

**Analysis of Indirect Costs**

Organization: Sunny Day Hospice  
 Period Specifier: YTD June



Cost Type	Allocated Actual Costs	% of Net Revenue	Indirect Cost %	% of Total Costs	Patient Day Cost	Program Actual Cost	Program % of Net Revenue
<b>Indirect Labor</b>							
Administration	278,528	2.6%	15.4%	2.8%	4.53	278,528	2.6%
Clinical Management	607,852	5.7%	33.6%	6.2%	9.88	607,852	5.7%
Compliance/QI/Education	-	0.0%	0.0%	0.0%	-	-	0.0%
Finance	138,993	1.3%	7.7%	1.4%	2.26	138,993	1.3%
HR	-	0.0%	0.0%	0.0%	-	-	0.0%
Marketing	81,915	0.8%	4.5%	0.8%	1.33	81,915	0.8%
Medical Director	71,659	0.7%	4.0%	0.7%	1.17	71,659	0.7%
Medical Records	-	0.0%	0.0%	0.0%	-	-	0.0%
MIS	30,226	0.3%	1.7%	0.3%	0.49	30,226	0.3%
Team Leader	-	0.0%	0.0%	0.0%	-	-	0.0%
Other	7,160	0.1%	0.4%	0.1%	0.12	7,160	0.1%
Total	1,216,334	11.5%	67.3%	12.3%	19.78	1,216,334	11.5%
<b>Operational Costs</b>							
Accounting/Audit	6,100	0.1%	0.3%	0.1%	0.10	6,100	0.1%
Answering Service	2,160	0.0%	0.1%	0.0%	0.04	2,160	0.0%
Bank Service	1,759	0.0%	0.1%	0.0%	0.03	1,759	0.0%
Computer Expenses	526	0.0%	0.0%	0.0%	0.01	526	0.0%
Consulting/Professional Fees	11,248	0.1%	0.6%	0.1%	0.18	11,248	0.1%
Continuing Education	17,378	0.2%	1.0%	0.2%	0.28	17,378	0.2%
Copier Expense	10,178	0.1%	0.6%	0.1%	0.17	10,178	0.1%
Depreciation-Major Moveable	-	0.0%	0.0%	0.0%	-	-	0.0%
Dues, Licenses & Subscriptions	30,110	0.3%	1.7%	0.3%	0.49	30,110	0.3%
Insurance	36,091	0.3%	2.0%	0.4%	0.59	36,091	0.3%
Interest-Operating	316	0.0%	0.0%	0.0%	0.01	316	0.0%
Lease/Rent Equipment	-	0.0%	0.0%	0.0%	-	-	0.0%
Legal	7,360	0.1%	0.4%	0.1%	0.12	7,360	0.1%
Marketing Other	42,752	0.4%	2.4%	0.4%	0.70	42,752	0.4%
Meeting Expense	4,190	0.0%	0.2%	0.0%	0.07	4,190	0.0%
Mileage-Non-Patient	27,936	0.3%	1.5%	0.3%	0.45	27,936	0.3%
Minor Equipment	9,249	0.1%	0.5%	0.1%	0.15	9,249	0.1%
Miscellaneous	17,628	0.2%	1.0%	0.2%	0.29	17,628	0.2%
Office Supplies	34,397	0.3%	1.9%	0.3%	0.56	34,397	0.3%
Other Expenses	2,131	0.0%	0.1%	0.0%	0.03	2,131	0.0%
Pagers (Non-Patient)	493	0.0%	0.0%	0.0%	0.01	493	0.0%
Postage/Mailings	24,400	0.2%	1.3%	0.2%	0.40	24,400	0.2%
Printing	33,355	0.3%	1.8%	0.3%	0.54	33,355	0.3%
Service Contracts-Operating	701	0.0%	0.0%	0.0%	0.01	701	0.0%
Telephone	30,854	0.3%	1.7%	0.3%	0.50	30,854	0.3%
Training-Groups	30	0.0%	0.0%	0.0%	0.00	30	0.0%
Vehicle Exp-Owned/Lease	-	0.0%	0.0%	0.0%	-	-	0.0%
Total	351,340	3.3%	19.4%	3.6%	5.71	351,340	3.3%
<b>Facility-Related Costs</b>							
Alarm System	-	0.0%	0.0%	0.0%	-	-	0.0%
Cleaning & Paper	11,105	0.1%	0.6%	0.1%	0.18	11,105	0.1%
Depreciation-Building	101,735	1.0%	5.6%	1.0%	1.65	101,735	1.0%
Exterminating	-	0.0%	0.0%	0.0%	-	-	0.0%
Interest-Facility	-	0.0%	0.0%	0.0%	-	-	0.0%
Landscaping	1,010	0.0%	0.1%	0.0%	0.02	1,010	0.0%
Maintenance	4,257	0.0%	0.2%	0.0%	0.07	4,257	0.0%
Maintenance Salaries	-	0.0%	0.0%	0.0%	-	-	0.0%
Other-Facility	166	0.0%	0.0%	0.0%	0.00	166	0.0%
Property Taxes	-	0.0%	0.0%	0.0%	-	-	0.0%
Rent	114,524	1.1%	6.3%	1.2%	1.86	114,524	1.1%
Service Contracts-Facilities	513	0.0%	0.0%	0.0%	0.01	513	0.0%
Utilities	7,666	0.1%	0.4%	0.1%	0.12	7,666	0.1%
Total	240,975	2.3%	13.3%	2.4%	3.92	240,975	2.3%
Total Indirect Costs	1,808,649	17.0%	100%	18.3%	29.41	1,808,649	17.0%

