**Step 1: Define Cost Centers (c)**

|  |  |
| --- | --- |
| **Classification of Hospital Departments** | Department Name / Unit |
| **Administrative/Overhead services** | Office of the Medical Center Chief |
| IT Department |
| Office of the Administrative Officer |
| Human Resource Management |
| Procurement |
| Materials Management |
| Engineering and Facilities Management |
| Housekeeping |
| Budget and Accounting |
| Medical Social Work |
| Office of the Chief Nurse |
| Health Info Mgt (Admitting) |
| Central Supply Office |
| Billing and Claims |
| Cash Operations |
| Security |
| Office of the Chief of Medical Professional Staff / Chief of Clinics |
| Others |
| **Ancillary services/Support services** | Laundry |
| Nutrition and Dietetics |
| Sterilization |
| Pharmacy |
| Blood Bank |
| Laboratory |
| Radiology / Diagnostic Imaging (CT Scan, MRI, ECG, Mammography, Endoscopy) |
| Heart Station |
| Physiotherapy / Rehabilitation |
| Delivery Room |
| Operating Room / Aneasthesiology / PACU / Recovery Room |
| Respiratory Unit |
| Medical ICU |
| Neonatal ICU\* |
| Surgical ICU\* |
| Pediatric ICU\* |
| Burn Unit |
| Morgue |
| Others |
| **Clinical/Medical services** | Outpatient Department |
| Animal Bite Center |
| TB Dots |
| HIV Aids |
| Family Planning Unit |
| Smoking Cessation |
| Malaria |
| Diabetes MAP |
| Hypertension MAP |
| Emergency Medicine Department |
| Dialysis Unit |
| Nuclear Medicine |
| Radiation Oncology Unit\* |
| Endoscopy Unit |
| Dental |
| Internal Medicine Ward |
| Pediatric Ward |
| Surgical Ward |
| Ob/Gyne Ward |
| Private Ward |
| Neurosurgery Ward\* |
| Orthopedic Ward\* |
| Psychiatric Ward\* |
| ENT Ward\* |

**Step 2: Determine Total Cost**

**Total Direct Cost** = TotalDrugCost + TotalMedSupplyCost + TotalLabSuppliesCost + TotalMedEqptDep + TotalNonMedEqptDep + TotalFurFixDep + TotalOffSupCost + TotalHousekeepCost + TotalOxygenCost + TotalPersonnelCost

|  |  |  |
| --- | --- | --- |
| Cost Item | Description | Worksheet |
| TotalDrugCost | Total Expenditure on Drugs and Medicines reported by CSO  Total Pharmacy Sales = ΣDrugs  Total Expenditure on Drugs and Medicines reported in the Financial Statement | CSO Form 7.0  Pharmacy Form 2.1  Accounting Form 10.2 |
| TotalMedSupplyCost | Total Expenditure on Medical Supplies reported by CSO  Total Medical Supply Sales = ΣMedSupplyc  where c = medical supply sales in cost center c  Total Expenditure on Medical Supplies reported in the Financial Statement | CSO Form 7.0  Pharmacy Form 2.1  Accounting Form 10.2 |
| TotalLabSuppliesCost | Total Expenditure on Laboratory Supplies reported by CSO  Total Expenditure on Laboratory Supplies reported in the Financial Statement | CSO Form 7.0  Accounting Form 10.2 |
| TotalMedEqptDep | Total Medical Equipment Depreciation = ΣMedEqptDep(c) | Form 9.2 |
| TotalNonMedEqptDep | Total Non Medical Equipment Depreciation = ΣMedEqptDep(c) | Form 9.3 |
| TotalFurFixDep | Total Medical Equipment Depreciation = ΣMedEqptDep(c) | Form 9.1 |
| TotalOffSupCost | Total Expenditure on Office Supplies, Accountable Forms, Non-Accountable Forms reported by CSO  Total Expenditure on Office Supplies, Accountable Forms, Non-Accountable forms reported in the Financial Statement | CSO Form 7.0  Accounting Form 10.2 |
| TotalHousekeepCost | Total Expenditure on Janitorial/Housekeeping Supplies reported by CSO | CSO Form 7.0 |
| TotalOxygenCost | Total Expenditure on Oxygen reported by CSO | CSO Form 7.0 |
| TotalPersonnelCost | Total Annual Salary = ΣAnnualSalary(i)  i=salary of each employee | Finance and Accounting Form 10.1 |

