

exhibit 5.7 Operations with 90 Beds (30 patients per day)

Check-in Day	Beds Required						
	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Monday	30	30	30				
Tuesday		30	30	30			
Wednesday			30	30	30		
Thursday				30	30	30	
Friday							
Saturday							
Sunday	30	30					30
Total	60	90	90	90	60	30	30

Employee ID	Name
1	Bill Lee
2	Francis MacArthur
3	Helinda Overton

- would still be performed each day.) How would this affect the utilization of the bed capacity? Is this capacity sufficient for the additional patients?
3. Now look at the effect of increasing the number of beds by 50 percent. How many operations could the hospital perform per day before running out of bed capacity? (Assume operations are performed five days per week, with the same number performed on each day.) How well would the new resources be utilized relative to the current operation? Could the hospital really perform this many operations? Why?

(Hint: Look at the capacity of the 12 surgeons and the five operating rooms.)

4. Although financial data are sketchy, an estimate from a construction company indicates that adding bed capacity would cost about \$100,000 per bed. In addition, the rate charged for the hernia surgery varies between about \$900 and \$2,000 (U.S. dollars), with an average rate of \$1,300 per operation. The surgeons are paid a flat \$600 per operation. Due to all the uncertainties in government health care legislation, Shouldice would like to justify any expansion within a five-year time period.