

## CHART OF ACCOUNTS | P&L / GENERAL LEDGER / INCOME STATEMENT

Reference these definitions to guide you in pulling Chart of Accounts (P&L / General Ledger / Income Statement) report fields.

### **GROSS FEE-FOR-SERVICE CHARGES (does not include capitation charges) [4100-4130]<sup>11</sup>**

The full value, at the practice's undiscounted rates, of all services provided to fee-for-service, discounted fee-for-service, and noncapitated patients for all payers.

#### **Included:**

- Professional services provided by physicians, advanced practice providers, and other physician extenders such as nurses and medical assistants;
- Both the professional and technical components (TC) of laboratory, radiology, medical diagnostic, and surgical procedures;
- Drug charges, including vaccinations, allergy injections, immunizations, and chemotherapy and anti-nausea drugs;
- Charges for supplies consumed during a patient encounter inside the practice's facilities. Charges for supplies sold to patients for consumption outside the practice's facilities are reported as a subset of "Revenue from the sale of medical goods and services";
- Facility fees. Examples of facility fees include fees for the operation of an ambulatory surgery unit or fees for the operation of a medical practice owned by a hospital where split billing for professional and facility services is utilized;
- Charges for fee-for-service services allowed under the terms of capitation contracts;
- Charges for professional services provided on a case-rate reimbursement basis; and
- Charges for purchased services for fee-for-service patients. Purchased services for fee-for-service patients are defined as services that are purchased by the practice from external providers and facilities on behalf of the practice's fee-for-service patients.

#### **For purchased services, note the following:**

- The revenue for such services is included in "Total net fee-for-service collections/revenue";
- The cost for such services is included, as appropriate, in "Clinical laboratory," "Radiology and imaging" or "Other ancillary services"; and
- The count of the number of purchased procedures for fee-for-service patients are included in Total Procedures.

**Not included:**

- Charges for services provided to capitation patients. Such charges are included in “Gross charges for patients covered by capitation contracts”;
- Charges for pharmaceuticals, medical supplies and equipment sold to patients primarily for use outside the practice. Examples include prescription drugs, hearing aids, optical goods, orthopedic supplies, etc. The revenue generated by such charges is included in “Revenue from the sale of medical goods and services”; or
- Charges for any other activities that generate the revenue reported in “Revenue from the sale of medical goods and services.”

**ADJUSTMENTS TO FEE-FOR-SERVICE CHARGES (value of services performed for which payment is not expected) [4200-4240, 4500-4600]<sup>11</sup>**

The difference between “Gross fee-for-service charges” and the amount expected to be paid by or back to patients or third-party payers. This represents the value of services performed for which payment is not expected.

**Included:**

- Medicare/Medicaid charge restrictions (the difference between the practice’s full, undiscounted charge and the Medicare limiting charge);
- Third-party payer contractual adjustments (commercial insurance and/or managed care organization);
- Charitable, professional courtesy or employee adjustments;
- The difference between a gross charge and the Federally Qualified Health Center (FQHC) payment. This could be a positive or negative adjustment; and
- Refunds for overpayments, duplicate payments or for amounts which should not have been collected.

**BAD DEBTS DUE TO FEE-FOR-SERVICE ACTIVITY (accounts assigned to collection agencies) [6900-6920]<sup>11</sup>**

The difference between “Adjusted fee-for-service charges” and the amount actually collected.

**Included:**

- Losses on settlements for less than the billed amount;
- Accounts written off as not collectible;
- Accounts assigned to collection agencies; and
- In the case of accrual accounting, the provision for bad debts.

### **GROSS CHARGES FOR PATIENTS COVERED BY CAPITATION CONTRACTS [4170]<sup>11</sup>**

Also known as fee-for-service equivalent gross charges. The full value, at a practice's undiscounted rates, of all covered services provided to patients covered by all capitation contracts, regardless of payer.

#### **Included:**

Fee-for-service equivalent gross charges for all services covered under the terms of the practice's capitation contracts, such as:

- Professional services provided by physicians, advanced practice providers, and other physician extenders such as nurses and medical assistants;
- Both the professional and technical components (TC) of laboratory, radiology, medical diagnostic, and surgical procedures;
- Drug charges, including vaccinations, allergy injections, immunizations, and chemotherapy and anti-nausea drugs;
- Charges for supplies consumed during a patient encounter inside the practice's facilities. Charges for supplies sold to patients for consumption outside the practice's facilities are reported as a subset of "Revenue from the sale of medical goods and services"; and
- Facility fees. Examples of facility fees include fees for the operation of an ambulatory surgery unit or fees for the operation of a medical practice owned by a hospital where split billing for professional and facility services is utilized.

#### **Not included:**

- Pharmaceuticals, medical supplies, and equipment sold to patients primarily for use outside the practice. Examples include prescription drugs, hearing aids, optical goods, orthopedic supplies, etc. If such goods are not covered under the capitation contract, the revenue from these charges is included in "Revenue from the sale of medical goods and services";
- The value of purchased services from external providers and facilities on behalf of the practice's capitation patients. The cost of these purchased services is included in "Purchased services for capitation patients";
- Charges for fee-for-service activity allowed under the terms of capitation contracts. Such charges are reported as "Gross fee-for-service charges"; or
- Capitation revenue

### **TOTAL NET FEE-FOR-SERVICE COLLECTIONS/REVENUE [4300-4330, 4350-4420]<sup>11</sup>**

The total technical and professional net fee-for-service revenue. If the practice used accrual basis accounting, "Total net fee-for-service collections/revenue" equals "Gross fee-for-service charges" minus "Adjustments to fee-for-service charges," minus "Bad debts due to fee-for-service activity."

### **GROSS CAPITATION REVENUE (per member per month capitation payments, capitation patient copayments) [4700-4770]<sup>11</sup>**

Revenue received in a fixed per member payment, usually on a prospective and monthly basis, to pay for all covered goods and services due to capitation patients.

