

TACT

A Technical Assistance Costing Tool

*Enable providers of healthcare to people with HIV/AIDS
to understand the cost of providing care
in Fee-For-Service (FFS)
and Capitated (PMPM) environments.*

What We Will Cover Today

1. Developing TACT.
2. What is TACT?
3. Data Needed to Use It
4. Where Do I Get the Data?
5. How is TACT Used?

Developing TACT

- I. Reasons Developed
- II. Challenges We Faced
- III. Feedback We Received

Developing TACT

I. Reasons Developed

- Provide a flexible method to gather information on the cost of delivering health care services.
- Facilitate costing of care for any modality including Managed Care Contracting and overall financial analysis.

Developing TACT

II. Challenges in Creating TACT

- Include functionality to address the wide variation of encounter and data information systems among providers .
- Develop flexibility within TACT to be useful for primary, multi-specialty and global care providers.
- Build in the ability to include all costs, including pro-bono and volunteer activity, regardless of funding sources.

Developing TACT

II. Challenges in Creating TACT

- Expert Panel members helped to shape TACT at major points of development.
- Panel composed of representatives from hospitals, community providers, HIV/AIDS clinicians, finance.

Developing TACT

II. Challenges in Creating TACT

- Pilot Testing and Site Visits
- Questions raised / discussed with providers
 - How do the clinics / providers maintain data?
 - How available is the needed information?
 - How is TACT applicable to current business?
- Review data systems, information availability, and ability to use TACT .
- Enter provider data and review too performance.

Developing TACT

III. Feedback We Received

- TACT is relevant to current and future business management.
- Comprehensive and useful for financial review,
- Excel sheet easy to use.
- Helps improve data collection methods prior to use of TACT for cost analysis.
- Data input can be personalized.

What is TACT?

What is TACT?

Excel data input and reporting tool
Easy to use data entry

Flexible

- Usable in various clinic settings.
- Can demonstrate costs many ways—such as delivering ambulatory, inpatient and ancillary services to all patients or a select population.
- Can be tailored to identify and price only those services you offer.

Generates Reports

- Summary and detail reports to help providers evaluate service delivery.
- Summaries of the cost of providing care.

What is TACT?

Benefits

- Highlights the importance of identifying and managing data.
- Helps you think through where to get the necessary data.
- Is self contained: data and reports stay with your clinic and are not shared.

What is TACT?

Excel Spreadsheet Layout

Three Tabs

- Input
- Detail Report
- Rollup Report

Input Tab

The screenshot shows an Excel spreadsheet with the following structure:

- Row 1: Name of Organization
- Row 2: Type of Organization
- Row 3: Services included in Review
- Row 4: Member Months/Year (dropdown menu)
- Row 5: Included (checkbox)
- Row 6: Review Year (dropdown menu)
- Row 7: Summary columns: Service Category, Sub-Category, Service Code Type, Units of Service, Total Service Costs, Average Cost, Review Year
- Row 8: Section Header: Ambulatory Care
- Row 9: Section Header: Primary Care
- Row 10: Data row for Primary Care: Primary Visit, Visit
- Row 11: Data row for Primary Care: Organizational, Visit
- Row 12: Data row for Primary Care: Diagnostic / Pre-Test, Visit
- Row 13: Data row for Primary Care: Other Family Practice, Visit
- Row 14: Data row for Primary Care: Other Primary Care, Visit
- Row 15: Section Header: After Hours / Urgent
- Row 16: Data row for After Hours / Urgent: After Hours - Urgent, Visit
- Row 17: Data row for After Hours / Urgent: Weekend - Urgent/After-Hours, Visit
- Row 18: Data row for After Hours / Urgent: Other Urgent Care, Visit
- Row 19: Section Header: Specialty Care
- Row 20: Data row for Specialty Care: Cardiac, Visit
- Row 21: Data row for Specialty Care: Gastrointestinal, Visit
- Row 22: Data row for Specialty Care: Dermatology, Visit
- Row 23: Data row for Specialty Care: Endocrinology, Visit
- Row 24: Data row for Specialty Care: Hematology/Oncology, Visit
- Row 25: Data row for Specialty Care: Infectious Disease, Visit
- Row 26: Data row for Specialty Care: Internal Medicine, Visit
- Row 27: Data row for Specialty Care: Pediatrics, Visit
- Row 28: Data row for Specialty Care: Psychiatry, Visit
- Row 29: Data row for Specialty Care: Pulmonary, Visit
- Row 30: Data row for Specialty Care: Radiology, Visit
- Row 31: Data row for Specialty Care: Surgery, Visit
- Row 32: Data row for Specialty Care: Urology, Visit
- Row 33: Data row for Specialty Care: Women's Health, Visit
- Row 34: Data row for Specialty Care: Geriatrics, Visit
- Row 35: Data row for Specialty Care: Neurology, Visit
- Row 36: Data row for Specialty Care: Other Specialty, Visit
- Row 37: Data row for Specialty Care: Infectious Diseases, Visit
- Row 38: Section Header: Consultation/Management
- Row 39: Data row for Consultation/Management: Consultations, Visit
- Row 40: Section Header: Ancillary Clinical
- Row 41: Data row for Ancillary Clinical: Laboratory, Procedure
- Row 42: Data row for Ancillary Clinical: Radiology/Diagnostic, Procedure
- Row 43: Data row for Ancillary Clinical: Other Ancillary Clinical, Procedure
- Row 44: Section Header: Other Professional
- Row 45: Data row for Other Professional: Non-Routine Counseling, Visit

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Report Tabs

The screenshot shows an Excel spreadsheet with the following structure:

- Row 1: Member Months
- Row 2: Service Category
- Row 3: Sub-Category
- Row 4: Service Code Type
- Row 5: Units of Service
- Row 6: Total Service Costs
- Row 7: Average Cost per Member Month
- Row 8: Total Service Costs
- Row 9: Average Cost per Member Month
- Row 10: Total Service Costs
- Row 11: Average Cost per Member Month
- Row 12: Total Service Costs
- Row 13: Average Cost per Member Month
- Row 14: Total Service Costs
- Row 15: Average Cost per Member Month
- Row 16: Total Service Costs
- Row 17: Average Cost per Member Month
- Row 18: Total Service Costs
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- Row 32: Total Service Costs
- Row 33: Average Cost per Member Month
- Row 34: Total Service Costs
- Row 35: Average Cost per Member Month
- Row 36: Total Service Costs
- Row 37: Average Cost per Member Month
- Row 38: Total Service Costs
- Row 39: Average Cost per Member Month
- Row 40: Total Service Costs
- Row 41: Average Cost per Member Month
- Row 42: Total Service Costs
- Row 43: Average Cost per Member Month
- Row 44: Total Service Costs
- Row 45: Average Cost per Member Month
- Row 46: Total Service Costs
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- Row 82: Total Service Costs
- Row 83: Average Cost per Member Month
- Row 84: Total Service Costs
- Row 85: Average Cost per Member Month
- Row 86: Total Service Costs
- Row 87: Average Cost per Member Month
- Row 88: Total Service Costs
- Row 89: Average Cost per Member Month
- Row 90: Total Service Costs
- Row 91: Average Cost per Member Month
- Row 92: Total Service Costs
- Row 93: Average Cost per Member Month
- Row 94: Total Service Costs
- Row 95: Average Cost per Member Month
- Row 96: Total Service Costs
- Row 97: Average Cost per Member Month
- Row 98: Total Service Costs
- Row 99: Average Cost per Member Month
- Row 100: Total Service Costs

