The revenues, costs, and statistics associated with these situations must be reclassified per the reporting requirement.

Functional Reporting Matrix M2 is provided to assist in identifying these requirements.

Type 3 - Functional Reclassifications

Corrections to Accumulated Costs

Many activities are common to each cost center and therefore give rise to reclassification if the costs are being assigned to another cost center on its behalf and are material.

Activities common to most functional cost centers such as planning, appraising, analyzing, preparing staffing schedules, meeting legal requirements and sanitary standards, keeping abreast of applicable fields, clerical work incidental to the activities of the functional reporting center, documenting work performed, initiating requisitions, the provision for and receipt of in-service education, educating patients for self-care, maintaining specialized libraries, preparing budgets, evaluating assigned personnel, and attending meetings shall be assigned to the functional reporting center in which the activity is performed. The operation of equipment includes preventive maintenance such as cleaning, oiling, and calibration.

COST FINDING

Other activities are unique (as herein defined) and their cost must be reported per the cost center functional descriptions. If the cost of these activities are accumulated in a different cost center, they must be reclassified. To assist in the identification of these, a sample list of functions whose costs must occasionally be reclassified is included in Functional Reclassification Matrix M3 along with the centers to which they must be reclassified if they are material