#### **Included:**

- Per member per month capitation payments including those received from an HMO, Medicare AAPCC (average annual per capita cost) payments, state capitation payments for Medicaid beneficiaries, and capitation payments from other medical groups;
- Portions of the capitation withholds returned to a practice as part of a risk-sharing arrangement;
- Bonuses and incentive payments paid to a practice for good capitation contract performance;
- Patient copayments or other direct payments made by capitation patients;
- Payments received due to a coordination of benefits and/or reinsurance recovery situation for capitation patients; and
- Payments made by other payers for care provided to capitation patients.

#### **Not included:**

- Payments paid to a practice by an HMO under the terms of a discounted fee-for-service managed care contract. Such payments are included in “Total net fee-for-service collections/revenue.”

### **PURCHASED SERVICES FOR CAPITATION PATIENTS [7810-7828]<sup>11</sup>**

Fees paid to healthcare providers and organizations external to the practice for services provided to capitation patients under the terms of capitation contracts.

#### **Included:**

- Payments to providers outside the practice for physician professional, advanced practice professional, clinical laboratory, radiology and imaging, hospital inpatient and emergency, ambulance, out of area emergency and pharmacy services; and
- Accrued expenses for “incurred but not reported” (IBNR) claims for purchased services for capitation patients for which invoices have not been received.

### **INCENTIVE-BASED REVENUE [4800-4860]<sup>11</sup>**

Payments received from insurance companies and government agencies for incentive-based activities such as pay-for-performance, risk-sharing, shared savings, quality and technology.

#### **Included:**

- Pay-for-performance payments for reporting quality, efficiency, or patient satisfaction metrics for patients insured under feed-for-service payment contracts;
- Risk pool insurance;
- Shared savings payments (i.e. Accountable Care Organization (ACO)); and
- Incentive payments for adopting Certified EHR Technology and/or meeting quality standards (i.e. MACRA/MIPS).

### **OTHER MEDICAL REVENUE [4900-4950, 4970]"**

Other sources of medical revenue such as grants, research/clinical studies, educational subsidies, donations, honoraria and more.

#### **Included:**

- Payments received for the reproduction of patient records;
- Medical directorship revenue received by the practice and not a specific individual for providing medical administration to hospitals, skilled nursing facilities, long-term care facilities, and other healthcare organizations;
- Grant revenue from federal, state, or local government or private foundation grants for research, provision of patient care to the indigent, or case management of the frail and elderly;
- Research and clinical studies revenue from pharmaceutical studies, medical device studies, and other research activities conducted by the practice;
- Educational subsidies received by the practice for graduate medical education and training of medical, nursing, and medical technician students;
- Any endowment or gift received by the organization;
- Revenue for medical-related activities such as honoraria, educational seminars, expert witness testimonies;
- Payment to the practice for physicians working in a hospital emergency room;
- Contract revenue from a school district for physician services in conducting physical examinations or other service;

#### **Not included:**

- Charges for the delivery of services made possible by subsidies or grants were included in "Gross fee-for-service charges" and/or "Gross charges for patients covered by capitation contracts"; or
- Operating and nonoperating subsidies received from a parent organization such as a hospital, health system, PPMC, or MSO. Such items should be included in, "Financial support from parent organization (subsidies)"; or
- Paycheck Protection Program (PPP) loan forgiveness payment. Such items should be included in, "Extraordinary nonmedical revenue."

### **REVENUE FROM THE SALE OF MEDICAL GOODS AND SERVICES [4340-4349]<sup>11</sup>**

Income from the sale of medical products and revenue paid to the practice for professional services provided by practice physicians and staff members.

#### **Included:**

- Revenue from pharmaceuticals, medical supplies and equipment sold to patients primarily for use outside the practice. This amount should be net of write-offs and discounts. Examples include prescription drugs, hearing aids, optical goods, orthopedic supplies, etc.;
- Compensation paid by a hospital, skilled nursing facility, or insurance company to a practice physician for services as a medical director;
- The hourly wages of physicians working in a hospital emergency room;
- Contract revenue from a hospital for physician services in staffing a hospital indigent care clinic or emergency room;
- Contract revenue from a school district for physician services in conducting physical exams for high school athletes;
- Revenue from the preparation of court depositions, expert testimony, postmortem reports, and other special reports; and
- Fees received from patients for the photocopying of patient medical records.

#### **Not included:**

- Capitation revenue used to pay for covered goods and services for capitation patients. Such revenue is included in “Gross capitation revenue.”

### **COST OF SALES AND/OR COST OF OTHER MEDICAL ACTIVITIES [7900-7919]<sup>11</sup>**

Cost of activities that generate revenue included in “Revenue from the sale of medical goods and services,” as long as this cost is not also included in “Total operating cost” or “Nonmedical cost.”

#### **Included:**

- Cost of pharmaceuticals, medical supplies and equipment sold to patients primarily for use outside the practice. Examples include prescription drugs, hearing aids, optical goods, and orthopedic supplies; and
- Any provider consultant cost(s) within this total.

#### **Not included:**

- Cost of drugs used in providing services including vaccinations, allergy injections, immunizations, chemotherapy, and anti-nausea drugs. Such cost is included in “Drug supply”; or
- Cost of medical/surgical supplies and instruments used in providing medical/surgical services. Such cost is included in “Medical and surgical supply.”

### **NET OTHER MEDICAL REVENUE**

The difference between “Cost of sales and/or cost of other medical activities” and “Gross revenue from other medical activities.”

### **NONMEDICAL REVENUE (investment and rental revenue) [9100-9140, 9160-9170, 9190]<sup>11</sup>**

#### **Included:**

- Interest and investment revenue such as interest, dividends, and/or capital gains earned on savings accounts, certificates of deposit, securities, stocks, bonds, and other short-term or long-term investments;
- Gross rental revenue such as rent, or lease income earned from practice-owned property not used in practice operations;
- Capital gains on the sale of practice real estate or equipment, etc.;
- Interest paid by insurance companies for failure to pay claims on time;
- Bounced check charges paid by patients; and
- Gross revenue from business ventures such as a billing service or parking lot. The direct costs of such ventures should be reported as “Nonmedical cost.”

#### **Not included:**

- Cash received from loans.

### **EXTRAORDINARY NONMEDICAL REVENUE [9150, 9700]<sup>11</sup>**

Revenue that is unusual in nature and infrequent in occurrence.