Detail and Rollup Tabs Bring Forward Data From Input Tab

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Data Needed to Use It

Data Needed to Use It

Three Sets of Data

- **Number of Patients Receiving Care**
- **Units of Care per Year**
- **Total Costs**

*Needed data exist at virtually all clinics
TACT is framework for collecting and organizing data*

Data Needed to Use It

**Fee-For-Service
(FFS)**

**Per Member
Per Month
(PMPM)**

Data Needed to Use It

**Fee-For-Service
(FFS)**

**Per Member
Per Month
(PMPM)**

$\frac{\text{Cost}}{\text{Units of Service}}$

$\frac{\text{Cost}}{\text{Member Months}}$

Where do I get the Data?

Where do I get the Data?

Data Sources Number of Patients, Units of Care and Total Costs

- **Appointments System**
- **Personnel Records**
- **Accounting and Billing System**
- **Encounter Records**

Where do I get the Data?

Common Data Sources

Member-Months: Enrollment Records

Units of Care: Billing Records

Cost per Unit of Care: Accounting Data

How is TACT Used?

Step By Step

- Set Report Title
- Determine and Enter Care Obligation (How Many People)
- Establish Care Categories
- Choose and Define Units
- Count and Enter Units
- Gather, Allocate and Enter Total Annual Cost
- Collect or Estimate Co Pays
- Indicate if care is Included or Not
- Identify and Enter Other Revenue/Expense Offsets
- Enter % Profit/Admin Load if Needed

How is TACT Used?

County Physicians Care Clinic

- Primary Care and Imaging (X-Ray and Sonograms)
- Ten staff physicians plus volunteers
- Occupies space provided at reduced rent
- Uses third-party billing service
- Bills insurers FFS and has one capitated arrangement
- Has adequate encounter data
- Does their accounting in-house

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How is TACT Used?

TACT Step-by-Step

- Set Report Title

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Set Report Title

The screenshot shows an Excel spreadsheet with the following data:

Service Category	Sub Category	Service Unit Type	Units of Service/Yr.	Total Service Costs	Annual CoPay	Included in Review Yes=1 No=0
ii. Ambulatory Care						
Primary Care						
	Routine Visit	Visits				
	Comprehensive	Visits				
	Obstetric / Pre-Natal	Visits				
	GYN/ Family Planning	Visits				
	Other Primary Care	Visits				
Specialty Care						
	Dental	Visits				
	Gastrointestinal	Visits				
	Dermatology	Visits				
	Diabetes / Endocrinology	Visits				
	Other Specialty	Visits				
	Infectious Disease	Visits				
Consultation/Mngmt.						
	Consultations	Visits				
Ancillary Clinical						
	Laboratory	Procedures				
	Radiology	Images				
	Sonography	Images				

How is TACT Used?

TACT Step-by-Step

- Set Report Title
- Determine and Enter Care Obligation (How Many People)

Number of Patients Receiving Care

How many patients are you taking care of?

To determine costs related to capitated agreements,
determine the
Member-Months / Year

Number of Patients Receiving Care

How many patients are you taking care of?

Determine the
Member-Months / Year

PMPM Denominator

Member-months

Patient-month

Client-month

User-month

Case Load

Number of Patients

(Member-Months/Year)

- Some enrolled before the year started and remain enrolled at year's end.
- Some enroll during the year.
- Some disenroll during the year.
- Some are enrolled at start of year, disenroll, and then enroll again.
- Some, even though enrolled, do not require care in all months.

Determine and Enter Care Obligation (How Many People)

Member-Months/Year

Enrollment Records

Patient	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A	█	█	█	█	█	█	█	█	█			
B			█	█	█	█	█	█	█	█	█	█
C	█	█	█	█	█	█	█	█	█	█	█	█
D	█	█					█	█	█	█	█	█

Patient	Member-Months
A	9
B	10
C	12
D	8
	<hr/>
	39

Determine and Enter Care Obligation (How Many People)

Member-Months/Year Estimated from Encounter Data

Patient	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A	0	2	0	0	1	2	0	3	1	0	0	0
B	0	0	3	2	1	1	0	1	1	2	1	2
C	1	0	2	1	0	0	1	2	1	0	1	0
D	2	0	0	0	0	0	1	2	1	3	1	0

Patient	Enrollment Member-Months	Encounters
A	9	9
B	10	14
C	12	9
D	8	10
	<hr/>	<hr/>
	39	42

Determine and Enter Care Obligation (How Many People)

**Member-Months/Year
Estimated Using 3 Month Rule**

(Assume Enrolled if there is an
Encounter within last 3 Months)

Patient	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A	0	2	0	0	1	2	0	3	1	0	0	0
B	0	0	3	2	1	1	0	1	1	2	1	2
C	1	0	2	1	0	0	1	2	1	0	1	0
D	2	0	0	0	0	0	1	2	1	3	1	0

Patient	Enrollment Member-Months	Encounters	Estimated Member-Months
A	9	9	12
B	10	14	10
C	12	9	12
D	8	10	10
	<u>39</u>	<u>42</u>	<u>44</u>

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Determine and Enter Care Obligation (How Many People)

**Member-Months/Year
Estimated from Visit-Months**

(count months with 1 or more visits)

Patient	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
A	0	2	0	0	1	2	0	3	1	0	0	0
B	0	0	3	2	1	1	0	1	1	2	1	2
C	1	0	2	1	0	0	1	2	1	0	1	0
D	2	0	0	0	0	0	1	2	1	3	1	0

Patient	Enrollment Member-Months	Encounters	Estimated Member-Months	Member-Months by Counting Visit Months
A	9	9	12	5
B	10	14	10	9
C	12	9	12	7
D	<u>8</u>	<u>10</u>	<u>11</u>	<u>6</u>
	39	42	45	27

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Determine and Enter Care Obligation (How Many People)

Comparing Calculated PMPM with Actual Enrollment to Calculations Using Three Estimating Procedures

Enrollment: $\frac{\text{Cost}}{39} = 100\%$

Count Encounters: $\frac{\text{Cost}}{42} = 93\%$

Estimate using 3-Mo. rule: $\frac{\text{Cost}}{45} = 87\%$

Count Mos. w/1+ visit: $\frac{\text{Cost}}{27} = 144\%$

Determine and Enter Care Obligation (How Many People)

Comparing Calculated PMPM with Actual Enrollment to Calculations Using Three Estimating Procedures

