

RVU RATE SETTING

RVU Rate-Setting Practice Problem

Referring to the job-order costing and activity-based costing practice problems from pages 183 and 187, respectively, calculate the charges necessary to realize a 10 percent gain at the XYZ Reference Lab using job-order costing and a 10 percent gain at the XYZ Home Health Care Corporation using activity-based costing.

RVU Rate-Setting Practice Problem Solution

Step 2, Part 4: Calculate the charge necessary to realize a 10 percent gain at the XYZ Reference Lab.

Procedure	Cost/RVU (\$)	× 10%	= Change/Procedure (\$)
A	24.86	2.49	27.35
B	12.43	1.24	13.67
C	12.43	1.24	13.67
D	37.29	3.73	41.02
E	24.86	2.49	27.35
F	24.86	2.49	27.35
G	37.29	3.73	41.02
H	37.29	3.73	41.02
I	12.43	1.24	13.67
J	24.86	2.49	27.35

Using Activity-Based Costing (continued from the activity-based costing practice problem solution on pages 188–90)

Step 2, Part 7: (first part repeated here from page 190):

Calculate the total cost per procedure by adding the direct cost per procedure and the indirect cost per procedure.

I	12.43	1.24	13.67
J	24.86	2.49	27.35

Using Activity-Based Costing (continued from the activity-based costing practice problem solution on pages 188–90)

Step 2, Part 7: (first part repeated here from page 190):

Calculate the total cost per procedure by adding the direct cost per procedure and the indirect cost per procedure.

Visit	Direct Cost/Visit (\$)	+	Indirect Cost/Visit (\$)	=	Total Cost/Visit (\$)
PT	473.76		72.30		546.06
RT	368.48		48.20		416.68
Nursing	184.24		36.15		220.39
OT	131.60		48.20		179.80

Visit	Cost/Visit (\$)	+	10%	=	Charge/Visit (\$)
PT	546.06		54.61		600.67
RT	416.68		41.67		458.35
Nursing	220.39		22.04		242.43
OT	179.80		17.98		197.78



Aa



Hourly Rate-Setting Practice Problem

Using the hourly rate method of setting rates, calculate the operating room rate to recover the costs at the XYZ Ambulatory Surgery Center:

Total projected cost of operating room = \$130,000

Total projected hours of use = 2,000 hours

Hourly Rate-Setting Practice Problem Solution

Total projected cost ÷ Total projected hours of use = Hourly rate



the costs at the XYZ Ambulatory Surgery Center:

Total projected cost of operating room = \$130,000

Total projected hours of use = 2,000 hours

Hourly Rate-Setting Practice Problem Solution

Total projected cost ÷ Total projected hours of use = Hourly rate

$$\$130,000 \div 2,000 = \$65$$

Surcharge Rate-Setting Practice Problem

Using the surcharge method of setting rates, calculate the average prescription rate for the XYZ Pharmacy to cover its costs given the following data:

- Total projected cost of the pharmacy = \$60,000
- Projected cost of drugs billed to patient = \$45,000
- Number of prescriptions = 3,750

Surcharge Rate-Setting Practice Problem Solution



Number of prescriptions = 3,750

Surcharge Rate-Setting Practice Problem Solution

Step 1: Overhead + Cost of drugs = Total cost

$$\$15,000 + \$45,000 = \$60,000$$

Step 2: Total Cost ÷ Number of prescriptions = Average prescription rate

$$\$60,000 \div 3,750 = \$16$$