#### **Included:**

- Legal settlement receipts;
- Environmental disaster recovery funds; and
- Paycheck Protection Program (PPP) loan forgiveness payment.

#### **Not included:**

- Revenues included in “Nonmedical revenue”.

### **FINANCIAL SUPPORT FROM PARENT ORGANIZATION (Subsidies) [4960, 9180]<sup>11</sup>**

Medical practices may receive financial support from a parent organization such as a hospital, health system, PPMC or MSO.

#### **Included:**

- Operating subsidy income provided to the practice from a parent organization such as a hospital, health system, PPMC or MSO; and
- Nonoperating subsidy income received from parent organization such as a hospital, health system, PPMC or MSO. (i.e. Capitalization projects such as a facility construction).

#### **Not included:**

- Payments received by the practice and not a specified individual for providing medical administration to hospitals, skilled nursing facilities, long-term care facilities, and other healthcare organizations. Such items should be included in “Other Medical Revenue”.

### **GOODWILL AMORTIZATION [9250]<sup>11</sup>**

The annual amortization or impairment cost of goodwill. When an IDS, hospital, or PPMC purchases a medical practice, the purchase price can be thought of as having two components — the value of the tangible assets and the value of the goodwill. Goodwill is the premium paid in excess of the value of the tangible and identifiable intangible assets. If financial statements are maintained in accordance with the income tax basis of accounting, goodwill may be amortized over a period of time. If financial statements are reported in accordance with generally accepted accounting principles, goodwill is periodically reviewed for impairment. The tangible and identifiable intangible assets are typically depreciated/amortized over a period of time.

#### **Not included:**

- Depreciation of tangible or identifiable intangible assets such as the building or equipment. These depreciation costs are reported as a component of “Information technology” cost, “Building depreciation” cost, “Furniture and equipment depreciation” cost, “Clinical laboratory” cost, “Radiology and imaging” cost, and “Other ancillary services” cost.

### **NONMEDICAL COST (Income Taxes) [9200-9210, 9230-9240, 9260, 9300-9530]<sup>11</sup>**

#### **Included:**

- Income taxes based on net profit that is paid to federal, state, or local government. For cash basis accounting, income taxes equal the cash payment or refund for the most recent tax year paid or received in the most recent tax year plus, periodic withholding paid for those taxes. For accrual accounting, the income tax equals the total tax liability for the most recent tax year regardless of when the tax was paid, or refunds were received;
- All costs required to maintain the productivity of income producing rental property and parking lots;
- Losses on the sale of real estate or equipment and losses from the sale of marketable securities;
- Other nonmedical cost;
- All direct costs related to business ventures such as rental property, parking lots, or billing services, for which gross revenue is reported as “Nonmedical revenue”; and
- State taxes on medical revenue.

### **EXTRAORDINARY NONMEDICAL COST [9220, 9600, 9800]<sup>11</sup>**

Cost that is unusual in nature and infrequent in occurrence.

#### **Included:**

- Legal settlement cost; and
- Environmental disaster recovery cost.

#### **Not included:**

- Cost included in “Nonmedical cost.”



### **EMPLOYED SUPPORT STAFF COSTS**

#### **Included:**

- Salaries, bonuses, incentive payments, honoraria, and profit distributions;
- Voluntary employee salary deductions used as contributions to 401(k), 403(b), or Section 125 plans;
- Compensation for all support staff employed by all of the legal entities working in support of the medical practice represented on this survey;
- The allocated support staff cost where the practice consists of multiple legal entities. For example, an MSO managing two medical practices and employing one billing clerk who devotes an equal amount of time to each practice would add 50 percent of the one billing clerk's compensation to the total cost of "Patient accounting," for each managed practice; and
- Compensation for both full-time and part-time employed support staff.

#### **Not included:**

- Advanced practice provider cost, which is reported in the Provider section;
- Any benefits for employed support staff, which should be reported as "Total employed support staff benefit cost,";
- Expense reimbursements; or
- Any benefits or the cost of contracted support staff who do not work for any of the legal entities that comprise the medical practice. These costs should be reported as "Total contracted support staff."

### **GENERAL ADMINISTRATIVE STAFF COST [5110-5111, 5117, 5210-5211, 5217]<sup>11</sup>**

Cost of general administrative and practice management staff, supporting secretaries, and administrative assistants.

#### **Included:**

- Cost of executive staff such as administrator, assistant administrator, chief financial officer, medical director, site/branch/office managers, human resources, marketing, credentialing, and purchasing department staff.

#### **Not included:**

- Cost of directors of departments listed separately. Examples include information technology director, medical records director, laboratory director, and radiology director. Such cost should be reported in "Information technology," "Medical records," "Clinical laboratory," or "Radiology and imaging," as appropriate; or
- Credentialing staff as they pertain to managed care departments, such cost should be reported in "Managed care administrative."

**Position titles included (but not limited to):**

- Associate/Assistant Medical Director
- Chief Medical Officer (CMO)
- Medical Director
- Physician Chief Executive Officer (CEO/President)
- Administrator
- Chief Department Administrator (CDA)
- Associate/Assistant Department Administrator
- Contracts/Grants Department Administrator
- Division/Section Administrator
- Assistant Administrator
- Chief Compliance Officer
- Chief Executive Officer (CEO)/ Executive Director
- Chief Financial Officer (CFO)
- Department Financial Officer
- Chief Information Officer (CIO)
- Chief Nursing/Clinical Officer (CNO)
- Chief Operating Officer (COO)
- Chief Legal Counsel
- Chief Strategy Officer
- Human Resources Executive
- Marketing Executive
- MSO Administrator/Executive Director
- Patient Care Executive
- Ambulatory/Clinical Services Director
- Ancillary Services Director
- Branch/Satellite Clinic Director
- Building and Grounds Director
- Business Services Director
- Clinical Research Director
- Compliance Director
- Contracting Director
- Development Director
- Education and Training Director
- Finance Director
- Health Plan Director
- Human Resources Director
- Information Systems Director
- Laboratory Services Director
- Managed Care Director
- Marketing and Sales Director
- Materials Management Director
- Medical Records Director
- Nursing Services Director
- Operations Director
- Pharmacy Services Director
- Physician Recruitment Director
- Physician Relations Director
- Quality Improvement/Quality Assurance Director
- Radiology Services Director
- Reimbursement Director
- Revenue Cycle Director
- Strategy/Business Planning Director
- Branch/Satellite Clinic Manager
- Business Office Manager
- Call Center Manager
- Clinical Department Manager
- Clinical Practice Manager
- Compliance Manager
- Front Office Manager
- Human Resources Manager
- Marketing Manager
- Materials Management Manager
- Office Manager
- Operations Manager
- Training/Education Manager
- Human Resources Specialist
- Marketing/Communications Specialist
- Recruiter
- Business Office Supervisor
- Clinic Supervisor
- Front Office Supervisor
- Administrative Assistant
- Administrative Secretary
- Business Office Assistant Manager
- Business Office Staff
- Data Analyst
- Executive Assistant
- Human Resources Generalist