Controlling Indirect Cost is one of the major challenges for hospices. It is the most difficult category of cost to control or design. Many times, the difference between a profitable hospice and an unprofitable hospice lies in the Indirect Cost category.

Our best advice is to "draw a line in the sand" and say "this is ALL we are going to spend (on a percentage of revenue basis) on Indirect Costs." And then, hold it! Over time, Indirect Costs creep upward and they must constantly be forced back behind the line you've drawn.

**Percentage of Net Revenue by Category**

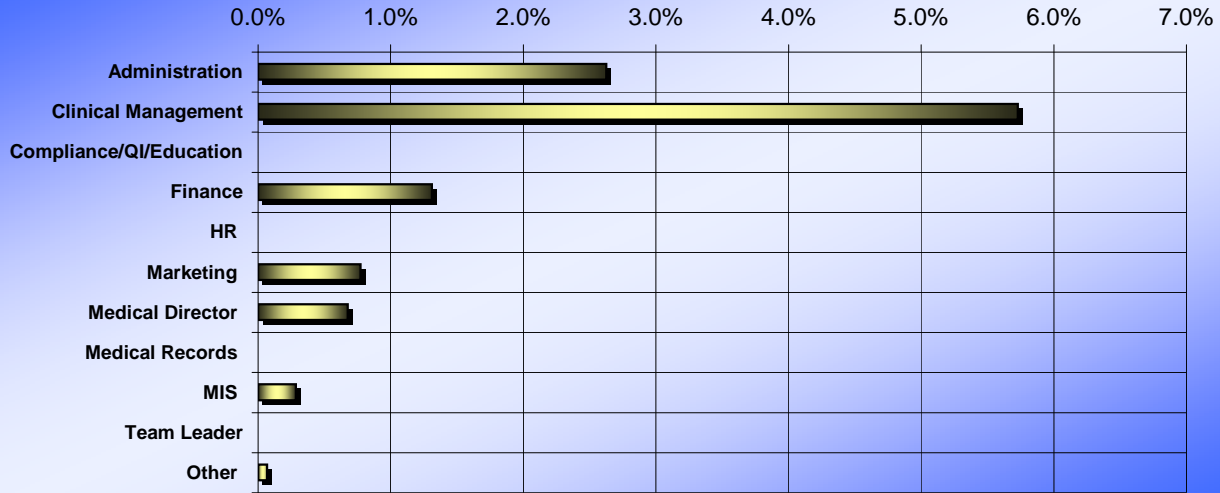
Total Indirect Salaries %	11.5%	21.0%	18.0%
Total Operational Cost %	3.3%	8.5%	8.0%
Total Facility Related Cost %	2.3%	4.0%	4.0%
	17.0%	33.5%	30.0%

We recommend that 30% be your goal for Total Indirect Costs.