Enrollment: $\frac{\text{Cost}}{39} = 100\%$

Count Encounters: $\frac{\text{Cost}}{42} = 93\%$ 

Estimate using 3-Mo. rule: $\frac{\text{Cost}}{45} = 87\%$ 

Count Mos. w/1+ visit: $\frac{\text{Cost}}{27} = 144\%$ 

Take Home Message

If You Can't Be Sure of How Many Patients You Will Be Obligated To Care For,

Avoid Capitated Agreements and Stick to Fee-For-Service

An Example of Compiling Member-Month Data

Blue Cross and Blue Shield PCP (Provided by insurer)	9,438
Other insurer PCP (Provided by insurer)	8,756
Contract with Acme Mfg. Corp. (FFS specified in contract)	168
Self-Pay patients (provided by 3rd party billing)	82
Contract with Friendly Care (PMPM specified in contract)	6,028
	24,472

24,472 members X 12 months = 293,664 Member-Months

Microsoft Excel - TACT County Physician Care Clinic EXAMPLE.xls

File Edit View Insert Format Tools Data Window Help Acrobat TM

162 =

1	Name of Organization:	County Physician's Care Clinic			
2	Type of Organization:	Primary Care			
3	Services in Costing Review	All Patients in clinic			
4					
5		Member Months/Year:		293,664	
6					
7					
8					
9					
33	II. Ambulatory Care				
34	Primary Care				
35		Routine Visit	Visits		
36		Comprehensive	Visits		
37		Obstetric / Pre-Natal	Visits		
38		GYN/ Family Planning	Visits		
39		Other Primary Care	Visits		
44	Specialty Care				
45		Dental	Visits		
46		Gastrointestinal	Visits		
47		Dermatology	Visits		
48		Diabetes / Endocrinology	Visits		
49		Other Specialty	Visits		
50		Infectious Disease	Visits		
58	Consultation/Mngmt.	Consultations	Visits		
60	Ancillary Clinical				
61		Laboratory	Procedures		
62		Radiology	Images		
		Sonography	Images		

Enter Member-months

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How is TACT Used?

TACT Step-by-Step

- Set Report Title
- Determine and Enter Care Obligation (How Many People)
- Establish Care Categories

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Guiding Principle

Make only meaningful distinctions

Primary Care Visits

Office/outpatient Visits 99211-99215 # _____

Establish Care Categories

Primary Care Visits

Office/outpatient Visits 99211-99215 # _____

Routine 99211
 99212 # _____

Comprehensive 99213
 99214
 99215 # _____

6	Service Category	Sub Category	Service Unit Type	Un Serv
7				
8				
33	ii. Ambulatory Care			
34	Primary Care	Routine Visit	Visits	
35		Comprehensive	Visits	
36		Obstetric / Pre-Natal	Visits	
37		GYN / Family Planning	Visits	
38		Other Primary Care	Visits	
39				
44	Specialty Care	Dental	Visits	
45		Gastrointestinal	Visits	
			Visits	
	Ancillary Clinical	Laboratory	Visits	
		Radiology/X-ray/MRI		
		Other Ancillary Clinical		
57				
58	Consultation/Mngmt.	Consultations		
59				
60	Ancillary Clinical	Laboratory		
61		Radiology	Images	
62		Sonography	Images	

Original captions

Change the name Here to reflect Your categories Of care.

How is TACT Used?

TACT Step-by-Step

- Set Report Title
- Determine and Enter Care Obligation (How Many People)
- Establish Care Categories
- Choose and Define Units

Choose and Define Units

Common Measures

Inpatient:	days
Outpatient, primary and specialty:	visits
Ancillary:	procedures
Pharmacy:	prescriptions
Case management:	hours

43				
44	Specialty Care	Dental	Visits	
45		Gastrointestinal	Visits	
46		Dermatology	Visits	
47		Diabetes / Endocrinology	Visits	
48		Hematology (Dialysis)	Visits	
49		Oncology	Visits	
50		Cardiology	Visits	
51		Ophthalmology	Visits	
52		Pediatrics	Visits	
53		Urology	Visits	
54		Neurology	Visits	
55		Other Specialty	Visits	
56	Infectious Disease	Infectious Disease	Visits	
57				
58	Consultation/Management	Consultations	Visits	
59				
60	Ancillary Clinical	Radiology	Images	
61		Sonography	Images	
62		Other Ancillary Clinical	Procedures	
63				
64	Other Professional	Nutritional Counseling	Visits	
65		Physical Therapy	Procedures	

Change unit name to suit the purpose

How is TACT Used?

TACT Step-by-Step

- Set Report Title
- Determine and Enter Care Obligation (How Many People)
- Establish Care Categories
- Choose and Define Units
- Count and Enter Units

Units of Care per Year

**For each type of care provided,
how many units of care
are provided to the
patient population per year?**

Units of Care per Year

**For each type of care provided,
how many units of care
are provided to the
patient population per year?**

FFS Denominator

Units of Service Encounters

Best Data Sources:

UB-92

HCFA-1500

**by CPT/ICD-9 Code Groupings
to Identify Type of Care**

Encounters

- **Appropriate Unit: Days, Visits, Other?**
- **Definition: What is a Visit/Procedure?**
- **Completeness: Are All Encounters Captured?**
- **Correctness: Are Encounters Properly Coded?**
- **Lag time: Has enough time passed to record the Encounters?**

Choose and Define Units

**Use the same time period
as that from which you will get
financial data.**

**Get data for a full year to avoid
seasonality issues.**

Choose and Define Units

County Physicians Clinic Third-Party Billing Information

Routine Primary Care Visits:	88,968
Comprehensive Primary Care Visits:	4,026
X-Rays:	9,382
Sonograms:	4,894

Microsoft Excel - TACT County Physician Care Clinic EXAMPLE.xls

File Edit View Insert Format Tools Data Window Help Acrobat TM

D65 = Procedures

Service Category	Sub Category	Service Unit Type	Units of Service/Yr	Total Service Costs	Annual CoPay	Included in Review Yes=1 No=0
Name of Organization: County Physician's Care Clinic						
Type of Organization: Primary Care						
Services in Costing Review: All Patients in clinic						
Member Months/Year: 293,664						
II. Ambulatory Care						
Primary Care	Routine Visit	Visits	88,968			
	Comprehensive	Visits	4,026			
	Obstetric / Pre-Natal	Visits				
	GYN/ Family Planning	Visits				
	Other Primary Care	Visits				
Specialty Care	Dental	Visits				
	Gastrointestinal	Visits				
	Dermatology	Visits				
	Diabetes / Endocrinology	Visits				
	Hematology (Dialysis)	Visits				
	Other Specialty	Visits				
	Infectious Disease	Visits				
Consultation/Mngmt.	Consultations	Visits				
Ancillary Clinical	Laboratory	Procedures				
	X-Rays	Images	9,382			
	Sonograms	Images	4,894			

Input units for each care category

Ready NUM

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How is TACT Used?