### **PATIENT ACCOUNTING COST [5112, 5212]<sup>11</sup>**

Cost of patient accounting (billing and collections) staff, such as department supervisor, billing/accounts receivable manager, financial counselor, coding, charge entry, insurance, billing, collections, payment posting, refund, adjustment, and cashiering staff.

#### **Position titles included (but not limited to):**

- Billing Manager
- Coding Manager
- Credit/Collections Manager
- Insurance Manager
- Patient Accounting Manager
- Reimbursement/Collections Manager
- Authorization Specialist
- Billing Specialist
- Coding Specialist
- Billing Staff
- Cashier
- Coder
- Collections Staff
- Insurance Clerk
- Patient Accounts Representative

### **GENERAL ACCOUNTING COST [5113, 5213]<sup>11</sup>**

Cost of general accounting office staff, such as department supervisor, controller, financial accounting manager, accounts payable, payroll, bookkeeping, and financial accounting input staff.

#### **Position titles included (but not limited to):**

- Benefits Manager
- General Accounting Manager
- Accountant
- Benefits/Payroll Specialist
- Accounting Staff
- Bookkeeper
- Financial Analyst
- Workers Compensation Liaison

### **MANAGED CARE ADMINISTRATIVE COST [5114, 5214]<sup>11</sup>**

Cost of managed care administrative staff, such as supporting secretaries and administrative assistants.

#### **Included:**

- HMO/PPO contract administrators, case management staff, actuaries, managed care medical directors and managed care marketing, quality assurance, referral coordinators, utilization review, credentialing staff, patient care coordinators and case managers.

#### **Position titles include (but not limited to):**

- Utilization Review Manager
- Credentialing Specialist
- Care Coordinator
- Care/Case Manager
- Managed Care Coordinator
- QA/QI Coordinator
- QA/UR Nurse
- Referral Coordinator

### **INFORMATION TECHNOLOGY COST [5115, 5215]<sup>11</sup>**

Cost of information technology staff, such as data processing, computer programming, telecommunications staff, EHR or initiative compliance specialists, department director or manager.

**Position titles include (but not limited to):**

- IS Manager/Network Administrator
- Information Systems Manager
- IT Implementation Specialist
- IT Programming Staff
- IT Support Technician

### **HOUSEKEEPING, MAINTENANCE, SECURITY COST [5116, 5216]<sup>11</sup>**

Cost of housekeeping, maintenance, and security staff.

**Not included:**

- Cost of parking attendants if parking generates revenue, which is reported as “Nonmedical revenue” in the Revenue section. The cost of parking attendants should be included as “Nonmedical cost.”

**Position titles include (but not limited to):**

- Building and Grounds Manager
- Housekeeping Supervisor
- Building Engineer/Maintenance
- Housekeeper

### **MEDICAL RECEPTIONIST COST [5121, 5221]<sup>11</sup>**

Cost of medical receptionist staff, such as switchboard operators, schedulers, and appointment staff.

**Not included:**

- Cost of medical receptionists who worked exclusively in the departments of clinical laboratory, radiology and imaging, or other ancillary departments. Such cost is included in “Clinical laboratory,” “Radiology and imaging,” and “Other medical support services.”

**Position titles included (but not limited to):**

- Appointment Secretary
- Front Desk Staff
- Patient Service Coordinator
- Receptionist
- Scheduling Staff (excluding Surgical Scheduler)
- Surgical Scheduler
- Switchboard Operator

### **MEDICAL SECRETARIES, TRANSCRIBERS COST [5122, 5222]<sup>11</sup>**

Cost of medical secretaries and transcribers.

**Not included:**

- Cost of medical secretaries and transcribers who worked exclusively in the departments of clinical laboratory, radiology and imaging, or other ancillary departments. Such cost is included in “Clinical laboratory,” “Radiology and imaging,” and “Other medical support services.”

**Position titles include (but not limited to):**

- Medical Transcription Manager
- Transcription Manager
- Medical Scribe
- Medical Secretary
- Transcriptionist

### **MEDICAL RECORDS COST [5123, 5223]<sup>11</sup>**

Cost of medical records staff such as medical records clerks and department director or manager.

**Not included:**

- Cost of medical records and coding staff who worked exclusively in the departments of clinical laboratory, radiology and imaging or other ancillary departments. Such cost is included in “Clinical laboratory,” “Radiology and imaging,” and “Other medical support services.”

**Position titles include (but not limited to):**

- Medical Records Manager
- Clinical Documentation Specialist
- Medical Records Staff

### **OTHER ADMINISTRATIVE SUPPORT COST [5124, 5224]<sup>11</sup>**

Cost of other administrative staff such as shipping and receiving, cafeteria, mailroom, and laundry staff.

**Position titles included (but not limited to):**

- Courier

### **REGISTERED NURSES COST [5131, 5231]<sup>11</sup>**

Cost of registered nurse staff and registered nurses working as frontline managers or lead nurses including home health nurses.

**Not included:**

- Cost of advanced practice providers such as nurse practitioners, certified registered nurse anesthetists (CRNAs), or nurse midwives, who are included in “Advanced practice provider” cost; or
- Cost of registered nurses who worked exclusively in the departments of clinical laboratory, radiology and imaging or other ancillary departments. Such cost is included in “Clinical laboratory,” “Radiology and imaging,” and “Other medical support services.”

