

**Table 11.10.** Community Memorial Medical Center, Anytown, USA (211 adjusted occupied beds)<sup>a</sup>

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
<b>Alternative A: medical-center related costs</b>							
Annual costs							
Computer hardware	4,000						
Software license	75,865	15,173	15,173	15,173	15,173	15,173	15,173
Annual cost standards maintenance (starts in second year)		15,628	16,097	16,580	17,077	17,590	18,117
Added client staff costs (1 FTE)	56,250	57,938	59,676	61,466	63,310	65,209	67,165
Total package cost per year	136,115	88,739	90,946	93,219	95,560	97,972	100,455
Discounted annual cost	136,115	82,165	77,971	74,000	70,240	66,678	63,304
Cumulative cost	<u>136,115</u>	<u>218,280</u>	<u>296,251</u>	<u>370,251</u>	<u>440,491</u>	<u>507,169</u>	<u>570,473</u>
<b>Alternative B: outsourcing costs (b)</b>							
Service fee for 12 months	60,660	62,480	64,354	66,285	68,273	70,322	72,431
Discounted annual cost	60,660	57,852	55,173	52,619	50,183	47,860	45,644
Cumulative cost	<u>60,660</u>	<u>118,512</u>	<u>173,685</u>	<u>226,304</u>	<u>276,487</u>	<u>324,347</u>	<u>369,991</u>
(a) All amounts in U.S. dollars. Assumptions:							
1. Annual increase in CPI			3.0%				
2. Discount rate			8.0%				
3. Annual cost of 1 FTE with benefits			\$56,250				
4. Annual software maintenance percent			20.0%				
(b) Outsourcing pricing formula:							
1. Number of adjusted occupied beds (AOB)			211				
2. Volume charge per bed (VOL)			\$5				
3. Monthly service fee = \$4,000 + (VOL x AOB)			\$5,055				

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