

Sample essay on
minutes spent with
the patient=
27808mins. to get the
interpreted...

[Business](#), [Management](#)



The purpose of the costing method that was being used by the Cambridge hospital was to give a financial picture of the firm in a holistic view. The step-down cost system was to all the overhead cost of all the cost centers in the Hospital. The method had some features that were not admired by the management some of the features are, it was not able to give clear costs associated with individual patients. It lacked cost information and therefore was not able to give cost charged in providing a given procedure.

Having been in management seminars, Schlosser got the interest to carry out a study on Activity Based Costing (ABC) and see how to implement it in the hospital. His main reason to do a study on ABC was that he thought the method could help reduce cost while keeping the quality of service constant or improved. The other reason was that the method of costing could lift up the competitive advantage of the care services.

Primary Care Unit (PCU) was the best place to carry out the pilot study on the ABC because the ABC that has been used in health care has been using the inpatient services and that had become more analogous. The outpatient sector, which is the PCU, had been neglected and their cost remained undefined. The use of PCU bills considered complexity of a particular treatment and the time taken for the treatment. This made PCU the best unit to carry out the ABC study.

The study showed that the use of practitioners, physicians, and interpreters had a number of activities that determined the cost of the whole service provided. The nurse practitioner is interviewed to establish factors that were driving her work, and the activities that consumed the time during the treatment. The study looked into any possible thing that would either delay

or speed the time taken to carryout to treat patients.

If practitioner works for 36 hours for 50 weeks of every year, the number of hours that the practitioner works is equals to $36 \times 50 = 1800$ hrs in a year.

Translating 1800hrs into minutes= $1800 \times 60 = 108\ 000$ minutes. Nurse practitioner worked for 108000 minutes in a year.

For 60 minutes of nonemployee time equals to 7 minutes of wait time

$27808/60 = 463.47$ mins $\times 7 = 3244.27$ minutes translation interpretive wait time

Practitioners exam time rate = cost per visit/visit time

$$= 51441/27808$$

$$= 1.85$$

Translation wait time rate= cost/time

$$= 1817/3244.27$$

$$= 0.56$$

Product Cost Mix for Nurse Practitioner Visit

For cost to be terminated at the PCU, management should ensure that all the activities taken by all the nurses, practitioners, interpreters and the likes are properly recorded. The steps to be followed include identification of the team that is requiring performing activates. After identification, the activities being performed by the personnel and managers need to known. The activity driver is defined and then the time taken when handling each patient. All the relevant data on the cost are gathered and the total PCU costs assigned as a

pool and finally assigned based on activities that are carried out. That will give the true cost per every cost element of the hospital.