**Position titles included (but not limited to):**

- Infusion Nurse
- Nursing Manager
- Nursing Supervisor\*
- Registered Nurse
- Triage Nurse

*\* categorize based on credentials*

**LICENSED PRACTICAL NURSES COST [5132, 5232]<sup>11</sup>**

Cost of licensed practical nurses.

**Not included:**

- Cost of licensed practical nurses who worked exclusively in the departments of clinical laboratory, radiology and imaging, or other ancillary departments. Such cost is included in “Clinical laboratory,” “Radiology and imaging,” and “Other medical support services.”

**Position titles include (but not limited to):**

- Nursing Supervisor\*
- Licensed Practical Nurse

*\* categorize based on credentials*

**MEDICAL ASSISTANTS, NURSE’S AIDES COST [5133, 5134, 5233, 5234]<sup>11</sup>**

Cost of medical assistants and nurse’s aides.

**Not included:**

- Cost of medical assistants and nurse aides who worked exclusively in the departments of clinical laboratory, radiology and imaging, or other ancillary departments. Such cost is included in “Clinical laboratory,” “Radiology and imaging,” and “Other medical support services.”

**Position titles included (but not limited to):**

- Nursing Supervisor\*
- Certified Nursing Assistant
- Medical Assistant

*\* categorize based on credentials*

### **CLINICAL LABORATORY COST [5142, 5242]"**

The clinical laboratory and pathology department conducts procedures for clinical laboratory and pathology CPT codes 80047 89398, 36415, and 36416.

#### **Included:**

- Cost of support staff such as nurses, phlebotomists, secretaries and technicians; and
- Cost of department director or manager.

#### **Position titles included (but not limited to):**

- Laboratory Services Manager
- Lab Section Supervisor
- Histotechnologist
- Laboratory Assistant
- Medical Lab Technician
- Medical Technologist
- Phlebotomist

### **RADIOLOGY AND IMAGING COST [5141, 5241]"**

Film library staff and the diagnostic radiology and imaging department conduct procedures for diagnostic radiology CPT codes 70010-76499, diagnostic ultrasound CPT codes 76506-76999, and diagnostic nuclear medicine CPT codes 78012-78999, echocardiography CPT codes 93303-93355, noninvasive vascular diagnostic studies CPT codes 93880-93998, and electrocardiography CPT codes 93000-93042.

#### **Included:**

- Cost of support staff such as nurses, secretaries, and technicians; and
- Cost of department director or manager.

#### **Not included:**

- Support staff cost for radiation oncology CPT codes 77261-77799 or therapeutic nuclear medicine CPT codes 79005-79999. Such cost is included as “Other medical support services.”

#### **Position titles included (but not limited to):**

- Radiology Services Manager
- EEG Lab Supervisor
- EKG Lab Supervisor
- CAT Scan Technician
- Echocardiographer/Echo Tech
- EEG Technician
- EKG Technician
- Mammography Technician
- MRI Tech
- Radiology Technologist
- Ultrasound Technician

### **OTHER MEDICAL SUPPORT SERVICES COST [5143-5160, 5243-5260]<sup>11</sup>**

Cost of support staff in any ancillary services department other than “Clinical laboratory” and “Radiology and imaging”.

#### **Included:**

- Cost of support staff who provide assistance to patients, such as patient relations staff or lay counselors;
- Cost of support staff such as nurses, secretaries, technicians, physical therapy aides and assistants in ancillary services departments such as physical therapy, optical, ambulatory surgery, radiation oncology, therapeutic nuclear medicine, clinical research, pharmacists, and pharmacy support staff; and
- Cost of the department directors and managers in these ancillary services departments.

#### **Not included:**

- Advanced practice providers such as nurse practitioners, physician’s assistants and physical therapists. These providers should be reported in “Advanced practice provider” cost

#### **Position titles included (but not limited to):**

- Aesthetician
- Athletic Trainer
- Cardiovascular Technologist
- Clinic Research Manager
- Clinical Research Coordinator
- Dental Assistant
- Dental Hygienist
- DME Technician
- Dosimetrist
- Endoscopy Technician
- Health Coach
- Massage Therapist
- Medical Interpreter
- Nuclear Medicine Technologist
- Occupational Therapy Assistant
- Ophthalmic Assistant
- Ophthalmic Technician
- Optical Shop Supervisor
- Optician
- Orthopedic/Cast Technician
- Paramedic
- Pharmacist
- Pharmacy Technician
- Physical Therapist Aide
- Physical Therapy Assistant
- Physicist
- Polysomnographic/Sleep Technician
- PT Education Coordinator
- Radiation Therapist
- Respiratory Therapist
- Social Worker (non-clinical)
- Speech Therapist
- Surgical Technologist
- Sterile Processing Technician
- Therapist/Counselor



### **TOTAL EMPLOYED SUPPORT STAFF BENEFIT COST [5170, 5180, 5300-5460]<sup>11</sup>**

The total benefits for all employed support staff.

#### **Included:**

- Employer's share of Federal Insurance Contributions Act (FICA), payroll and unemployment insurance taxes;
- Employer's share of health, disability, life, and workers' compensation insurance;
- Employer payments to defined benefit and contribution, 401(k), 403(b), and nonqualified retirement plans;
- Deferred compensation paid or expensed during the year;
- Dues and memberships in professional organizations, state, and local license fees;
- Allowances for education, professional meetings, travel, and automobile; and
- Entertainment, country/athletic club membership, travel for spouse.

#### **Not included:**

- Voluntary employee salary deductions used as contributions to 401(k) and 403(b) plans; or
- Expense reimbursements.

### **TOTAL CONTRACTED SUPPORT STAFF COST [5500-5570]<sup>11</sup>**

Contracted support staff represents all the staff hired on a contract basis, not employed by any of the legal entities that comprise the medical practice. The utilization of contracted support staff occurs when the medical practice (including all the associated legal entities that comprise the medical practice) decides not to hire support staff as employees to conduct the ongoing support staff activities. Instead, the practice contracts to have these full-time and/or ongoing activities conducted by contracted staff.

One example of this type of cost would be purchased services for billing and collections activities. When a practice decides to hire a billing company to conduct billing activities that the practice employees, it is often not possible to track the hours that the billing company devotes to the given practice. Such cost is reported as "Billing and collections purchased services."