TACT Step-by-Step

- Set Report Title
- Determine and Enter Care Obligation (How Many People)
- Establish Care Categories
- Choose and Define Units
- Count and Enter Units
- Gather, Allocate and Enter Total Annual Cost

Gather, Allocate and Enter Total Annual Cost

HRSA publication (1992) “Determining the Unit Cost of Services”

“Average unit cost is generally not the fee that is charged to the client or a third party. Fees may be heavily subsidized below the average cost or inflated above cost to generate a profit. Average unit cost is not usually the average expense per client, because different clients use services at varying levels of intensity and volume. Unit cost is not the same as the average amount of grant or contract funds per client or per service.

It is important to note that an estimate of unit cost does not relate to agency funding sources. For example, whether an agency receives a small or a large percentage of funds from the Ryan White CARE Act does not directly affect the estimate of its average unit cost. A service that is fully funded from one source should not have a different unit cost from a service that has many sources of funds, all expenses held equal.

Finally, estimates of unit cost are seldom exact...No group of independent cost accountants is likely to arrive at the same exact estimate of unit cost because of conceptual differences in definitions of the service units, methods of depreciation, relevance of historical data, valuation of donated goods and services, and the various methods of categorizing and allocating direct and indirect costs.”

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Gather, Allocate and Enter Total Annual Cost

Profit and Cost Centers

Units within your organization to which you can trace costs.

**Profit Centers have the added
feature of generating revenue for your organization.**

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Profit and Cost Centers

Units within your organization to which you can trace costs.

Profit Centers have the added feature of generating revenue for your organization.

Profit and Cost Centers are given names such as:

Primary Care Department (Profit)
General and Administrative (Cost)
Radiology Department (Profit)
Facility (Cost)

Direct and Indirect Costs

Direct costs are those that you can trace directly to a Profit Center

- A Primary Care Physician's salary is clearly a cost of the *Primary Care Department*.
- X-ray film is clearly a cost of the *Radiology Department*.

Direct and Indirect Costs

Direct costs are those that you can trace directly to a Profit Center.

A Primary Care Physician's salary is clearly a cost of the
Primary Care Department

- X-ray film is clearly a cost of the
Radiology Department

Indirect costs are those that cannot be traced directly to a specific Profit Center.

- The accountant's salary is a
General and Administrative cost
- Janitorial service expenses are a
Facility cost
- The cost of the laundry service that provides scrubs should be shared
by the *Primary Care and Radiology Departments*

Fully-Burdened Costs

Profit Centers must generate enough revenue to cover their direct costs, as well as enough to cover all indirect costs of the entire organization.

Primary Care and Radiology
have to carry the burden of
paying the bills for
General and Administrative (G&A)
And
Facility

Fully-Burdened Costs

Profit Centers must generate enough revenue to cover their direct costs, as well as enough to cover all indirect costs of the entire organization.

Primary Care and Radiology
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And
Facility

**Numerator for
FFS and PMPM**

Common Financial Data Sources

- Accounting Data
- Personnel Records
- Other Information

The Five Steps for Costing Care

1. **Gather Accounting Records**
 - a. **Sub-Categorize**
 - b. **Re-Categorize**
2. **Assign Direct Costs**
3. **Normalize Expenses**
4. **Allocate Cost Centers to Profit Centers**
5. **Split Profit Center Costs by Care Category**

1. **Gather Accounting Records**

The Five Steps for Costing Care

Payroll	\$2,153,000
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1. *Gather Accounting Records*
 a. *Sub-Categorize*

**The Five Steps
for Costing Care**

	Sub-Category Accounts
Payroll	
Direct Care	\$1,670,000
Support Staff	\$226,000
Administrative	\$213,000
Sub-Total	\$2,153,000



1. *Gather Accounting Records*
 a. *Sub-Categorize* b. *Re-Categorize*

**The Five Steps
for Costing Care**

	Sub-Category Accounts	Re-Class	Adjusted
Payroll			
Direct Care	\$1,670,000		\$1,670,000
Support Staff	\$226,000	\$11,200	\$237,200
Administrative	\$213,000	\$5,600	\$218,600
Sub-Total	\$2,153,000		\$2,169,800



1. **Gather Accounting Records**
 - a. *Sub-Categorize*
 - b. *Re-Categorize*
2. **Assign Direct Costs**

The Five Steps for Costing Care

	Sub-Category			Primary Care	General & Administrative
	Accounts	Re-Class	Adjusted		
Payroll					
Direct Care	\$1,670,000		\$1,670,000		
Support Staff	\$226,000	\$11,200	\$237,200		
Administrative	\$213,000	\$5,600	\$218,600		
Sub-Total	\$2,153,000		\$2,169,800	\$1,048,960	\$111,004

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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1. **Gather Accounting Records**
 - a. *Sub-Categorize*
 - b. *Re-Categorize*
2. **Assign Direct Costs**
3. **Normalize Expenses**

The Five Steps for Costing Care

	Sub-Category			Primary Care	General & Administrative
	Accounts	Re-Class	Adjusted		
Payroll					
Direct Care	\$1,670,000		\$1,670,000		
Support Staff	\$226,000	\$11,200	\$237,200		
Administrative	\$213,000	\$5,600	\$218,600		
Sub-Total	\$2,153,000		\$2,169,800	\$1,048,960	\$111,004
Normalizing Items				\$43,370	(\$12,000)
Normalized Total				\$1,092,330	\$99,004

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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1. **Gather Accounting Records**
 - a. *Sub-Categorize*
 - b. *Re-Categorize*

**The Five Steps
for Costing Care**

2. **Assign Direct Costs**
3. **Normalize Expenses**
4. **Allocate Cost Centers to Profit Centers**

	Sub-Category			Primary Care	General & Administrative
	Accounts	Re-Class	Adjusted		
Payroll					
Direct Care	\$1,670,000		\$1,670,000		
Support Staff	\$226,000	\$11,200	\$237,200		
Administrative	\$213,000	\$5,600	\$218,600		
Sub-Total	\$2,153,000		\$2,169,800	\$1,048,960	\$111,004
Normalizing Items				\$43,370	(\$12,000)
Normalized Total				\$1,092,330	\$99,004
G & A Allocation				\$36,102	(\$99,004)
				\$1,203,334	\$0

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

1. **Gather Accounting Records**
 - a. *Sub-Categorize*
 - b. *Re-Categorize*

**The Five Steps
for Costing Care**

2. **Assign Direct Costs**
3. **Normalize Expenses**
4. **Allocate Cost Centers to Profit Centers**
5. **Split Profit Center Costs by Care Category**

	Sub-Category			Primary Care	General & Administrative
	Accounts	Re-Class	Adjusted		
Payroll					
Direct Care	\$1,670,000		\$1,670,000		
Support Staff	\$226,000	\$11,200	\$237,200		
Administrative	\$213,000	\$5,600	\$218,600		
Sub-Total	\$2,153,000		\$2,169,800	\$1,048,960	\$111,004
Normalizing Items				\$43,370	(\$12,000)
Normalized Total				\$1,092,330	\$99,004
G & A Allocation				\$36,102	(\$99,004)
				\$1,203,334	\$0

