18TH ANNUAL AMBULATORY SURGERY CENTERS CONFERENCE - IMPROVING PROFITABILITY AND BUSINESS

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DETERMINING THE TRUE COST OF A PROCEDURE

- What is the true cost
- Profit Per case
- Supply costs
- Supply costs plus direct labor
- Supply costs plus direct/indirect labor
- **USE EVERY EXPENSE ITEM ON THE P&L**

INFORMATION NEEDED

- P & L Statement by Month
- Pre-op minutes by physician by month
- OR minutes by physician by month
- PACU minutes by physician by month
- Radiology cases by physician by month
- Pain Management cases by physician by month
- Others as determined by your facility

P & L STATEMENT

Item	Amount						
Salary Expense							
Administrative	$22,254.22						
Housekeeping	$10,256.25						
Pre-op	$6,548.25						
Engineering	$3,254.25						
Surgery	$10,254.25						
PACU	$3,254.25						
Business Office	$4,521.25						
Total Salaries							

P & L STATEMENT

Item	Amount	PRE OP	OR	PACU	Floor	Rad	P. M.
Salary Expense							
Administrative	$22,254.22	18%	35%	23%	24%		
Housekeeping	$10,256.25	18%	35%	23%	24%		
Pre-op	$6,548.25	100%					
Engineering	$3,254.25	18%	35%	23%	24%		
Surgery	$10,254.25		100%				
PACU	$3,254.25			100%			
Business Office	$4,521.25	18%	35%	23%	24%		
Total Salaries							

P & L STATEMENT

Item	Amount	PRE OP	OR	PACU	Floor	Rad	P. M.
Salary Expense							
Administrative	$22,254.22	$4,005.76	$7,788.98	$5,115.47	$5,341.01		
Housekeeping	$10,256.25	$3,589.69	$2,358.94	$2,461.50	$10,256.25		
Pre-op	$6,548.25	$6,548.25					
Engineering	$3,254.25	$585.77	$1,138.99	$748.48	$781.02		
Surgery	$10,254.25		$10254.25				
PACU	$3,254.25			$3254.25			
Business Office	$4,521.25	$813.83	$1,582.44	$1,039.89	$1,085.10		
Total Salaries	$60,342.72	$15,543.30	$23,123.60	$12,619.59	$17,463.38		

METHODS FOR DIVIDING COSTS

- Square footage of each Revenue department
  - Utility bills
- Number of employees by Revenue department
  - Work comp Insurance
  - Health Insurance
- Computers by revenue department
  - IT services
- Phones by revenue department
- SWAG by revenue department

ADDITIONAL INFORMATION

(MEASURE FOR EACH REVENUE DEPARTMENT)

- Pre-op minutes by physician
- OR minutes by physician
- PACU minutes by physician

P & L STATEMENT

Item	Amount	PRE OP	OR	PACU	Floor	Rad	P. M.
Total Dollars	$60,342.72	$15,543.30	$23,123.60	$12,619.59	$17,463.38		
Units per Revenue Dept.		6,292	1,745	1,405	15		
Cost per unit		**$2.47**	**$13.25**	**$8.98**	**$1125.25**		

COST OF A PROCEDURE (TUBES)

Revenue Dept	Units	Cost per Unit	Total Cost	
Pre-op	30	$2.47	$74.10	
OR	20	$13.25	$265.00	
PACU	45	$8.98	$404.10	
Supplies	$98.25		$98.25	
Implants				
Totals			$841.45	

VARIATIONS

- Compare cost by physician
- Compare cost by Procedure / APC / Grouper
- Compare physician contribution to facility
- Determine profitability of contracts
  - Used to negotiate more lucrative managed care contracts

- KNOWLEDGE IS POWER
- QUESTIONS

PAINLESS MEDICAL CENTER

- Let's look at a live working scenario

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