

# Worksheet B Series

## Stepdown of Costs

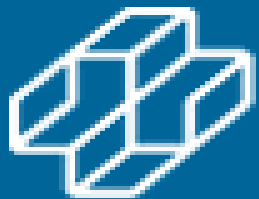
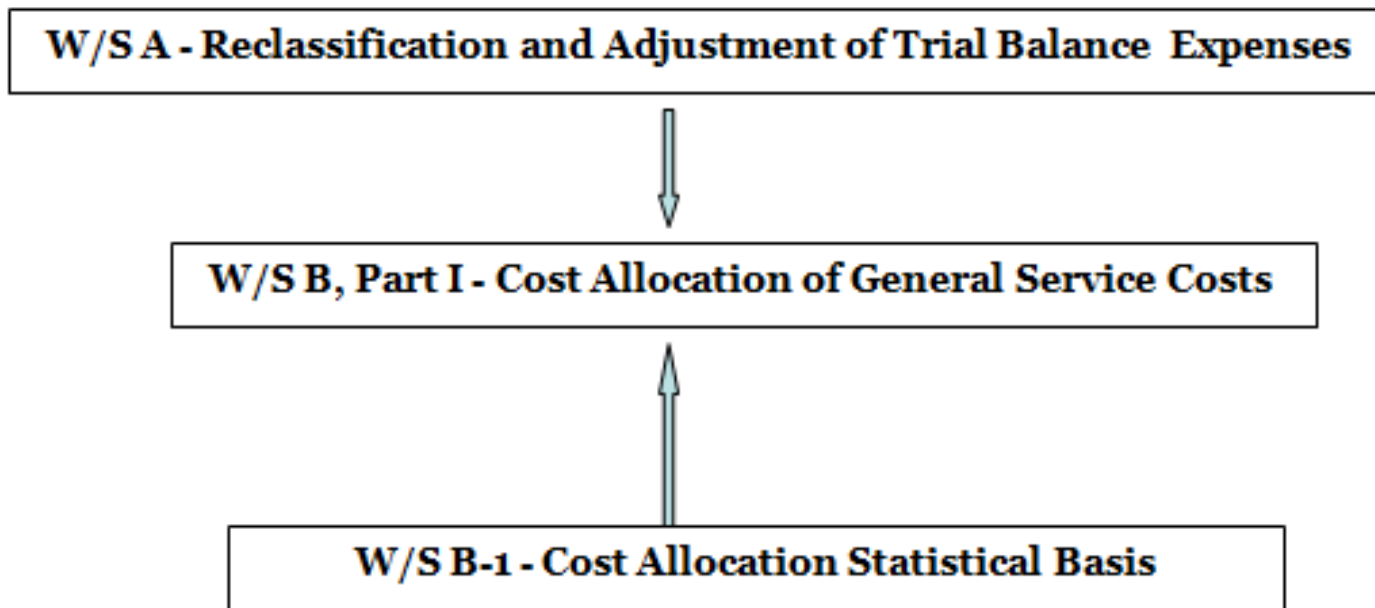
Page 38–62 of Test Case C/R

Presented by: Denis Houle, Manager  
December 10, 2009  
Sable Oaks Marriott



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# W/S B Series Flow



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# Worksheet B Series – Stepdown of Costs

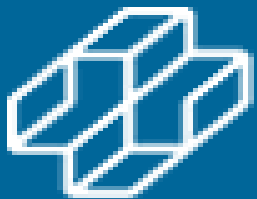
- B, Part I
- B, Part II & Part III
- B-1
- B-2



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# Worksheet B, Part I

- Allocates overhead (nonrevenue-producing) cost center costs to revenue-producing cost centers and non-reimbursable cost centers



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# Cost Centers to be Allocated

Also referred to as general service cost centers

- Capital Related Costs – Buildings and Fixtures
- Capital Related Costs – Movable Equipment
- Employee Benefits
- Administrative and General
- Maintenance and Repairs
- Operation of Plant
- Laundry and Linen
- Housekeeping
- Dietary



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# Cost Centers to be Allocated (concluded)

- Cafeteria
- Maintenance of Personnel
- Nursing Administration
- Central Services and Supply
- Pharmacy
- Medical Records and Library
- Social Service
- Nonphysician Anesthetists
- Nursing Schools
- Intern-Resident Service
- Paramedical Education Program

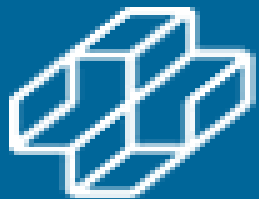


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# Worksheet B, Part I

- Once a general service cost center is allocated, it is closed, and the next general service cost center is allocated.