Routine Comprehensive
\$409,134 \$139,105

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

1. Gather Accounting Records

a. Sub-Categorize b. Re-Categorize

The Five Steps for Costing Care

	Sub-Category		Adjusted
	Accounts	Re-Class	
Payroll	\$2,153,000		
Direct Care	\$1,670,000		\$1,670,000
Support Staff	\$226,000	\$11,200	\$237,200
Administrative	\$213,000	\$5,600	\$218,600
Sub-Total	\$2,153,000		\$2,169,800

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

1. Gather Accounting Records

a. Sub-Categorize

	Total Expenses		Sub-Category Accounts
	Payroll		\$2,153,000
Benefits	\$387,540	Direct Care	\$1,670,000
Mat. & Supp.	\$196,300	Support Staff	\$226,000
Outside Svc.	\$196,500	Administrative	\$213,000
Insurance	\$694,180	Maint. & Repair	\$37,500
Legal, Acctng.	\$54,000	Other	\$6,500
Meetings, Tvl.	\$81,000	Sub-Total	\$2,153,000
Rent/Depr.	\$312,000	Benefits	
Utilities	\$38,000	Payroll Taxes	\$387,540
Other	\$54,200	Malpractice	
TOTAL	\$4,166,720	Workers Comp	
		Recruiting	
		Continuing Education	
		Sub-Total	\$387,540
		Mat. & Supp.	
		X-Ray film	\$32,000
		Clinic Supplies	\$87,500
		Office Supplies	\$54,200
		Cleaning Supplies	\$14,600
		Other	\$8,000
		Sub-Total	\$196,300

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

1. Gather Accounting Records

	Total Expenses	a. Sub-Categorize	Sub-Category Accounts
Payroll	\$2,153,000	Outside Svc.	
Benefits	\$387,540	3rd party billing svc.	\$23,500
Mat. & Supp.	\$196,300	Software Consultants	\$10,000
Outside Svc.	\$196,500	HIPAA Consultants	\$100,000
Insurance	\$694,180	Laundry svc.	\$8,800
Legal, Acctng.	\$54,000	Landscaping	\$3,800
Meetings, Tvl.	\$81,000	Fire Restoration	\$19,000
Rent/Depr.	\$312,000	Newspaper advertising	\$8,400
Utilities	\$38,000	Temporary Service	\$16,800
Other	\$54,200	Security	\$3,800
TOTAL	\$4,166,720	Other	<u>\$2,400</u>
		Sub-Total	<u>\$196,500</u>
		Insurance	
		General Liability	\$63,000
		Malpractice	\$460,000
		Property Casualty	\$42,000
		Workers Comp	<u>\$129,180</u>
		Sub-Total	<u>\$694,180</u>
		Legal, Acctng.	\$54,000
		Meetings, Tvl.	\$81,000
		Rent/Depr.	\$312,000
		Utilities	\$38,000
		Other	<u>\$54,200</u>
		TOTAL EXPENSES	<u>\$4,166,720</u>

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

1. Gather Accounting Records

	Total Expenses	a. Sub-Categorize	Sub-Category Accounts	b. Re-Categorize	Re-Class	Adjusted
Payroll	\$2,153,000	Payroll				
Benefits	\$387,540	Support Staff	\$226,000	1	\$11,200	\$237,200
Mat. & Supp.	\$196,300	Administrative	\$213,000	1	\$5,600	\$218,600
Outside Svc.	\$196,500	Burden		2	\$460,000	\$460,000
Insurance	\$694,180	Malpractice		3	\$129,180	\$129,180
Legal, Acctng.	\$54,000	Workers Comp		4	\$6,000	\$6,000
Meetings, Tvl.	\$81,000	Recruiting		5	\$60,000	\$60,000
Rent/Depr.	\$312,000	Continuing Education				
Utilities	\$38,000	Mat. & Supp.				
Other	\$54,200	Outside Svc.				
TOTAL	\$4,166,720	Newspaper advertising	\$8,400	4	(\$6,000)	\$2,400
		Temporary Service	\$16,800	1	(\$16,800)	\$0
		Insurance		2	(\$460,000)	\$0
		Malpractice	\$460,000	3	(\$129,180)	\$0
		Workers Comp	\$129,180			\$0
		Legal, Acctng.	\$54,000			\$54,000
		Meetings, Tvl.	\$81,000	5	(\$60,000)	\$21,000

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

1. **Gather Accounting Records**
 - a. *Sub-Categorize*
 - b. *Re-Categorize*
2. **Assign Direct Costs**

**The Five Steps
for Costing Care**

	Sub-Category		Adjusted	Primary Care	General & Administrative
	Accounts	Re-Class			
Payroll	\$2,153,000				
Direct Care	\$1,670,000		\$1,670,000		
Support Staff	\$226,000	\$11,200	\$237,200		
Administrative	\$213,000	\$5,600	\$218,600		
Sub-Total	\$2,153,000		\$2,169,800	\$1,048,960	\$111,004

2. Assign Direct Costs

	Total Adjusted	Primary				
		Care	Radiology	Facility	G&A	
Payroll						
Direct Care	\$1,670,000					
Support Staff	\$237,200					
Administrative	\$218,600				\$218,600	Direct
Maint. & Repair	\$37,500			\$37,500		Direct
Other	\$6,500				\$6,500	Direct
Sub-Total	\$2,169,800	\$1,442,260	\$381,440	\$37,500	\$308,600	
Payroll Burden						
Payroll Taxes	\$387,540					
Malpractice	\$460,000					
Workers Comp	\$129,180					
Recruiting	\$6,000					
Continuing Education	\$60,000					
Sub-Total	\$1,042,720					
Mat. & Supp.						
X-Ray film	\$32,000		\$32,000			Direct
Clinic Supplies	\$87,500					
Office Supplies	\$54,200				\$54,200	Direct
Cleaning Supplies	\$14,600			\$14,600		Direct
Other	\$8,000					
Sub-Total	\$196,300					

2. Assign Direct Costs

	Total Adjusted	Primary Care	Radiology	Facility	G&A	
Payroll						
Direct Care	\$1,670,000	\$1,252,500	\$334,000		\$83,500	75%/20%/5%
Support Staff	\$237,200	\$189,760	\$47,440			80%/20%
Administrative	\$218,600				\$218,600	Direct
Maint. & Repair	\$37,500			\$37,500		Direct
Other	\$6,500				\$6,500	Direct
Sub-Total	\$2,169,800	\$1,442,260	\$381,440	\$37,500	\$308,600	
Payroll Burden						
Payroll Taxes	\$387,540					
Malpractice	\$460,000	\$368,000	\$92,000			80%/20%
Workers Comp	\$129,180					
Recruiting	\$6,000					
Continuing Education	\$60,000	\$45,000	\$12,000		\$3,000	75%/20%/5%
Sub-Total	\$1,042,720					
Mat. & Supp.						
X-Ray film	\$32,000		\$32,000			Direct
Clinic Supplies	\$87,500	\$70,000	\$17,500			80%/20%
Office Supplies	\$54,200				\$54,200	Direct
Cleaning Supplies	\$14,600			\$14,600		Direct
Other	\$8,000					
Sub-Total	\$196,300					

