AHRMM-HFMA Supply Expense Definition

The net cost of all tangible items that are expensed including freight, standard distribution cost, and sales and use tax minus rebates. This would exclude labor, labor related expenses, and services as well as some tangible items that are frequently provided as part of service costs.

**Items to be Included in Supply Costs**

Surgical supplies including

Implantable and prosthetic devices including

Intra-ocular lenses

Orthopedic implants

Pacemakers and AICDs

Organs (but not specifically listed)

Anesthetic materials

Sutures, endomechanicals, and suture needles/wound closure devices

Surgical packs, kits and minor trays

Replacement instruments both disposable and non-disposable (unless capital)

General medical supplies including

Bandages, gauze, and dressings

PT, OT, RT supplies

IV Sets

Needles, syringes

Paper products (EKG paper, dividers, etc.)

Drugs/pharmaceuticals including

IV solutions

Contrast media

Radiopharmaceuticals

Lab supplies including
Phlebotomy supplies
Chemicals, reagents, media
Blood and blood products
Supply portion (only) of any rental/lease/reagent agreement
Oxygen and related medical gases
Radiologic films and chemicals
Dialysis supplies and fluids
Linens, patient apparel, and hospital acquired scrubs and uniforms
Dietary products
Patient and cafeteria food
Nutritional supplements
Dish & flatware, disposable and non-disposable
Housekeeping/cleaning supplies
  Cleaning products, floor finishes
  Paper goods, toilet tissue, paper towels etc.
Office type supplies including
Computer Supplies
Computer software (unless capital)
Copy/printer paper
Inks and toners
Forms (internally or externally produced)
Storage costs for supplier warehoused forms
Freight associated with any supply item
Standard distribution fees not including additional costs for stockless or other value-added services
Supply portion of outsourced contracts including Dietary
Environmental Services

Supply portion of any equipment rental or lease

Sales tax

Rebates (deducted from supply cost)

Manufacturer Rebates

Distributor rebates

Dividends from Purchasing Groups

**Not Included in Supply Costs**

Supplies for vending operations

Supply costs used with an in-house laundry

Routine maintenance items (not for new construction or significant remodeling)

Paint

Plumbing

Lights

Filters

Grounds maintenance items including

Plants

Vehicle consumables (gas/oil/parts)

Non-supply part of outsourced services

Supply portion of outsourced biomedical contracts

Supply cost associated with outsourced copy center contracts

Capital equipment

Capital portion of any supply agreements

Instrument costs incurred in a service start-up
Construction/renovation projects
Service agreements
Maintenance agreements
Repair parts including
Medical equipment
Non-medical equipment
That portion of maintenance agreements for repair parts
Other purchased services
Regulated medical waste & municipal waste
Marketing materials (brochures, give-aways)
Rentals and capital leases
Expenses related to operating leases
Reference lab costs
Laundry (except linen replacement costs if included)
Depreciation and amortization
Utilities including fuel for internally generated utilities (oil)
Telecommunications, pagers, cell phones, answering services
Travel, education training/education
Dues & subscriptions
Recruiting, promotion, marketing
Interest expense
Taxes (other than sales taxes), licenses, regulatory fees
Outside contractor fees, consulting fees, temp help
Bond costs
Professional fees/services
A/R collections services

Wages, salaries, benefits

Postage

Provision for bad debts/doubtful collections

Physician fees

Insurance premium and payments

Messenger Service