

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



CQO:
The Health Care
Supply Chain

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



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Supply Chain

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



CQO:
The Health Care
Supply Chain

A/R collections services

Wages, salaries, benefits

Postage

Provision for bad debts/doubtful collections

Physician fees

Insurance premium and payments

Messenger Service