

KHIMA

Copy Cost Formula to Determine Labor and Supplies

STEP 1: Obtain **total expenses** for Medical Records/HIM for a **specific fiscal year**.

For an acute care facility, this information can be obtained from the Medicare Cost Report (HCFA Form 2552) Worksheet B, Part 1, Line 17, Column 17. The Medicare Cost Report should be available from the Business Office, Accounting Department or Administration.

STEP 2: Obtain the **average number of full-time equivalents** for Medical Records/HIM for the **same time frame as in Step 1**.

Do **not** include employees that are employed through a copy service. This number should reflect the FTE's associated with the direct cost of salaries that are incorporated into total expenses reported in Step 1.

STEP 3: Obtain the **total number of hours per week** that medical record/HIM staff are assigned to the task of release of information.

These tasks may include: receiving and logging requests, verifying dates/number, verifying patient authorization, retrieving records, analyzing request and identifying documents to duplicate, disassembling the record, duplicating the record, reassembling and filing the record, counting pages and preparing invoice, preparing duplicated information for mailing/faxing, transporting to mailroom/post office, logging the completion of the request, and follow-up of unpaid accounts. **Exclude hours for these employees that are spent doing other tasks not associated with release of information.**

STEP 4: Obtain the **total number of requests** received in the fiscal year reported.

STEP 5: Determine the **average number of pages** per request.

STEP 6: Determine the **proportion of staff dedicated to completing requests**. This is computed by completing the following equation:

$$\frac{[(\text{Total \# hours/week on copying function}) / (\text{Average \# of FTE's in HIM X 40})]}{[(\text{Answer in Step 3}) / (\text{Answer in Step 2 X 40})]}$$

STEP 7: Multiply answer in Step 1 with answer in Step 6. This provides the amount of HIM costs associated with the release of information function.

STEP 8: Divide the answer in Step 7 by the total number of requests that were obtained in Step 4. This provides the cost per request.

(NOTE: This is the amount for the labor and supplies cost)

STEP 9: Divide the answer in Step 8 by the average number of pages per request that was obtained in Step 5. This provides you an approximate cost per page.

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Copy Cost Formula to Determine Labor and Supplies Scenario

STEP 1: Obtain **total expenses** for Medical Records/HIM for a **specific fiscal year**.

\$100,000
STEP 2: Obtain the **average number of full-time equivalents** for Medical Records/HIM for the **same time frame as in Step 1**.

2.5
STEP 3: Obtain the **total number of hours per week** that medical record/HIM staff are assigned to the task of release of information.

15 hours
STEP 4: Obtain the **total number of requests** received in the fiscal year reported.

300
STEP 5: Determine the **average number of pages per request**.
35

STEP 6: Determine the **proportion of staff dedicated to completing requests**. This is computed by completing the following equation:

$$\frac{[(\text{Total \# hours/week on copying function}) / (\text{Average \# of FTE's in HIM X 40})]}{[(\text{Answer in Step 3}) / (\text{Answer in Step 2 X 40})]}$$

$15/2.5 \times 40 = 0.15$
STEP 7: Multiply answer in Step 1 with answer in Step 6. This provides the amount of HIM costs associated with the release of information function.

$100,000 \times 0.15 = 20250.00$
STEP 8: Divide the answer in Step 7 by the total number of requests that were obtained in Step 4. This provides the cost per request.
(NOTE: This is the amount for the labor and supplies cost)

$15000.00 / 300 = 50.00$
STEP 9: Divide the answer in Step 8 by the average number of pages per request that was obtained in Step 5. This provides you an approximate cost per page.

$$\underline{50.00 / 35 = 1.43}$$

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List of Direct and Indirect Costs associated with copying medical records.

Direct Labor Costs:

- Open mail - larger hospitals receive 1,000+ requests per month.
- Log Request - manual or electronic.
- Validate the authorization to ensure the patient's confidentiality.
- Return authorizations that are not valid.
- Locate and retrieve medical records.
- Analyze request and records for which documents to copy & review for protected information (e.g., HIV, drug, alcohol, psych, adopt./custody case, etc.).
- Disassemble the medical records.
- Duplicate and count the selected documents and validate the quality of the copies.
- Reassemble the medical records.
- Invoice the receivable, address the envelope, and mail the copies.
- Prepare copies for mailing/faxing (includes weighing & calc. of postage)
- Return the medical record and file in appropriate area.
- Deliver mail to mail room or post office.
- Log completion of the request.

Indirect Costs:

- Equipment rental - copier and/or fax machine.
- Equipment supply costs - loner, paper, routine maintenance.
- Overhead - accounting & purchasing department's services, usage of hospital computers for software support.
- Administrative oversight - supervisory, hospital legal counsel.
- Ancillary Department cost of x-ray film duplication, lab tissue blocks, etc., postage, freight, microfilm conversion costs.
- Off site medical record storage and retrieval costs.

This is not a comprehensive list. There may be additional steps depending upon the healthcare provider.