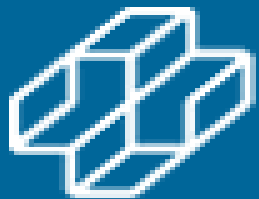
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# Worksheet B, Part I

Best part—no input required!

Costs will be allocated based on a percent to total methodology based on allocation statistics



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# Worksheet B-1

- To report statistics for each general service cost center for basis to allocate costs on Worksheet B, Part I, II and III

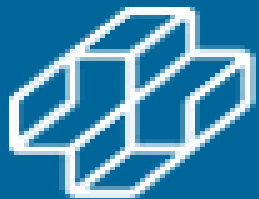


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# Statistical Basis – Standard Unit of Measure

- Building and fixed equipment – square feet
- Movable equipment – value of equipment
- Employee benefits – gross salaries
- Administrative and general – accumulated cost
- Maintenance and repairs – square feet
- Operation of plant – square feet
- Laundry and linen – pounds or pieces of laundry
- Housekeeping – hours of service or square feet
- Dietary – meals served
- Cafeteria – employed FTEs



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# Statistical Basis – Standard Unit of Measure (concluded)

- Maintenance of personnel – employees housed
- Nursing Administration – hours of service
- Central Services and Supply – costed requisitions
- Pharmacy – costed requisitions
- Medical Records and Library – time spent
- Social Service – time spent
- Nursing Schools – time spent
- Intern-Resident Service – assigned time

Alternatives are available.

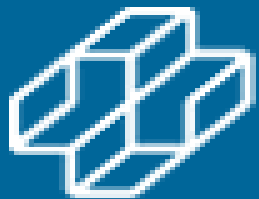


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# Data Sources for Statistics

- Square footage measurements
- Fixed asset ledger
- General ledger
- Cost distribution reports
- Meal counts
- Time studies



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# Regulatory Requirements for Time Studies

## Documentation of time studies

- One week per month
  - Can't be the same week every month
  - Can't have two contiguous weeks or be a holiday week
- Approvals for changes in basis
    - Must be requested in writing 90 days prior to the end of the cost report period



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# Alternative Statistics

Cost Centers	Recommended Statistic	Simplified Statistic
Buildings and fixtures	Square footage	Square footage
Movable equipment	Square footage/actual dollars	Square footage
Maintenance and repairs	Square footage	Square footage
Operation of plant	Square footage	Square footage
Housekeeping	Square footage/hours of service	Square footage
Employee benefits	Salaries	Salaries
Cafeteria	Full time equivalents	Salaries
Administrative and general	Accumulated costs	Accumulated costs
Laundry and linen	Pounds of laundry	Patient days
Dietary	Meals served	Patient days
Social service	Time spent	Patient days
Nursing administration nursing	Time spent	Nursing salaries
Central services and supply	Costed requisitions	Costed requisitions
Pharmacy	Costed requisitions	Costed requisitions
Medical records	Time spent	Gross patient revenues

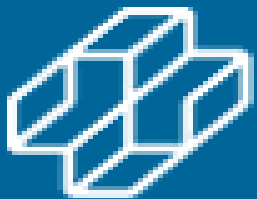


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# Weighting of Statistics

- For changes that occurred during the year



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# The “Other” B Worksheets

Worksheet B, Part II and III – Segregates old and new capital costs and allocates costs to revenue producing departments

- Input any capital-related rentals to be directly assigned
  - Otherwise, no other input needed
- Worksheet B-2 – Provides for explanation of post stepdown adjustments



