

**Hospital Financial Indicators**  
**American Hospital Directory**

Indicator / Sources from cost report

Formulae

EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortization, & Rent)	net income + interest + depreciation + lease cost
Net Income - G-3, line 31, col 1	
*Interest Expense - A-7, part 3, line 5, col 11	
*Depreciation and Amortization Expense - A-7, part 3, line 5, col 9	
*Lease Cost - A-7, part 3, line 5, col 10	
Operating Margin	$(\text{tot oper rev} - \text{tot oper exp}) / \text{tot oper rev} * 100$
Total Operating Revenue - G-3, line 3, col 1	
Total Operating Expense - G-3, line 4, col 1	
Excess Margin	$(\text{tot oper rev} - \text{tot oper exp} + \text{non-oper rev}) / (\text{tot oper rev} + \text{non-oper rev}) * 100$
Total Operating Revenue - G-3, line 3, col 1	
Total Operating Expense - G-3, line 4, col 1	
Non Operating Revenue - G-3, line 25, col 1	
Personnel Expense as pct of Total Operating Revenue	$(\text{salary expense} + \text{contract labor} + \text{fringe benefits}) / \text{total oper rev} * 100$
Salary Expense - A, line 101, col 1	
Contract Labor - S-3, part 2, lines 9 + 9.01 + 9.02 + 10 + 10.01 + 11 + 12 + 12.01, col 3	
Fringe Benefits - A, line 5, col 2	
Total Operating Revenue - G3, line 3, col 1	
Return On Equity	$\text{net income} / (\text{total assets} - \text{total liabilities}) * 100$
Net Income - G3, line 31, col 1	
Total Assets - G, line 27, col 1	
Total Liabilities - G, line 43, col 1	
Return On Assets (ROA)	$\text{net income} / \text{total assets} * 100$
Net Income - G-3, line 31, col 1	
Total assets - G, line 27, col 1	
Current Ratio	$\text{total current assets} / \text{total current liabilities}$
Total Current Assets - G, line 11, col 1	
Total Current Liabilities - G, line 36, col 1	

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Quick Ratio	$(\text{total current assets} - \text{inventory}) / \text{total current liabilities}$
Total Current Assets - G, line 11, col 1	
Inventory - G, line 7, col 1	
Total Current Liabilities - G, line 36, col 1	
Days Cash on Hand	$((\text{cash on hand} + \text{market securities}) / [(\text{tot oper exp} - \text{depreciation expense}) / 365])$
Cash on Hand - G, line 1, col 1	
Market Securities - G, line 2, col1	
Total Operating Expense - G-3, line 4, col 1	
*Depreciation Expense - A-7, part 3, line 5, col 9	
Days Cash on Hand - All Sources	$((\text{cash on hand} + \text{market securities} + \text{investments}) / [(\text{tot oper exp} - \text{depreciation expense}) / 365])$
Cash on Hand - G, line 1, col 1	
Market Securities - G, line 2, col1	
Investments - G, line 22, col 1	
Total Operating Expense - G-3, line 4, col 1	
*Depreciation Expense - A-7, part 3, line 5, col 9	
Days in Net Patient Accounts Receivable	$(\text{accounts receivable} - \text{allow for uncollectible}) / (\text{tot oper rev} / 365)$
Accounts Receivable - G, line 4, column 1	
Allowances for uncollectable - G, line 6, column 1	
Total operating revenue - G3 - line 3, col 1	
Days in Net Total Receivable	$(\text{AR} + \text{notes receivable} + \text{oth receivables} - \text{allow for uncollectable}) / (\text{tot oper rev} / 365 \text{ days})$
Accounts Receivable - G, line 4, column 1	
Notes Receivable - G, line 3, column 1	
Other Receivables - G, line 5, column 1	
Allowances for uncollectable - G, line 6, column 1	
Total operating revenue - G3 - line 3, col 1	
Average Payment Period (days)	$\text{total current liabilities} / [(\text{total operating expenses} + \text{total other expenses} - \text{depreciation}) / 365]$
Total Current Liabilities - G, line 36, col 1	
Total Operating Expense - G-3, line 4, col 1	
Total Other Expense - G-3, line 30, col 1	
*Depreciation Expense - A-7, part 3, line 5, col 9	

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Inventory Turnover

$(\text{total operating revenue} + \text{non-operating revenue}) / \text{inventory}$

Total operating revenue - G3 - line 3, col 1

Non-operating revenue - G3, line 25, col 1

Inventory - G, line 7, col 1

Total Asset Turnover

$(\text{total operating revenue} + \text{non-operating revenue}) / \text{total assets}$

Total operating revenue - G3 - line 3, col 1

Non-operating revenue - G3, line 25, col 1

Total assets - G, line 27, col 1

LT Debt to Net Assets

$\text{total long term liabilities} / (\text{total assets} - \text{total liabilities})$

Total long term liabilities - G, line 42, col 1

Total assets - G, line 27, col 1

Total liabilities - G, line 43, col 1

Total Debt to Net Assets

$\text{total liabilities} / (\text{total assets} - \text{total liabilities})$

Total assets - G, line 27, col 1

Total liabilities - G, line 43, col 1

Average Age of Plant

$\text{accumulated depreciation} / \text{depreciation expense}$

Accumulated Depreciation - G, lines 12.01+13.01+14.01+15.01+16.01+17.01+18.01+19.01, col 1+2+3+4

\*Depreciation Expense - A-7, part 3, line 5, col 9

**\* Please note:**

Hospitals receiving 100% Federal prospective payment for capital were not required to complete Parts III - IV of Worksheet A-7 for cost reports beginning on or after October 1, 2001 and ending before February 29, 2004. All other hospitals must complete Parts III and IV for all cost reporting periods ending on or after April 30, 2005. This worksheet is the source of interest, depreciation, and amortization expense.