#### **Included:**

- Temporary staff working for temporary agencies; and
- Traveling nurses.

#### **Not included:**

- The cost of support staff employed directly by the practice or any of the legal entities comprising the medical practice. Such related costs are included in the "Employed Support Staff" section; or
- The cost for legal, accounting, management, and/or other consultants for services performed on a one time or sporadic basis. The costs for these types of consultants are reported as "Legal fees," "Consulting fees," and/or "Outside professional fees."

### **INFORMATION TECHNOLOGY COST [6800-6860]¹¹**

Cost of practice-wide data processing, computer, telephone, and telecommunications services.

#### **Included:**

- Cost of local and long-distance telephone, radio paging, and internet service providers;
- Rental and/or depreciation cost of major data processing, computer and telecommunications furniture, equipment, hardware, and software subject to capitalization;
- Hardware and software repair and maintenance contract cost;
- Cost of data processing services purchased from an outside service bureau;
- Cost of data processing supplies and minor software and equipment not subject to capitalization; and
- Cost of IT purchased services including maintenance of EHRs and patient portals.

#### **Not included:**

- Cost of specialized information services equipment dedicated for exclusive use in the departments of clinical laboratory, radiology, and imaging, or other ancillary services departments. Such cost is included in “Clinical laboratory,” “Radiology and imaging,” and “Other ancillary services”; or
- Cost of contract programmers, which is included in “Total contracted support staff”.

### **DRUG SUPPLY COST [7210-7213]¹¹**

Cost of drugs purchased for general practice use.

#### **Included:**

- Cost of chemotherapy drugs, allergy drugs, and vaccines used in providing medical/surgical services.

#### **Not included:**

- Cost of specialized supplies dedicated for exclusive use in the departments of clinical laboratory, radiology and imaging, or other ancillary services departments. Such cost is included in “Clinical laboratory,” “Radiology and imaging,” and “Other ancillary services”; or
- Cost of pharmaceuticals, medical supplies and equipment sold to patients primarily for use outside the practice and not used in providing medical/surgical services. Examples include prescription drugs, hearing aids, optical goods, and orthopedic supplies. Such cost is included in “Cost of sales and/or cost of other medical activities”.

### **MEDICAL AND SURGICAL SUPPLY COST [7200, 7220-7224, 7720]<sup>11</sup>**

Cost of supplies purchased for general practice use.

#### **Included:**

- Cost of medical/surgical supplies and instruments used in providing medical/surgical services; and
- Cost of laundry and linens.

#### **Not included:**

- Cost of specialized supplies dedicated for exclusive use in the departments of clinical laboratory, radiology and imaging, or other ancillary services departments. Such cost is included in “Clinical laboratory,” “Radiology and imaging,” and “Other ancillary services”;
- Cost of pharmaceuticals, medical supplies and equipment sold to patients primarily for use outside the practice and not used in providing medical/surgical services. Examples include prescription drugs, hearing aids, optical goods, and orthopedic supplies. Such cost is included in “Cost of sales and/or cost of other medical activities”; or
- The cost of any equipment subject to depreciation. Such cost is reported as a subset in “Information technology,” “Furniture and equipment,” “Clinical laboratory,” “Radiology and imaging,” and “Other ancillary services.”

### **BUILDING AND OCCUPANCY COST [6100, 6120-6190]<sup>11</sup>**

Cost of general operation of buildings and grounds.

#### **Included:**

- Rental, operating lease, and leasehold improvements for buildings and grounds;
- Interest paid on loans for real estate used in practice operations;
- Cost of utilities such as water, electric power, space heating fuels, etc.;
- Cost of supplies and materials used in housekeeping and maintenance; and
- Other costs such as building repairs and security systems.

#### **Not included:**

- Interest paid on short-term loans, which is included in “Miscellaneous operating cost”;
- Interest paid on loans for real estate not used in practice operations, such as nonmedical office space in practice-owned properties. Such interest is included in “Nonmedical cost”;
- Cost of producing revenue from sources such as parking lots or leased office space from practice owned properties. Such cost is included in “Nonmedical cost”; or
- Depreciation costs.

### **BUILDING DEPRECIATION COST [6110-6113]<sup>11</sup>**

Depreciation cost for buildings and grounds.

#### **Not included:**

- Interest paid on short-term loans, which is included in “Miscellaneous operating cost”;
- Interest paid on loans for real estate not used in operations such as nonmedical office space in practice-owned properties;
- Rental, operating lease, and leasehold improvements for buildings and grounds;
- Interest paid on loans for real estate used in ASC operations;
- Cost of utilities such as water, electric power, and space heating fuels;
- Cost of supplies and materials used in housekeeping and maintenance; or
- Other costs such as building repairs and security systems.

### **FURNITURE AND EQUIPMENT COST [6200, 6220-6230, 7100, 7120, 7130, 7710, 7712-7713]<sup>11</sup>**

Cost of furniture and equipment in general use in the practice.

#### **Included:**

- Rental cost of furniture and equipment used in reception areas, patient treatment/exam rooms, physician offices, and administrative areas; and
- Other costs related to clinic furniture and equipment, such as maintenance cost.

#### **Not included:**

- Cost of specialized furniture and equipment dedicated for exclusive use in the information technology, clinical laboratory, radiology and imaging, or other ancillary services departments. Such cost is reported as a subset in “Information technology,” “Clinical laboratory,” “Radiology and imaging,” and “Other ancillary services”; or
- Depreciation costs.

### **FURNITURE AND EQUIPMENT DEPRECIATION COST [6210, 7110, 7711]<sup>11</sup>**

Depreciation cost of furniture and equipment in general use in the practice.

#### **Included:**

- Depreciation cost of furniture and equipment used in reception areas, patient treatment/exam rooms, physician offices, and administrative areas.

#### **Not included:**

- Cost of specialized furniture and equipment dedicated for exclusive use in the information technology, clinical laboratory, radiology and imaging, or other ancillary services departments. Such cost is included in “Information technology,” “Clinical laboratory,” “Radiology and imaging,” and “Other ancillary services”; or
- Other costs related to clinic furniture and equipment such as maintenance cost.

