

Errata
Health Care Finance: Basic Tools for Nonfinancial Managers

Posted September 29, 2000

Please note the following revisions are included in the reprint of this textbook.

Page 98

Appendix 11-B, Compound Interest Table

Currently reads: (Year 14)

Year	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
14	1.149	1.319								1.513
	1.732	1.980	2.261	2.579	2.937	3.342	3.797			

Correction:

Year	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%
14	1.149	1.319	1.732	1.980	2.261	2.579	2.937	3.342	3.797	1.513

Page 216

Example 10A: Budgeting

Currently reads:

Use patient days as an example of level of volume, or output. Assume that the budget anticipated 40,000 patient days this year at an average of \$600 revenue per day, or \$2,400,000. Further assume that expenses were budgeted at \$560 per patient day, or \$22,400,000. The budget would look like this:

Correction:

Use patient days as an example of level of volume, or output. Assume that the budget anticipated 40,000 patient days this year at an average of \$600 revenue per day, or \$24,000,000. Further assume that expenses were budgeted at \$560 per patient day, or \$22,400,000. The budget would look like this:

Page 217

Practice Exercise 10-I: Budgeting

Currently reads:

As to the actual results:

- Assume that only 27,000, or 90 percent, of the inpatient days are going to actually be achieved for the year.
- The average revenue of \$650 per day will be achieved for these 270,000 inpatient days.
- The outpatient visits will actually amount to 110 percent, or 11,000 for the year.
- The average revenue of \$400 per visit will be achieved for these 11,000 visits.
- Further assume that, due to the heroic efforts of the Chief Financial Officer, the actual inpatient expense will amount of \$11,600,000 and the actual outpatient expenses will amount to \$4,000,000.

Correction:

As to the actual results:

- Assume that only 27,000, or 90 percent, of the inpatient days are going to actually be achieved for the year.
- The average revenue of \$650 per day will be achieved for these 27,000 inpatient days.
- The outpatient visits will actually amount to 110 percent, or 11,000 for the year.
- The average revenue of \$400 per visit will be achieved for these 11,000 visits.
- Further assume that, due to the heroic efforts of the Chief Financial Officer, the actual inpatient expense will amount of \$11,600,000 and the actual outpatient expenses will amount to \$4,000,000.

Page 223-224

Assignment Exercise 11-5: Payback Period

Currently reads:

The MHS Chief Financial Officer is considering alternate proposals for the hospital radiology department. The Director of Radiology has suggested purchasing one of two pieces of equipment. Machine A costs \$15,000 and Machine B costs \$12,000. Both machines are estimated to reduce radiology operating costs by \$5,000 per year.

Correction:

The MHS Chief Financial Officer is considering alternate proposals for the hospital radiology department. The Director of Radiology has suggested purchasing one of two pieces of equipment. Machine A costs \$15,000 and Machine B costs \$12,000. Both machines are estimated to reduce radiology operating costs by \$5,000 per year. The useful life is 10 years.

Page 251

Solution to Practice Exercise 12-II

Currently reads:

1. Straight-line depreciation would amount to \$18,000 per year for 10 years. This amount is computed as follows:

Correction:

1. Straight-line depreciation would amount to \$54,000 per year for 10 years. This amount is computed as follows: