

Report 175 – Hospital Operating Expenses by Expense Department

Operating Expenses by Category –

- a. Nursing Salaries – salaries and wages paid to all nursing positions including direct patient care nursing and nursing administration.
- b. Physician Salaries – physician compensation including salaries and wages for all physicians and residents engaged in patient care and educational activities. Residents include Externs and Fellows.
- c. Non-Nursing, Non-Physician Salaries – salaries and wages paid to employees who are not classified as either nursing personnel or physicians.
- d. Nursing Fringe Benefits – fringe benefits paid to all nursing positions including direct patient care and nursing administration.
- e. Physician Fringe Benefits – fringe benefits paid to all physicians and interns engaged in patient care and educational activities. Residents exclude Externs and Fellows.
- f. Non Nursing, Non Physician Fringe Benefits – fringe benefits paid to employees who are not classified as either nursing personnel or physicians.
- g. Nursing Fees - total compensation earned by nurses on a fee basis for services rendered to the hospital.
- h. Physician Fees - total compensation earned by physicians and residents on a fee for service basis for services rendered to the hospital.
- i. Non Nursing, Non Physician Fees - total compensation earned by employees that are not either physicians, residents, or nurses on a fee for service basis for services rendered to the hospital.
- j. Medical Supplies - all non-salary expenses associated with medical supplies.
- k. Pharmaceutical Costs - all non-salary expenses associated with pharmaceutical and general drug costs.
- l. Depreciation - Building - the expiration of the service life of the physical plant, which is charged as an expense during the year, usually using the straight-line method.

- m. Depreciation - Equipment - the expiration of the service life of equipment, which is charged as an expense during the year, usually using the straight-line method.
- n. Amortization – bond issuance costs that are being amortized over time.
- o. Bad Debts - the adjustment to a hospital's allowance for doubtful accounts due to the non-reimbursement of services rendered to patients from whom reimbursement was expected, resulting in the recording of bad debt expense. Bad debts exclude any financial activity not associated with patient accounts receivable.
- p. Interest Expense – all interest paid on borrowing for operations, buildings, or equipment.
- q. Malpractice Insurance Cost - the total cost of medical malpractice insurance including primary insurance and any other form of medical malpractice insurance.
- r. Water – expenses paid to the water company for water usage.
- s. Natural Gas – expenses paid to the natural gas company for natural gas usage.
- t. Oil - expenses paid to the oil company for oil usage.
- u. Electricity - expenses paid to the electric company for electricity usage.
- v. Telephone - expenses paid to the telephone company for telephone service.
- w. Other Utilities - expenses paid for miscellaneous utility usage not categorized by one of the above categories.
- x. Accounting Fees – expenses paid to certified public accounting firms for work related to the hospital's financial records.
- y. Legal Fees – expenses paid to attorneys and their law firms for legal advice on hospital matters.
- z. Consulting Fees – expenses paid for independent consultants and/or consulting firms hired by the hospital.
- aa. Dues and Memberships – expenses paid for dues and memberships to national or local organizations.
- bb. Equipment Leases – expenses paid for all medical and non-medical equipment leased by the hospital.

- cc. Building Leases – expenses paid for buildings or office space leased by the hospital.
- dd. Repairs and Maintenance – expenses paid for repairing equipment or maintaining the hospital’s physical plant.
- ee. Insurance Expense – expenses paid for insurance on the hospital physical plant or on hospital employees.
- ff. Travel – expenses paid for work related travel.
- gg. Conferences – expenses paid for holding or attending conferences.
- hh. Property Tax – expenses paid for taxes on the hospital’s building and equipment.
- ii. General Supplies – expenses paid for supplies used in the hospital regardless of department.
- jj. Licenses and Subscriptions – expenses paid for specialty licenses needed by hospital members or for fees paid for trade publications.
- kk. Postage and Shipping – expenses paid for postage, certified mail and overnight delivery charges.
- ll. Advertising – expenses paid for advertising in newspapers, magazines, trade journals, etc.
- mm. Corporate Parent / System Fees – expenses for management fees, corporate allocation percentage, intercompany or affiliation fees paid to a parent organization.
- nn. Computer Software – expenses for contracts and maintenance for computer programs and licenses.
- oo. Computer Hardware & Small Equipment – expenses for purchases of computer equipment and small equipment.
- pp. Dietary / Food Services – expenses for purchases for groceries, food and beverages, spoilage, and food supplies.
- qq. Lab Fees / Red Cross Charges – expenses for lab tests and purchases of blood from the Red Cross.

- rr. Billing & Collection / Bank Fees – expenses for billing and collecting of patient balances and fees charged by banks.
- ss. Recruiting / Employee Education & Recognition – expenses for costs related to staff development and training, tuition, service awards, etc.
- tt. Laundry / Linen – expenses for hospital laundry and linen services.
- uu. Professional / Physician Fees – expenses for physician fees and professional services.
- vv. Waste Disposal – expenses for costs of any hazardous waste, medical waste, or trash removal.
- ww. Purchased Services – Medical – expenses for purchased services that are medically related to patient care.
- xx. Purchased Services – Non Medical – expenses for purchases services that are non-medically related to patient care.
- yy. Other Operating Expenses - any miscellaneous operating expenses the hospital may incur that cannot be classified in any of the above listed categories.