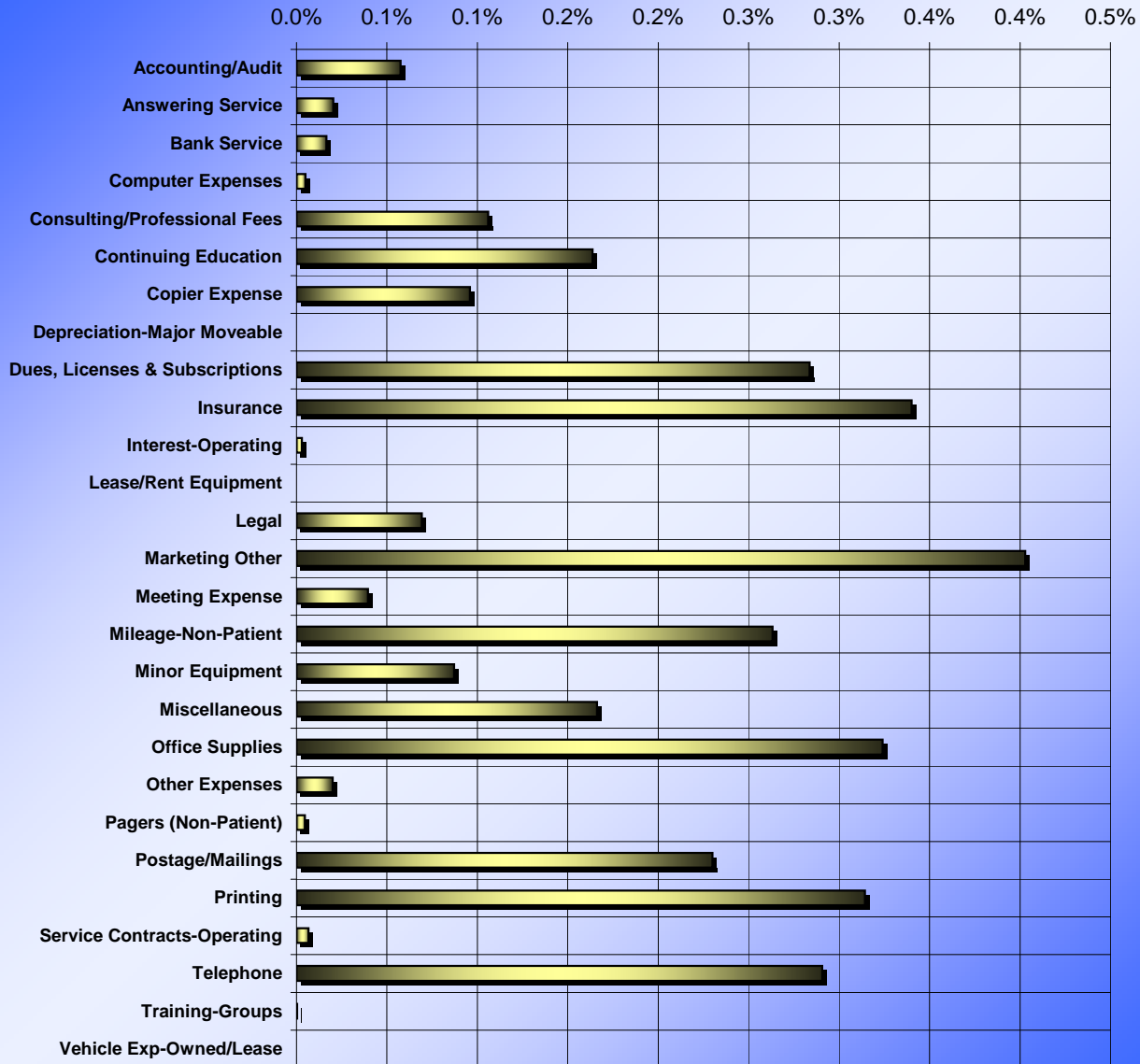
Here are some historic averages for these areas. Please reference the FBA for updated averages.

Each % point represents: \$ 106,133

### Indirect Labor



### Operational Costs



### Facility-Related Expenses

