

Cost-Cutting Self-Quiz Problem

Using the data from the self-quiz problem on cost shifting, assume those who pay charges will allow a maximum charge of \$2,100. Calculate the amount of costs you will need to cut to break even.

Differential Cost Analysis Self-Quiz Problem

The integrated delivery system you work for is thinking about dropping your sleep disorder program for financial reasons. The program serves 4,000 patients a year with annual revenues of \$2 million. The variable cost per patient is \$200, with allocated fixed costs to the program of \$1.6million. Should your program be dropped for financial reasons?

Job-Order Costing Self-Quiz

Problem

Using the weighted procedure method of setting rates, calculate the relative value and cost per procedure for the following lab procedures, given a total lab cost of \$1.25 million and an average hourly lab tech rate of \$15 (to calculate the RVU, divide the total sample expense by the common denominator of .25):

Procedure	Projected Volume	Labor in Minutes	Supply Expense (\$)
Amylase	4,000	15	.75
Bleeding time	5,000	12	.50
Uric acid	3,000	10	.50
Platelet count	7,800	9	.25
Hematocrit	7,600	8	.25

Activity-Based Costing Self-Quiz Problem

Your wellness clinic wants to develop a product cost for the following activities using labor expense and supply expense to assign direct costs and visit minutes as a cost driver to assign indirect costs. Projected total costs for your wellness clinic are \$600,000 (\$300,000 direct and \$300,000 indirect). Assign costs to each activity using the following information:

Activity	Projected Volumes	Labor Expense (\$)	Supply Expense (\$)	Visit Minutes
Evaluation	4,000	30	10	60
Education	3,000	50	20	40
Exercise	2,000	5	0	90

Cost-Shifting Self-Quiz Problem

Assume your organization has 100 patients analyzed in the following manner:

15 Medicare patients, who pay \$2,000 per diagnosis

25 Medicaid patients, who pay \$1,800 per diagnosis

20 managed care patients, who pay charges minus a 20% discount

10 managed care patients, who pay charges minus a 25% discount

10 private insurance patients, who pay charges

10 charity care patients, who pay nothing

10 bad debt patients, who pay nothing

Your organization's average cost per patient is \$2,000. Calculate the charge necessary to recover your cost.

Breakeven Analysis Self-Quiz

Problem

Assume the following for your facility:

Fixed cost = \$10,000

Selling price = \$100

Variable cost = \$20

What is the breakeven point in units? In dollars? What is the contribution margin in percent? In dollars?