**Total Indirect Cost =** TotalFoodSupplyCost + TotalTravTrainCost + TotalUtilitiesCost + TotalTelCommCost + TotalBuildgDepCost + TotalRepairsMaintCost + OtherOverheadCost

|  |  |  |
| --- | --- | --- |
| Cost Item | Description | Worksheet |
| TotalFoodSupplyCost | Total Food Supplies and Cooking Gas Expense reported in the Financial Statement | Accounting Form 10.2 |
| TotalTravTrainCost | Total Travel Expenses and Training Expenses reported in the Financial Statement | Accounting Form 10.2 |
| TotalUtilitiesCost | Total Expense on Water and Electricity reported in the Financial Statement | Accounting Form 10.2 |
| TotalTelCommCost | Total Expense on Telephone expenses-Landline,Telephone expenses-Mobile, Subscriptions expenses reported in the Financial Statement | Accounting Form 10.2 |
| TotalBuildgDepCost | Total Annual Depreciation Value is the sum of all depreciation values of all buildings reported in the Building Form | Building Form 8.1 |
| TotalRepairsMaintCost | Total Repairs and Maintenance Expense reported in the Financial Statement | Accounting Form 10.2 |
| OtherOverheadCost | Total Other Maintenance and Other Operating Expense reported in the Financial Statement | Accounting Form 10.2 |

**Total Pre Step Down Cost (c) = Total Direct Cost (c) + Total Indirect Cost (c)**

**Step 2: Allocate Direct and Indirect Costs to Departments**

|  |  |  |
| --- | --- | --- |
| Cost Item | Description | Worksheet |
| DrugCost(c) | Drugs and Medicines Consumption or Pharmacy Sales of Drugs and Medicines of cost center *c* as allocated in CSO Form; Pharmacy Form | CSO Form 7.0  Pharmacy Form 2.1 |
| MedSupplyCost(c) | Medical Supplies Consumption or Pharmacy Sales of cost center *c* as allocated in CSO Form; Pharmacy Form | CSO Form 7.0  Pharmacy Form 2.1 |
| LabSuppliesCost(c) | Laboratory Supplies Consumption of cost center *c* as allocated in CSO Form | CSO Form 7.0 |
| MedEqptDep(c) | ΣMedEqptDep(c)  Sum of Medical Equipment Depreciation Value of cost center *c* | Form 9.2 |
| NonMedEqptDep(c) | ΣNonMedEqptDep(c)  Sum of Non Medical Equipment Depreciation Value of cost center *c* | Form 9.3 |
| TotalFurFixDep(c) | ΣMedEqptDep  Sum of Furnitures and FIxtures Depreciation Value of cost center *c* | Form 9.1 |
| OffSupCost(c) | Office supplies consumption of cost center *c* as allocated in CSO Form | CSO Form 7.0 |
| TotalHousekeepCost(c) | Housekeeping or Janitorial supplies consumption of cost center *c* as allocated in CSO Form | CSO Form 7.0 |
| OxygenCost(c) | Oxygen consumption of cost center *c* as allocated in CSO Form | CSO Form 7.0 |
| PersonnelCost(c) | PersonnelCost(c) = Σ((Annual Salary (i,c) \* FTE (i,c))  Where i = employee  c = cost center | Finance and Accounting Form 10.1  Human Resource Form 6.2 |

**Step 3: Allocate Admin Cost to Ancillary and Clinical**

Total Pre Step Down Cost (c) = Total Direct Cost (c) + Total Indirect Cost (c)

Total Pre Step Down Cost (admin) = Total Direct Cost (admin) + Total Indirect Cost (admin)

**Total First Step Down Cost (ancillary, clinical ) = FTE (c) / FTE (ancillary, clinical c) \*Total Pre Step Down Cost (admin)**

where

FTE (ancillary, clinical c) = FTE (total) – FTE (admin)

**Total First Step Down Cost (ancillary c) = FTE Share (ancillary c) / FTE Share (ancillary, clinical c) \*Total Pre Step Down Cost (admin)**

**Step 4: Allocate Ancillary to Clinical Services**

Laundry Allocation:

Second Step Down Cost (clinical c) = Total First Step Down Cost (laundry) \* Bed Days (clinical c) / Bed Days (total)

Where Bed Days = bed days reported in form 11.2

Nutrition Allocation:

Second Step Down Cost (clinical c) = Total First Step Down Cost (nutrition) \* Bed Days (clinical c) / Bed Days (total)

Sterilization

Second Step Down Cost (clinical c) = Total First Step Down Cost (nutrition) \* Bed Days (clinical c) / Bed Days (total)

Pharmacy

Second Step Down Cost (clinical c) = Total First Step Down Cost (pharmacy) \* % Pharmacy (clinical c) / 1