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RECLASSIFICATION AND ADJUSTMENT OF  
 TRIAL BALANCE OF EXPENSES

From W/S A – Page 23

	COST CENTER	COST CENTER DESCRIPTION	ADJUSTMENTS 6	NET EXPENSES FOR ALLOC 7
		GENERAL SERVICE COST CNTR		
1	0100	OLD CAP REL COSTS-BLDG & FIXT		
2	0200	OLD CAP REL COSTS-MVBLE EQUIP		
3	0300	NEW CAP REL COSTS-BLDG & FIXT		823,135
4	0400	NEW CAP REL COSTS-MVBLE EQUIP		660,634
5	0500	EMPLOYEE BENEFITS		750,000
6	0600	ADMINISTRATIVE & GENERAL	-74,241	537,592
7	0700	MAINTENANCE & REPAIRS		
8	0800	OPERATION OF PLANT	-48,684	1,178,004
9	0900	LAUNDRY & LINEN SERVICE		512,194
10	1000	HOUSEKEEPING		857,998
11	1100	DIETARY	-20,185	1,936,400
12	1200	CAFETERIA	-511,400	438,600
13	1300	MAINTENANCE OF PERSONNEL	-28,318	9,036
14	1400	NURSING ADMINISTRATION		745,743
15	1500	CENTRAL SERVICES & SUPPLY	-28,560	1,222,317
16	1600	PHARMACY	-19,765	1,107,881
17	1700	MEDICAL RECORDS & LIBRARY	-6,146	249,884
18	1800	SOCIAL SERVICE		52,655
20	2000	NONPHYSICIAN ANESTHETISTS	-189,020	
21	2100	NURSING SCHOOL	-745,206	481,098
22	2200	I&R SERVICES-SALARY & FRINGES APPRVD		440,735
23	2300	I&R SERVICES-OTHER PRGM COSTS APPRVD		153,398
24	2400	PARAMED ED PRGM-RADIOLOGY	-11,132	81,111
		INPAT ROUTINE SRVC CNTRS		
25	2500	ADULTS & PEDIATRICS		5,941,150
26	2600	INTENSIVE CARE UNIT		410,141
27	2700	CORONARY CARE UNIT		566,505
28	2800	BURN INTENSIVE CARE UNIT		348,710
29	2900	SURGICAL INTENSIVE CARE UNIT		
31	3100	SUBPROVIDER		487,619
31.01	3101	SUBPROVIDER 2		566,505
33	3300	NURSERY		230,808
34	3400	SKILLED NURSING FACILITY		114,609

COST CENTER DESCRIPTION		NET EXPENSES FOR COST ALLOCATION	OLD CAP REL C OSTS-BLDG &	OLD CAP REL C OSTS-MVBLE E	NEW CAP REL C OSTS-BLDG &	NEW CAP REL C OSTS-MVBLE E
		0	1	2	3	4
001	GENERAL SERVICE COST CNTR					
002	OLD CAP REL COSTS-BLDG &					
003	OLD CAP REL COSTS-MVBLE E					
003	NEW CAP REL COSTS-BLDG &	823,135			823,135	
004	NEW CAP REL COSTS-MVBLE E	660,634				660,634
005	EMPLOYEE BENEFITS	750,000			3,458	2,777
006	ADMINISTRATIVE & GENERAL	537,592			47,932	38,482
007	MAINTENANCE & REPAIRS					
008	OPERATION OF PLANT	1,178,004			87,068	69,903
009	LAUNDRY & LINEN SERVICE	512,194			9,136	7,335
010	HOUSEKEEPING	857,998			4,580	3,677
011	DIETARY	1,936,400			21,452	17,222
012	CAFETERIA	438,600			15,261	12,252
013	MAINTENANCE OF PERSONNEL	9,036			38,452	30,872
014	NURSING ADMINISTRATION	745,743			9,791	7,861
015	CENTRAL SERVICES & SUPPLY	1,222,317			22,923	18,404
016	PHARMACY	1,107,881			4,245	3,408
017	MEDICAL RECORDS & LIBRARY	249,884			9,066	7,278
018	SOCIAL SERVICE	52,655			740	594
020	NONPHYSICIAN ANESTHETISTS					
021	NURSING SCHOOL	481,098			1,860	1,493
022	I&R SERVICES-SALARY & FRI	440,735				
023	I&R SERVICES-OTHER PRGM C	153,398			1,169	939
024	PARAMED ED PRGM-RADIOLOGY	81,111			1,216	977
025	INPAT ROUTINE SRVC CNTRS					
025	ADULTS & PEDIATRICS	5,941,150				
026	INTENSIVE CARE UNIT	410,141				
027	CORONARY CARE UNIT	566,505				
028	BURN INTENSIVE CARE UNIT	348,710				
029	SURGICAL INTENSIVE CARE U					
031	SUBPROVIDER	487,619			17,033	13,675
031	01 SUBPROVIDER 2	566,505			1,212	974
033	NURSERY	230,808			5,009	4,022
034	SKILLED NURSING FACILITY	114,609			10,726	8,612
035	NURSING FACILITY					
036	OTHER LONG TERM CARE					
037	ANCILLARY SRVC COST CNTRS					
037	OPERATING ROOM	2,031,855			44,137	35,435
038	RECOVERY ROOM	319,497			9,542	7,661
039	DELIVERY ROOM & LABOR ROO	404,501			14,313	11,491
040	ANESTHESIOLOGY	298,169			7,062	5,670