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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2. Assign Direct Costs

	Total Adjusted	Primary Care	Radiology	Facility	G&A	
Payroll						
Direct Care	\$1,670,000	\$1,252,500	\$334,000		\$83,500	75%/20%/5%
Support Staff	\$237,200	\$189,760	\$47,440			80%/20%
Administrative	\$218,600				\$218,600	Direct
Maint. & Repair	\$37,500			\$37,500		Direct
Other	\$6,500				\$6,500	Direct
Sub-Total	\$2,169,800	\$1,442,260	\$381,440	\$37,500	\$308,600	
Payroll Burden						
Payroll Taxes	\$387,540	\$257,597	\$68,128	\$6,698	\$55,118	17.9% of Total Payroll
Malpractice	\$460,000	\$368,000	\$92,000			80%/20%
Workers Comp	\$129,180	\$85,866	\$22,709	\$2,233	\$18,373	6.0% of Total Payroll
Recruiting	\$6,000	\$3,988	\$1,055	\$104	\$853	0.3% of Total Payroll
Continuing Education	\$60,000	\$45,000	\$12,000		\$3,000	75%/20%/5%
Sub-Total	\$1,042,720	\$760,451	\$195,892	\$9,034	\$77,344	
Mat. & Supp.						
X-Ray film	\$32,000		\$32,000			Direct
Clinic Supplies	\$87,500	\$70,000	\$17,500			80%/20%
Office Supplies	\$54,200				\$54,200	Direct
Cleaning Supplies	\$14,600			\$14,600		Direct
Other	\$8,000					
Sub-Total	\$196,300					

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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2. Assign Direct Costs

	Total Adjusted	Primary Care	Radiology	Facility	G&A	
Payroll						
Direct Care	\$1,670,000	\$1,252,500	\$334,000		\$83,500	75%/20%/5%
Support Staff	\$237,200	\$189,760	\$47,440			80%/20%
Administrative	\$218,600				\$218,600	Direct
Maint. & Repair	\$37,500			\$37,500		Direct
Other	\$6,500				\$6,500	Direct
Sub-Total	\$2,169,800	\$1,442,260	\$381,440	\$37,500	\$308,600	
Payroll Burden						
Payroll Taxes	\$387,540	\$257,597	\$68,128	\$6,698	\$55,118	17.9% of Total Payroll
Malpractice	\$460,000	\$368,000	\$92,000			80%/20%
Workers Comp	\$129,180	\$85,866	\$22,709	\$2,233	\$18,373	6.0% of Total Payroll
Recruiting	\$6,000	\$3,988	\$1,055	\$104	\$853	0.3% of Total Payroll
Continuing Education	\$60,000	\$45,000	\$12,000		\$3,000	75%/20%/5%
Sub-Total	\$1,042,720	\$760,451	\$195,892	\$9,034	\$77,344	
Mat. & Supp.						
X-Ray film	\$32,000		\$32,000			Direct
Clinic Supplies	\$87,500	\$70,000	\$17,500			80%/20%
Office Supplies	\$54,200				\$54,200	Direct
Cleaning Supplies	\$14,600			\$14,600		Direct
Other	\$8,000			\$2,000	\$6,000	Judgmental
Sub-Total	\$196,300	\$70,000	\$49,500	\$16,600	\$60,200	

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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2. Assign Direct Costs

		Primary Care	Radiology	Facility	General & Administrative	
Outside Svc.						
3rd party billing svc.	\$23,500				\$23,500	Direct
Software Consultants	\$10,000		\$10,000			Direct
HIPAA Consultants	\$100,000				\$100,000	Direct
Laundry svc.	\$8,800	\$7,040	\$1,760			80%/20%
Landscaping	\$3,800			\$3,800		Direct
Fire Restoration	\$19,000			\$19,000		Direct
Newspaper advertising	\$2,400				\$2,400	Direct
Temporary Service	\$0					
Security	\$3,800			\$3,800		Direct
Other	\$2,400				\$2,400	Direct
Sub-Total	\$173,700	\$7,040	\$11,760	\$26,600	\$128,300	
Insurance						
General Liability	\$63,000				\$63,000	Direct
Malpractice	\$0					
Property Casualty	\$42,000			\$42,000		Direct
Workers Comp	\$0					
Sub-Total	\$105,000	\$0	\$0	\$42,000	\$63,000	
Legal, Acctng.						
Meetings, Tvl.	\$21,000				\$21,000	Direct
Rent/Depr.	\$312,000	\$7,800	\$16,700	\$266,500	\$21,000	Records
Utilities	\$38,000			\$38,000		
Other	\$54,200			\$54,200		
TOTAL EXPENSES	\$4,166,720	\$2,287,551	\$655,292	\$490,434	\$733,444	

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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1. **Gather Accounting Records**
 - a. *Sub-Categorize*
 - b. *Re-Categorize*
2. **Assign Direct Costs**
3. **Normalize Expenses**

**The Five Steps
for Costing Care**

	Sub-Category		Adjusted	Primary Care	General & Administrative
	Accounts	Re-Class			
Payroll	\$2,153,000				
Direct Care	\$1,670,000		\$1,670,000		
Support Staff	\$226,000	\$11,200	\$237,200		
Administrative	\$213,000	\$5,600	\$218,600		
Sub-Total	\$2,153,000		\$2,169,800	\$1,048,960	\$111,004
Normalizing Items				\$43,370	(\$12,000)
Normalized Total				\$1,092,330	\$99,004

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

3. Normalize Expenses

	Total Adjusted	Primary Care	Radiology	Facility	General & Administrative
TOTAL EXPENSES	\$4,166,720	\$1,946,723	\$1,102,735	\$490,434	\$626,828

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

How to Value Volunteer Services

3. Normalize Expenses

Salary	\$125,000
Payroll Taxes (20%)	\$25,000
Malpractice	\$40,000
Continuing Education	\$6,000
Total Expense	\$196,000

days per week x 52 is 260 days of potential work,

One "Physician Day" costs \$196,000 ÷ 235 days worked = \$834/Day
 1 volunteer physician day per week
 = 235 Total Days worked
\$834 x 52 = \$43,370

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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3. Normalize Expenses

	Total Adjusted	Primary Care	Radiology	Facility	General & Administrative
TOTAL EXPENSES	\$4,166,720	\$1,946,723	\$1,102,735	\$490,434	\$626,828
Volunteer Physicians	\$43,370	\$43,370			
Reduced Rent Value	\$123,000			\$123,000	
HIPPA	(\$90,000)				(\$90,000)
Fire	(\$3,800)			(\$3,800)	
NORMALIZED TOTAL	\$4,239,290	\$1,990,093	\$1,102,735	\$609,634	\$536,828

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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1. **Gather Accounting Records**
 - a. *Sub-Categorize*
 - b. *Re-Categorize*

**The Five Steps
for Costing Care**

2. **Assign Direct Costs**
3. **Normalize Expenses**
4. **Allocate Cost Centers to Profit Centers**