**ADMINISTRATIVE SUPPLIES AND SERVICES COST [6300-6336, 6346, 6350-6353, 6356, 6358, 6361, 6363-6524, 7230-7240, 7730]<sup>11</sup>**

Cost of printing, postage, books, subscriptions, administrative and medical forms, stationery, payroll services, practice regulatory, licensure and accreditation, employee relations dinners, picnics, entertainment, practice uniforms, business vehicle/ transportation, recruiting, job position classified advertising, moving costs and other administrative supplies and services.

**Included:**

- Purchased medical transcription services; and
- Purchased answering services.

**PROFESSIONAL LIABILITY INSURANCE PREMIUMS COST [6720-6726]<sup>11</sup>**

Premiums paid or self-insurance cost for malpractice and professional liability insurance for practice physicians, advanced practice providers, and employees.

**OTHER INSURANCE PREMIUMS COST [6700-6718]<sup>11</sup>**

Cost of other policies such as cyber insurance, fire, flood, theft, casualty, general liability, officers' and directors' liability, and reinsurance.

**LEGAL FEES COST [6342]<sup>11</sup>**

Fees for professional legal services performed on a one-time or sporadic basis and are not employees of the organization.

**Included:**

- Fees related to legal services paid to attorneys who are not employees of the organization.

**CONSULTING FEES COST [6345]<sup>11</sup>**

Fees for professional consulting services performed on a one-time or sporadic basis.

**Included:**

- Fees for management, financial, and other outside consulting services.

### **OUTSIDE PROFESSIONAL FEES COST [6340-6341, 6343-6344, 7830-7839]<sup>11</sup>**

Fees for professional services performed on a one-time or sporadic basis.

#### **Included:**

- Fees for accounting services; and
- Fees for actuarial consultants, and other professional fees not listed.

#### **Not included:**

- Information services, architectural and public relations consultant fees. Such costs are included in “Information technology,” “Building and occupancy,” and “Promotion and marketing”;
- Cost for contracted support staff, which is reported as “Total contracted support staff,”; or
- Cost for contracted physicians and locum tenens, which is reported as “Total physician” cost.

### **PROMOTION AND MARKETING COST [6600]<sup>11</sup>**

Cost of promotion, advertising and marketing activities, including patient newsletters, information booklets, flyers, brochures, yellow page listings, and public relations consultants.

### **CLINICAL LABORATORY COST [7400-7440]<sup>11</sup>**

Cost of clinical laboratory and pathology procedures defined by CPT codes 80047-89398, 36415, and 36416.

#### **Included:**

- Rental and/or depreciation cost of major furniture and equipment subject to capitalization;
- Repair and maintenance contract cost;
- Cost of supplies and minor equipment not subject to capitalization;
- Other costs unique to the clinical laboratory; and
- Cost of purchased laboratory technical services for fee-for-service patients.

#### **Not included:**

- Cost of purchased laboratory technical services for capitation patients. Such cost should be reported as “Purchased services for capitation patients.”

### **RADIOLOGY AND IMAGING COST [7300-7340]<sup>11</sup>**

Cost of diagnostic radiology and imaging procedures defined by diagnostic radiology CPT codes 70010-76499, diagnostic ultrasound CPT codes 76506-76999, diagnostic nuclear medicine CPT codes 78012-78999, echocardiography CPT codes 93303-93355, noninvasive vascular diagnostic studies CPT codes 93880-93998, and electrocardiography CPT codes 93000-93042.

#### **Included:**

- Rental and/or depreciation cost of major furniture and equipment subject to capitalization;
- Repair and maintenance contract cost;
- Cost of radiological diagnostics (isotopes);
- Cost of supplies and minor equipment not subject to capitalization. This amount is the net after subtracting the revenue from silver recovery from X-ray film and processing fixer;
- Other costs unique to the radiology and imaging department; and
- Cost of purchased radiology technical services for fee-for-service patients.

#### **Not included:**

- Cost of purchased radiology technical services for capitation patients. Such cost should be reported as “Purchased services for capitation patients”; or
- Cost of procedures for radiation oncology CPT codes 77261-77799 or therapeutic nuclear medicine CPT codes 79005-79999. Such costs are included in “Other ancillary services”.

### **OTHER ANCILLARY SERVICES COST [7500-7640]<sup>11</sup>**

Operating costs for all ancillary services departments except clinical laboratory and radiology and imaging.

#### **Included:**

- Operating costs for departments such as physical therapy, optical, ambulatory surgery, radiation oncology, therapeutic nuclear medicine, etc.;
- Rental and/or depreciation cost of major furniture and equipment subject to capitalization;
- Repair and maintenance cost;
- Cost of supplies and minor equipment not subject to capitalization;
- Other costs unique to the ancillary services departments; and
- Cost of purchased “other ancillary” technical services for fee-for-service patients.

#### **Not included:**

- Cost of purchased “other ancillary” technical services for capitation patients. Such cost should be reported as “Purchased services for capitation patients”;
- Cost of physical therapy and orthopedic items, such as crutches and braces, sold to patients. Such cost is included in “Cost of sales and/or cost of other medical activities”; or
- Cost of optical items, such as eyeglasses and contact lenses, sold to patients. Such cost is included in “Cost of sales and/or cost of other medical activities.”

### **BILLING AND COLLECTIONS PURCHASED SERVICES COST [6354-6355, 6357, 6930]<sup>11</sup>**

When a medical practice decides to purchase billing and collections services from an outside organization as opposed to hiring and developing its own employed staff to conduct billing and collections activities, the cost for such purchased services is considered “Billing and collections purchased services.”

#### **Included:**

- Claims clearinghouse cost.

### **MANAGEMENT FEES PAID TO AN MSO OR PPMC COST [6360, 6362]<sup>11</sup>**

Medical practices may receive management or other services from an MSO, PPMC, hospital or other parent organization in return for a fee. The fee could be a contracted fixed amount, a percentage of collections or any other mutually agreed upon arrangement.

#### **Included:**

- Fees paid to an MSO/PPMC, hospital or parent organization for management services including management, administrative, and/or related support services; and
- The cost of support staff employed by the MSO/PPMC, if these costs were not reported separately in the “Employed Support Staff” section.