**From W/S B, Part I  
Page 38**

**Total Cost**



**A+P Share of B+F Allocation  
See Calc. on Next Slide**



COST CENTER DESCRIPTION		OLD CAP REL C OSTS-BLDG &	OLD CAP REL C OSTS-MVBLE E	NEW CAP REL C OSTS-BLDG &	NEW CAP REL C OSTS-MVBLE E
		( SQUARE FEET )	( DOLLAR VALUE )	( SQUARE FEET )	( DOLLAR VALUE )
		1	2	3	4
	GENERAL SERVICE COST				
001	OLD CAP REL COSTS-BLD				
002	OLD CAP REL COSTS-MVB				
003	NEW CAP REL COSTS-BLD				
004	NEW CAP REL COSTS-MVB				
005	EMPLOYEE BENEFITS				
006	ADMINISTRATIVE & GENE				
007	MAINTENANCE & REPAIRS				
008	OPERATION OF PLANT				
009	LAUNDRY & LINEN SERVI				
010	HOUSEKEEPING				
011	DIETARY				
012	CAFETERIA				
013	MAINTENANCE OF PERSON				
014	NURSING ADMINISTRATIO				
015	CENTRAL SERVICES & SU				
016	PHARMACY				
017	MEDICAL RECORDS & LIB				
018	SOCIAL SERVICE				
020	NONPHYSICIAN ANESTHET				
021	NURSING SCHOOL				
022	I&R SERVICES-SALARY &				
023	I&R SERVICES-OTHER PR				
024	PARAMED ED PRGM-RADIO				
	INPAT ROUTINE SRVC CN				
025	ADULTS & PEDIATRICS				
026	INTENSIVE CARE UNIT				
027	CORONARY CARE UNIT				
028	BURN INTENSIVE CARE U				
029	SURGICAL INTENSIVE CA				
031	SUBPROVIDER				
031 01	SUBPROVIDER 2				
033	NURSERY				
034	SKILLED NURSING FACIL				
035	NURSING FACILITY				
036	OTHER LONG TERM CARE				
	ANCILLARY SRVC COST C				
037	OPERATING ROOM				
038	RECOVERY ROOM				
039	DELIVERY ROOM & LABOR				
040	ANESTHESIOLOGY				