Where

% Pharmacy (clinical c) = TotalDrugCost (clinical c) / TotalDrugCost

Blood Bank

Laboratory

Second Step Down Cost (clinical c) = Total First Step Down Cost (laboratory) \* % LabTest (clinical c) / 1

Where

% LabTest (clinical c) = LabTest (clinical c) / TotalLabTest

TotalLabTest = number of lab tests as reported in Form 3.2

Diagnostic and Imaging

Second Step Down Cost (clinical c) = Total First Step Down Cost (radiologyimaging) \* % DiaImaging (clinical c) / 1

Where

% DiaImaging (clinical c) = ImagingTest (clinical c) / TotalImagingTest

TotalDiaImaging = number of lab tests as reported in Form 3.2

Physiotherapy / Rehabilitation

Second Step Down Cost (clinical c) = Total First Step Down Cost (physiotherapy) \* % Physiotherapy (clinical c) / 1

Where

%Physiotherapy (clinical c) = PhysioSessions (clinical c) / TotalPhysioSessions

TotalPhysioSessions = number of physiotherapy sessions as reported in Form 12.2

Delivery Room

Second Step Down Cost (ob – gyne ward) = Total First Step Down Cost (deliveryroom)

Operating Room

Second Step Down Cost (surgical ward) = Total First Step Down Cost (operatingroom)

Respiratory Unit

Second Step Down Cost (clinical c) = Total First Step Down Cost (respiratory) \* Bed Days (clinical c) / Bed Days (total)

Where Bed Days = bed days reported in form 11.2

Medical ICU

Second Step Down Cost (clinical c) = Total First Step Down Cost (micu) \* Bed Days (clinical c) / Bed Days (total)

Where Bed Days = bed days reported in form 11.2

Neonatal ICU

Second Step Down Cost (pedia ward) = Total First Step Down Cost (nicu)

Surgical ICU

Second Step Down Cost (pedia ward) = Total First Step Down Cost (sicu)

Pediatric ICU

Second Step Down Cost (pedia ward) = Total First Step Down Cost (picu)

Burn Unit

Second Step Down Cost (emergency) = Total First Step Down Cost (burn)

Morgue

Second Step Down Cost (clinical c) = Total First Step Down Cost (morgue) \* Deaths (clinical c) / Deaths

Where

Deaths = total deaths reported in 11.2

Specialty Care

Second Step Down Cost (clinical c) = Total First Step Down Cost (specialtycarea) \* ServiceUnitsA (clinical c) / TotalServiceUnitsA

TotalServiceUnitsA = number of lab tests as reported in Form 12

**Total Allocated Cost (clinical c) = Total Pre Step Down Cost (clinical c) + Total First Step Down (clinical c) + Total Second Step Down (clinical c)**

**Step 5: Calculate for Intermediate Cost**

**Total Intermediate Cost = Total Pre Step Down Cost (ancillary, clinical c) + First Step Down (ancillary, clinical c c)**

**Intermediate Unit Cost = Total Intermediate Cost (ancillary, clinical c) / total service units (ancillary, clinical c)**

|  |  |
| --- | --- |
| **Cost centers** | **Unit cost of service/Output** |
| Laundry | Bed Day |
| Nutrition and Dietetics | Bed Days |
| Sterilization | Bed Days |
| Pharmacy | Prescriptions |
| Blood Bank | Blood Units |
| Laboratory | Lab Test |
| Radiology / Diagnostic Imaging | Imaging Test |
| Physiotherapy / Rehabilitation |  |
| Delivery Room | Delivery |
| Operating Room / Anesthesiology | Surgery |
| Surgical ICU\* | Surgery Bed Day |
| Outpatient Department (general) | Visit |
| Emergency Medicine Department | Visit |
| Dialysis Unit | Session |
| Dental | Visit |
| Internal Medicine Ward | Bed Day |
| Pediatric Ward | Bed Day |
| Surgical Ward | Bed Day |
| Ob/Gyne Ward | Bed Day |
| Private Ward | Bed Day |

**Step 6: Compute for the Final Unit Cost**

**Final Unit Cost (clincal c) = Total Allocated Cost(clincal c) / Total Service Units (clinical c)**

Final Unit Cost (OPD) = Total Allocated Cost (Outpatient Department, Animal Bite Center, TB Dots, HIV Aids, Family Planning Unit, Smoking Cessation, Malaria, Diabetes MAP, Hypertension MAP) / Total Outpatient Visits

Where

Total Outpatient Visits = Outpatient visits reported in 11.1

Final Unit Cost (Internal Medicine) **=** Total Allocated Cost (IM) / Bed Days (IM)

Where

Bed Days (IM) = Bed days reported in 11. 3