#### **Not included:**

- The cost of support staff employed by the MSO/PPMC, if these costs were reported in the “Employed Support Staff” section.

### **MISCELLANEOUS OPERATING COST [7740]<sup>11</sup>**

Operating cost not included previously.

#### **Not included:**

- Federal or state income taxes, which are included in “Nonmedical cost;” or
- Principal paid on loans.



### **COST ALLOCATED TO MEDICAL PRACTICE FROM PARENT ORGANIZATION**

When a medical practice is owned by a hospital, integrated delivery system, or other entity, the parent organization often allocates indirect costs to the medical practice. These indirect costs may have different names depending on the situation. Examples of alternative names are “shared services costs” or “uncontrollable costs.” These costs may be arbitrarily assigned to the medical practice may be the result of negotiations between the practice and the parent organization, or the result of some sort of cost accounting system. Often, these indirect costs include a portion of the salaries of the senior management team of the parent organization, a portion of corporate human resources costs, or a portion of corporate marketing costs.

Depending on the type of cost, the cost may be allocated to the medical practice as a function of the ratio of medical practice FTE to total system FTE, the ratio of medical practice square footage to total system square footage, or the ratio of medical practice gross charges to total system gross charges. Depending on the culture of the integrated system, these indirect costs may or may not even show up on the financial statements of the medical practice.

#### **Not included:**

- Cash loans made to subsidiaries.

### **TOTAL ADVANCED PRACTICE PROVIDER COMPENSATION COST [8410-8416, 8419, 8510-8516, 8519]<sup>14</sup>**

Advanced practice providers are specifically trained and licensed providers who can provide medical care and billable services. Examples of advanced practice providers include audiologist, certified registered nurse anesthetists (CRNAs), clinical nurse specialists (CNSs), clinical social workers (CSWs), dietitians/nutritionists, midwives, nurse practitioners, occupational therapists, optometrist, physical therapists, physician assistants, psychologists and surgeon assistants. The total compensation paid to advanced practice providers who comprise the “Advanced practice provider,” cost.

#### **Included:**

- Compensation for both employed and contracted advanced practice providers;
- Compensation for full-time and part-time advanced practice providers;
- Provider wages reported as direct compensation in
  - Box 5 on the W2.
  - Box 7 on the 1099.
  - Box 1 plus Box 4 minus Box 12 minus Box 13 from the provider’s K-1 form 1065.
  - Box 5 (Medicare wages and tips) from the provider’s W-2 plus Box 1 minus Box 11 minus Box 12 from the provider’s K-1 form 1120S.
- Bonus and/or incentive payments, research stipends, honoraria, distribution of profits; and
- Voluntary employee salary deductions used as contributions to 401(k), 403(b), or Section 125 plans.

**Not included:**

- Amounts included in “Advanced practice provider benefit cost,”;
- Expense reimbursements;
- Fringe benefits paid by the medical practice (such as retirement plan contributions, life and health insurance, automobile allowances); or
- Any employer contributions to a 401(k), 403(b), or Keogh Plan.

**TOTAL ADVANCED PRACTICE PROVIDER BENEFIT COST [8417-8418, 8420-8480, 8517-8518, 8520-8580]<sup>11</sup>**

The total benefits paid to advanced practice providers.

**Included:**

- Employer’s share of FICA, payroll, and unemployment insurance taxes;
- Employer’s share of health, disability, life, and workers’ compensation insurance;
- Employer payments to defined benefit and contribution, 401(k), 403(b), and nonqualified retirement plans;
- Deferred compensation paid or expensed during the year;
- Dues and memberships in professional organizations, state, and local license fees;
- Allowances for education, professional meetings, travel, automobile; and
- Entertainment, country/athletic club membership, travel for spouse, etc.

**Not included:**

- Voluntary employee salary deductions used as contributions to 401(k) and 403(b) plans; or
- Expense reimbursements

**TOTAL PHYSICIAN COMPENSATION COST [8110-8116, 8119, 8210-8216, 8219, 8310-8316, 8319, 8610-8616, 8619]<sup>11</sup>**

The total compensation paid to physicians

**Included:**

- Compensation for shareholders/partners, associates on salary, employed physicians, contract physicians, locum tenens, residents, and fellows;
- Compensation for full-time and part-time physicians;
- Provider wages reported as direct compensation in
  - Box 5 on the W2.
  - Box 7 on the 1099.
  - Box 1 plus Box 4 minus Box 12 minus Box 13 from the provider’s K-1 form 1065.
  - Box 5 (Medicare wages and tips) from the providers W-2 plus Box 1 minus Box 11 minus Box 12 from the provider’s K-1 form 1120S.
- Bonus and/or incentive payments, research stipends, honoraria, distribution of profits;
- Voluntary employee salary deductions used as contributions to 401(k), 403(b), or Section 12 plans; and
- Compensation attributable to activities related to revenue in “Nonmedical revenue.”

**Not included:**

- Full-time physician administrators. Such positions should be included as “General administrative,” in the Employed Support Staff section.
- Amounts included in “Total physician benefit cost,”;
- Provider consultant cost;
- Expense reimbursements;
- Fringe benefits paid by the medical practice (such as retirement plan contributions, life and health insurance, automobile allowances); or
- Any employer contributions to a 401(k), 403(b), or Keogh Plan.

**TOTAL PHYSICIAN BENEFIT COST [8117-8118, 8120-8180, 8217-8218, 8220-8280, 8317-8318, 8320-8380, 8617-8618, 8620-8680]<sup>11</sup>**

The total benefits paid to physicians.

**Included:**

- Employer’s share of Federal Insurance Contributions Act (FICA), payroll, and unemployment insurance taxes;
- Employer’s share of health, disability, life, and workers’ compensation insurance;
- Employer payments to defined benefit and contribution, 401(k), 403(b), and nonqualified retirement plans;
- Deferred compensation paid or expensed during the year;
- Dues and memberships in professional organizations, state, and local license fees;
- Allowances for education, professional meetings, travel, and automobile; and
- Entertainment, country/athletic club membership, and travel for spouse

**Not included:**

- Voluntary employee salary deductions used as contributions to 401(k) and 403(b) plans; or
- Expense reimbursements