**From W/S B-1  
Page 54**

**Total Statistic**

383,715

647,393

1,612

2,721

22,344

37,711

40,588

68,502

4,259

7,188

2,135

3,603

10,000

16,877

7,114

12,006

17,925

30,253

4,564

7,703

10,686

18,035

1,979

3,340

4,226

7,132

345

582

**A+P Statistic = 109,532**

**Total Statistic = 383,715**

**A+P Percentage to Total = 28.545%**

**Total B+F (col. 3) cost to be allocated = \$823,135**

**A+P portion = \$234,963**

**A+P Statistic** →

109,532

184,859

1,312

2,214

4,670

7,882

556

938

7,940

13,401

565

954

2,335

3,941

5,000

8,439

20,575

34,725

4,448

7,507

6,672

11,261

3,292

5,556

COST CENTER DESCRIPTION	ADMINISTRATIVE & GENERAL	MAINTENANCE & REPAIRS	OPERATION OF PLANT	LAUNDRY & LINEN SERVICE	HOUSEKEEPING	DIETARY	CAFETERIA
	( ACCUM. COST )	( SQUARE FEET )	( SQUARE FEET )	( POUNDS OF LAUNDRY )	( HOURS OF SERVICE )	( MEALS SERVED )	( MEALS SERVED )
	6	7	8	9	10	11	12
GENERAL SERVICE COST							
OLD CAP REL COSTS-BLD							
OLD CAP REL COSTS-MVB							
NEW CAP REL COSTS-BLD							
NEW CAP REL COSTS-MVB							
EMPLOYEE BENEFITS							
ADMINISTRATIVE & GENERAL	35,351,972						
MAINTENANCE & REPAIRS							
OPERATION OF PLANT	1,338,263		319,171				
LAUNDRY & LINEN SERVICE	540,895		4,259	584,617			
HOUSEKEEPING	883,220		2,135		135,886		
DIETARY	1,998,092		10,000	2,870	600	518,459	
CAFETERIA	478,614		7,114	1,119	345		627,281
MAINTENANCE OF PERSON	79,266		17,925		3,047		837
NURSING ADMINISTRATIVE	785,859		4,564		923		10,412
CENTRAL SERVICES & SUPPORT	1,272,924		10,686	7,146	2,168		21,920
PHARMACY	1,120,859		1,979		1,001		5,895
MEDICAL RECORDS & LIBRARY	271,861		4,226		1,557		12,145
SOCIAL SERVICE	55,738		345		156		2,456
NONPHYSICIAN ANESTHETIC							
NURSING SCHOOL	507,888		867		111		37,836
I&R SERVICES-SALARY & BENEFITS	455,228						17,610
I&R SERVICES-OTHER PERSONNEL	159,792		545		111		2,500
PARAMEDIC PROGRAM-RADIO	84,375		567		111	345	
INPATIENT ROUTINE SERVICES CHILDREN							
ADULTS & PEDIATRICS	6,538,828		109,532	245,939	82,911	430,822	211,300

**From W/S B-1  
Page 56**



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# Unit Cost Multipliers

COST CENTER DESCRIPTION	OLD CAP REL C	OLD CAP REL C	NEW CAP REL C	NEW CAP REL C	EMPLOYEE BENE
	OSTS-BLDG &	OSTS-MVBLE E	OSTS-BLDG &	OSTS-MVBLE E	FITS
	( SQUARE FEET )	( DOLLAR VALUE )	( SQUARE FEET )	( DOLLAR VALUE )	( GROSS SALARIES )
	1	2	3	4	5
SPEC PURPOSE COST CEN SUBTOTALS			379,092	639,278	20,847,865
NONREIMBURS COST CENT GIFT, FLOWER, COFFEE RESEARCH			2,001	3,689	200,000
PHYSICIANS' PRIVATE O NONPAID WORKERS			1,500	2,532	125,456
CROSS FOOT ADJUSTMENT NEGATIVE COST CENTER COST TO BE ALLOCATED (WRKSHT B, PART I)			1,122	1,894	
UNIT COST MULTIPLIER (WRKSHT B, PT I)			823,135	660,634	756,235
			2.145173	1.020453	.035716

**From W/S B-1  
Page 55**

**Total Cost = \$823,135  
Total S.F. = 383,715  
UCM = 2.145173**



COST CENTER DESCRIPTION	NURSING SCHOOL	I&R SERVICES- SALARY & FRI	I&R SERVICES- OTHER PRGM C	PARAMED ED PR GM-RADIOLOGY	SUBTOTAL	I&R COST POST STEP-DOWN ADJ	TOTAL
	21	22	23	24	25	26	27
001 GENERAL SERVICE COST CNTR							
002 OLD CAP REL COSTS-BLDG &							
003 OLD CAP REL COSTS-MVBLE E							
004 NEW CAP REL COSTS-BLDG &							
005 NEW CAP REL COSTS-MVBLE E							
006 EMPLOYEE BENEFITS							
007 ADMINISTRATIVE & GENERAL							
008 MAINTENANCE & REPAIRS							
009 OPERATION OF PLANT							
010 LAUNDRY & LINEN SERVICE							
011 HOUSEKEEPING							
012 DIETARY							
013 CAFETERIA							
014 MAINTENANCE OF PERSONNEL							
015 NURSING ADMINISTRATION							
016 CENTRAL SERVICES & SUPPLY							
017 PHARMACY							
018 MEDICAL RECORDS & LIBRARY							
019 SOCIAL SERVICE							
020 NONPHYSICIAN ANESTHETISTS							
021 NURSING SCHOOL	569,805						
022 I&R SERVICES-SALARY & FRI		478,156					
023 I&R SERVICES-OTHER PRGM C			171,897				
024 PARAMED ED PRGM-RADIOLOGY				90,463			
025 INPAT ROUTINE SRVC CNTRS ADULTS & PEDIATRICS	317,878	161,737	58,146		11,179,704	-219,883	10,959,821
026 INTENSIVE CARE UNIT	23,767	36,302	13,051		640,357	-49,353	591,004
027 CORONARY CARE UNIT	23,767	36,302	13,051		832,360	-49,353	783,007
028 BURN INTENSIVE CARE UNIT	17,825	48,886	17,575		563,828	-66,461	497,367
029 SURGICAL INTENSIVE CARE U							
031 SUBPROVIDER	17,825	29,042	10,441		801,993	-39,483	762,510
031 01 SUBPROVIDER 2	1,782	3,047	1,095		670,059	-4,142	665,917
033 NURSERY	11,883	9,681	3,480		354,447	-13,161	341,286
034 SKILLED NURSING FACILITY	2,971				329,728		329,728
035 NURSING FACILITY							
036 OTHER LONG TERM CARE							
037 ANCILLARY SRVC COST CNTRS OPERATING ROOM	47,533	47,920	17,227		2,520,958	-65,147	2,455,811