	Sub-Category		Adjusted	Primary Care	General & Administrative
	Accounts	Re-Class			
Payroll	\$2,153,000				
Direct Care	\$1,670,000		\$1,670,000		
Support Staff	\$226,000	\$11,200	\$237,200		
Administrative	\$213,000	\$5,600	\$218,600		
Sub-Total	\$2,153,000		\$2,169,800	\$1,048,960	\$111,004
Normalizing Items				\$43,370	-\$12,000
Normalized Total				\$1,092,330	\$99,004
G & A Allocation				\$36,102	(\$99,004)
				\$1,203,334	\$0

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

4. Allocate Cost Centers to Profit Centers

		Primary Care	Radiology	Total Direct	Facility	General & Administrative
NORMALIZED TOTAL	\$4,239,290	\$2,330,921	\$655,292	\$2,986,212	\$609,634	\$643,444
% of Total Direct		78.1%	21.9%	100.0%		
G & A Allocation	\$0	\$502,247	\$141,197	\$643,444		(\$643,444)
Square Feet		14,000	2,200	16,200		
% of Total Sq. Ft.		86.4%	13.6%	100.0%		
Facility Allocation	\$0	\$526,844	\$82,790	\$609,634	(\$609,634)	
FULLY BURDENED	\$4,239,290	\$3,360,012	\$879,278	\$4,239,290	\$0	\$0

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

1. Gather Accounting Records

a. Sub-Categorize b. Re-Categorize

2. Assign Direct Costs

3. Normalize Expenses

4. Allocate Cost Centers to Profit Centers

5. Split Profit Center Costs by Care Category

**The Five Steps
for Costing Care**

	Sub-Category	Re-Class	Adjusted	Primary Care	General & Administrative
	Accounts				
Payroll	\$2,153,000				
Direct Care	\$1,670,000		\$1,670,000		
Support Staff	\$226,000	\$11,200	\$237,200		
Administrative	\$213,000	\$5,600	\$218,600		
Sub-Total	\$2,153,000		\$2,169,800	\$1,048,960	\$111,004
Normalizing Items				\$43,370	(\$12,000)
Normalized Total				\$1,092,330	\$99,004
G & A Allocation				\$36,102	(\$99,004)
				\$1,203,334	\$0
				Routine	Comprehensive
				\$409,134	\$139,105

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

5. Split Profit Center Costs by Care Category

CPT Code	No. of Visits	Fee/Visit	Total Fees	% of Total	Total Cost
99211	64,878	\$24.48	\$1,588,213	52.8%	
99212	18,348	\$40.42	\$741,626	24.6%	
99213	5,742	\$55.20	\$316,958	10.5%	
99214	3,432	\$84.38	\$289,592	9.6%	
99215	594	\$124.60	\$74,012	2.5%	
			\$3,010,403	100.0%	\$3,360,012

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

5. Split Profit Center Costs by Care Category

<u>CPT Code</u>	<u>No. of Visits</u>	<u>Fee/Visit</u>	<u>Total Fees</u>	<u>% of Total</u>	<u>Total Cost</u>	
99211	64,878	\$24.48	\$1,588,213	52.8%	\$1,772,659	Routine \$2,954,181
99212	18,348	\$40.42	\$741,626	24.6%	\$827,754	
99213	5,742	\$55.20	\$316,958	10.5%	\$353,768	Comprehensive \$405,831
99214	3,432	\$84.38	\$289,592	9.6%	\$323,224	
99215	594	\$124.60	\$74,012	2.5%	\$82,608	
			<u>\$3,010,403</u>	100.0%	<u>\$3,360,012</u>	

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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5. Split Profit Center Costs by Care Category

<u>CPT Code</u>	<u>No. of Visits</u>	<u>Fee/Visit</u>	<u>Total Fees</u>	<u>% of Total</u>	<u>Total Cost</u>	
99211	64,878	\$24.48	\$1,588,213	52.8%	\$1,772,659	Routine \$2,954,181
99212	18,348	\$40.42	\$741,626	24.6%	\$827,754	
99213	5,742	\$55.20	\$316,958	10.5%	\$353,768	Comprehensive \$405,831
99214	3,432	\$84.38	\$289,592	9.6%	\$323,224	
99215	594	\$124.60	\$74,012	2.5%	\$82,608	
			<u>\$3,010,403</u>	100.0%	<u>\$3,360,012</u>	

						56% Radiography
						\$492,396
Radiology:	\$879,278					
						44% Sonography
						\$386,882

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Microsoft Excel - TACT County Physician Care Clinic EXAMPLE.xls

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1	Name of Organization:	County Physician's Care Clinic						
2	Type of Organization:	Primary Care						
3	Services in Costing Review	All Patients in clinic						
4		Member Months/Year:	293,664				Included in Review	
5						Yes=1		
6						No=0		
7								
8								
33	II. Ambulatory Care							
34	Primary Care	Routine Visit	Visits	88,968	\$ 2,951,181		1	
35		Comprehensive	Visits	4,026	\$ 405,831		1	
36		Obstetric / Pre-Natal	Visits					
37		GYN / Family Planning	Visits					
38		Other Primary Care	Visits					
39								
44	Specialty Care	Dental	Visits					
45		Gastrointestinal	Visits					
46		Dermatology	Visits					
47		Diabetes / Endocrinology	Visits					
55		Other Specialty	Visits					
56		Infectious Disease	Visits					
57								
58	Consultation/Mngmt.	Consultations	Visits					
59								
60	Ancillary Clinical	Laboratory	Procedures					
61		Radiology	Images	9,382	\$ 432,396			
62		Sonography	Images	4,894	\$ 386,882			

Enter annual cost from worksheets

Ready NUM

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC) **93**

How is TACT Used?

TACT Step-by-Step

- Set Report Title
- Determine and Enter Care Obligation (How Many People)
- Establish Care Categories
- Choose and Define Units
- Count and Enter Units
- Gather, Allocate and Enter Total Annual Cost
- Collect or Estimate Co-Pays

Co-Pays

The co-pay column can be used for money collected from the patients, and backing out the value of donated goods and services such as volunteer physicians.

Service Category	Sub Category	Service Unit Type	Units of Service Yr	Total Service Costs	Annual CoPay	Included in Review Yes=1 No=0
II. Ambulatory Care						
Primary Care	Routine Visit	Visits	88,968	\$ 2,951,181		1
	Comprehensive	Visits	4,026	\$ 405,831		1
	Obstetric/Pre-Natal	Visits				
	GYN/ Family Planning	Visits				
	Other Primary Care	Visits				
Specialty Care	Dental	Visits				
	Gastrointestinal	Visits				
	Dermatology	Visits				
	Diabetes/ Endocrinology	Visits				
	Other Specialty	Visits				
	Infectious Disease	Visits				
Consultation/Mngmt.	Consultations	Visits				
Ancillary Clinical	Laboratory	Procedures				
	Radiology	Images	9,382	\$ 432,396	\$ 46,910	
	Sonography	Images	4,894	\$ 386,882		

How is TACT Used?

