Appendix C: Formulas and Methodology

Formulas

Months of gross fee-for-service charges in accounts receivable =

\[
\frac{(\text{Total accounts receivable})}{(\text{Gross FFS charges}) \times (1/12)}
\]

Days of gross fee-for-service charges in accounts receivable =

\[
\frac{(\text{Total accounts receivable})}{(\text{Gross FFS charges}) \times (1/365)}
\]

Gross fee-for-service collection percentage =

\[
\frac{(\text{Net FFS revenue})}{(\text{Gross FFS charges})} \times 100
\]

Net capitation revenue percentage of gross capitation charges =

\[
\frac{(\text{Net capitation revenue})}{(\text{Gross capitation charges})} \times 100
\]

Total cost =

\[
(\text{Total operating cost}) + (\text{Total provider cost})
\]

Adjusted fee-for-service collection percentage =

\[
\frac{(\text{Net FFS revenue})}{(\text{Adjusted FFS charges})} \times 100
\]

Gross fee-for-service plus capitation collection percentage =

\[
\frac{(\text{Net FFS revenue}) + (\text{Net capitation revenue})}{\text{(Total gross charges)}} \times 100
\]

Data Normalization Calculations

Per FTE physician =

\[
\frac{\text{<performance measure>}}{\text{(Total physician FTE)}}
\]

Per total RVU =

\[
\frac{\text{<performance measure>}}{\text{(Total RVUs)}}
\]

As a percentage of total medical revenue =

\[
\frac{\text{<performance measure>}}{\text{(Total medical revenue)}}
\]

Per work RVU =

\[
\frac{\text{<performance measure>}}{\text{(Physician work RVUs)}}
\]

Per FTE provider =

\[
\frac{\text{<performance measure>}}{\text{(Total provider FTE)}}
\]

Per patient =

\[
\frac{\text{<performance measure>}}{\text{(Number of patients)}}
\]

Per square foot =

\[
\frac{\text{<performance measure>}}{\text{(Square feet)}}
\]