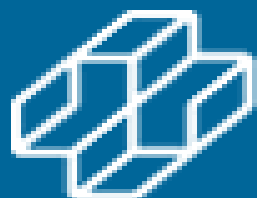
**From W/S B, Part I  
Page 44**



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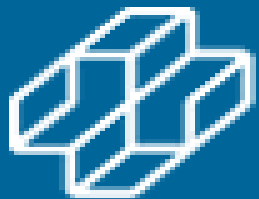
COST CENTER DESCRIPTION	NURSING SCHOOL	I&R SERVICES- SALARY & FRI	I&R SERVICES- OTHER PRGM C	PARAMED ED PR GM-RADIOLOGY	SUBTOTAL	I&R COST POST STEP-DOWN ADJ	TOTAL
	21	22	23	24	25	26	27
038 RECOVERY ROOM	5,942	12,101	4,350		424,073	-16,451	407,622
039 DELIVERY ROOM & LABOR ROO	17,825	9,972	3,585		550,979	-13,557	537,422
040 ANESTHESIOLOGY		1,428	513		678,398	-1,941	676,457
041 RADIOLOGY-DIAGNOSTIC		871	313	75,537	1,878,490	-1,184	1,877,306
042 RADIOLOGY-THERAPEUTIC		871	313	7,689	595,098	-1,184	593,914
043 RADIOISOTOPE		871	313	7,237	253,918	-1,184	252,734
044 LABORATORY		6,050	2,175		1,575,076	-8,225	1,566,851
044 01 BLOOD LAB					79,367		79,367
045 PBP CLINICAL LAB SERVICES					70,682		70,682
046 WHOLE BLOOD & PACKED RED					165,756		165,756
047 BLOOD STORING, PROCESSING					31,847		31,847
048 INTRAVENOUS THERAPY					110,286		110,286
049 RESPIRATORY THERAPY					704,729		704,729
050 PHYSICAL THERAPY					313,098		313,098
051 OCCUPATIONAL THERAPY	5,942				196,688		196,688
052 SPEECH PATHOLOGY	3,565				120,804		120,804
053 ELECTROCARDIOLOGY		966	347		166,415	-1,313	165,102
054 ELECTROENCEPHALOGRAPHY		966	347		178,590	-1,313	177,277
055 MEDICAL SUPPLIES CHARGED					1,236,851		1,236,851
056 DRUGS CHARGED TO PATIENTS					795,701		795,701
057 RENAL DIALYSIS		20,328	7,308		1,311,953	-32,136	1,279,817
058 ASC (NON-DISTINCT PART)		3,630	1,305		306,599	-4,935	301,664
OUTPAT SERVICE COST CNTRS							
060 CLINIC	20,796	5,902	2,122		441,718	-8,024	433,694
061 EMERGENCY	2,971	653	235		1,284,589	-888	1,283,701
062 OBSERVATION BEDS (NON-DIS							
063 OBSTETRICS CLINIC	2,971	1,306	469		158,128	-1,775	156,353
063 50 RURAL HEALTH CLINIC	44,562	6,608	2,375		691,558	-8,983	682,575
OTHER REIMBURS COST CNTRS							
064 HOME PROGRAM DIALYSIS							
065 AMBULANCE SERVICES					52,189		52,189

**From W/S B, Part I  
Page 44**



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