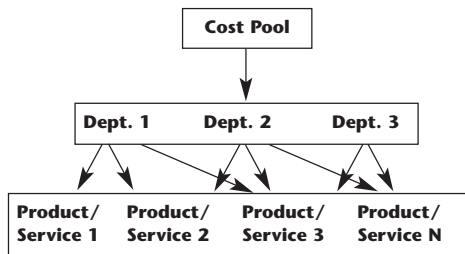
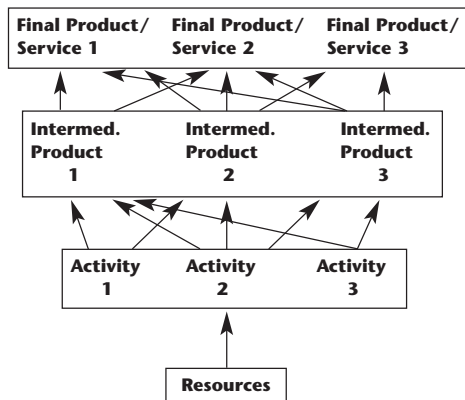


Traditional Costing



- Costs (labor, supplies, facilities) of various kinds of functions (purchasing, setup, monitoring, service delivery)
- Organizational units that deliver or support the delivery of service
- Various services (lab tests, CBC, physical exam)

Activity-Based Costing



- Normal delivery, bypass surgery, etc.
- Physical, well-baby visits, meals, lab tests, radiology procedures, etc.
- Patient history, writing orders, chest X-ray, urinalysis, test setups, purchasing, billing, 15-min outpatient visits, echocardiogram, telemetry, etc.
- Labor, supplies, materials

Figure 11.10. Comparison of traditional and activity-based costing. (From Zelman, William N., Michael J. McCue, and Alan R. Millikan. *Financial Management of Health Care Organizations: An Introduction to Fundamental Tools, Concepts, and Applications*, 465. Malden, MA: Blackwell, 1998; reprinted by permission.)

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