TACT Step-by-Step

- Set Report Title
- Determine and Enter Care Obligation (How Many People)
- Establish Care Categories
- Choose and Define Units
- Count and Enter Units
- Gather, Allocate and Enter Total Annual Cost
- Collect or Estimate Co-Pays
- Indicate If Care Is Included or Not

Indicate If Care Is Included or Not

“Included in Review” Column

1 = Yes 0 (or blank) = No

“Yes” will have the financial data and calculations roll from

the Input Tab to the Detail and Rollup Reports.

“No” allows you to keep the data in the

Input Tab for future use.

Microsoft Excel - TACT County Physician Care Clinic EXAMPLE.xls

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A	B	C	D	E	F	G	H
1	Name of Organization:		County Physician's Care Clinic				
2	Type of Organization:		Primary Care				
3	Services in Costing Review		All Patients in clinic				
4							
5		Member Months/Year:	293,664				Included in Review
6							Yes=1
7							No=0
8	Service Category	Sub Category	Service Unit Type	Units of Service/Yr.	Total Service Costs	Annual CoPay	
33	II. Ambulatory Care						
34	Primary Care	Routine Visit	Visits	88,968	\$ 2,951,181		1
35		Comprehensive	Visits	4,026	\$ 405,831		1
36		Obstetric / Pre-Natal	Visits				
37		GYN / Family Planning	Visits				
38		Other Primary Care	Visits				
39							
40	After Hours / Urgent	After Hours - Urgent	Visits				
41		Weekend - Urgent/Routine	Visits				
42		Other Urgent Care	Visits				
43							
44	Specialty Care	Dental	Visits				
45		Gastrointestinal	Visits				
46		Dermatology	Visits				
47		Diabetes / Endocrinology	Visits				
48		Other Specialty	Visits				
49		Infectious Disease	Visits				
50							
51	Consultation/Mngmt.	Consultations	Visits				
52							
53	Ancillary/Clinical	Laboratory	Procedures				
54							

Enter "1" to show line-item on Detail report

Ready NUM

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC) **99**

How is TACT Used?

TACT Step-by-Step

- Set Report Title
- Determine and Enter Care Obligation (How Many People)
- Establish Care Categories
- Choose and Define Units
- Count and Enter Units
- Gather, Allocate and Enter Total Annual Cost
- Collect or Estimate Co-Pays
- Indicate If Care Is Included or Not
- Identify and Enter Other Revenue/Expense Offsets
- Enter % Profit/Admin Load if Needed

Identify and Enter Other Revenue/Expense Offsets
Enter % Profit/Admin Load if Needed

Reinsurance, Other and Administrative

Rarely needed

Reinsurance generally applies only to Inpatient

Other Revenue if considered an offset to expenses (e.g., pharmacy rebates)

Profit or administrative load

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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Service Category	Sub Category	Service Unit Type	Units of Service/Yr	Total Service Costs	Annual CoPay	Included in Review Yes=1 No=0
V. Reinsurance						
-	Premiums					
-	Recoveries					
VI. Premiums						
-	Interest					
-	Other Revenue					
TOTAL ADMINISTRATION LOAD (as a % of Contracted Costs)				6.00%		

Member Months/Year: 293,664

Enter Profit Goal

U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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Microsoft Excel - TACT County Physician Care Clinic EXAMPLE.xls

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County Physician's Care Clinic									
Primary Care									
All Patients in clinic									
Member-Months:	293,664			Annual Utilization per 1,000 Members	Average Cost Per Service	Total Gross Service Costs Per Member Per Month	Copays	Total Net Costs Per Member Per Month	Contracted Covered Costs Per Member Per Month
Service Category	Sub Category	Service Unit Type							
Institutional Care	NONE								
Ambulatory Care									
Primary Care	Routine Visit	Visits	3,635.5	\$ 33.17	\$ 10.05	\$ -	\$ 10.05	\$ 10.05	\$ 10.05
	Comprehensive	Visits	164.5	\$ 100.50	\$ 1.38	\$ -	\$ 1.38	\$ 1.38	\$ 1.38
Ancillary Clinical	Radiology	Images	383.4	\$ 52.48	\$ 1.68	\$ 0.16	\$ 1.52	\$ -	\$ -
	Sonography	Images	200.0	\$ 79.05	\$ 1.32	\$ -	\$ 1.32	\$ -	\$ -
TOTAL AMBULATORY						\$ 14.43	\$ 0.16	\$ 14.27	\$ 11.43
Additional Services	NONE								
Pharmacy	NONE								
GROSS MEDICAL COSTS						\$ 14.43	\$ 0.16	\$ 14.27	\$ 11.43
NET MEDICAL COSTS								\$ 14.27	\$ 11.43
TOTAL ADMINISTRATION LOAD				(as a % of Contracted Costs)	\$ 0.06			\$ 0.86	\$ 0.69
TOTAL CONTRACTED RATE NEEDED								\$ 15.12	\$ 12.12

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U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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Microsoft Excel - TACT County Physician Care Clinic EXAMPLE.xls

File Edit View Insert Format Tools Data Window Help Acrobat TM

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County Physician's Care Clinic						
Primary Care						
All Patients in clinic						
PROVIDER Cost & Utilization Data						
Service Category	Sub Category	Unit Name	Annual Units/1,000 Members	Average Cost per Service	Total Gross Cost	Total Gross Cost
					\$'s PMPM	
Institutional Care	NONE					
AMBULATORY CARE						
Primary Care	Office Visit	Visits	3,800.0	\$ 36.10	\$ 11.43	
Ancillary Clinical						
	Radiology	Images	383.4	\$ 52.48	\$ 1.68	
	Sonography	Images	200.0	\$ 79.05	\$ 1.32	
TOTAL AMBULATORY						\$ 14.43
ADDITIONAL SERVICES						
PHARMACY						
GROSS MEDICAL COSTS						\$ 14.43

Ready NUM

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Important Reminders

- Be sure that all costs have been included
- Use your best judgment
- Involve your colleagues in the process
- Remember that estimating cost is not an exact science
- Document your rules so that your next analysis is consistent

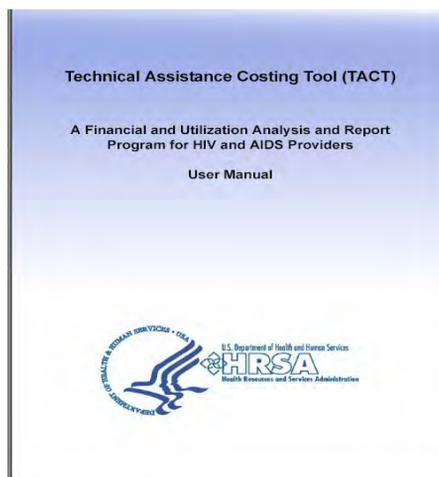
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Other Resources

www.HRSA.gov/TACT

(866) 825-4470



U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB), Center for Health Services Financing and Managed Care (CHSFMC)

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Using TACT Will Enable You To:

- Negotiate fair prices with third-party payers
- Make changes that strengthen the clinic's long-term viability
- Assure your administration and oversight board of your ability to evaluate costs and expenses of the clinic