

Administrative Expense

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| Name | Administrative Expense |
| Short/Other Names | Administrative Service Expense as a Percentage of Total Expense |
| Description | This indicator measures the percentage of the legal entity's total expenses that were spent in administrative departments such as finance and human resources. |
| Interpretation | A high percentage indicates that administrative costs are a large portion of the region's hospital expenses; a low percentage indicates that administrative costs are a small portion of a region's hospital expenses. |
| HSP Framework Dimension | Health System Inputs and Characteristics: Efficient allocation of resources |
| Areas of Need | Not applicable |
| Geographic Coverage | Newfoundland and Labrador, Prince Edward Island, New Brunswick, Nova Scotia, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Yukon, Northwest Territories |
| Reporting Level/Disaggregation | National, Province/Territory, Region, Facility, Others: This indicator is calculated at the level of the legal entity and aggregated to the other levels. For Ontario and Yukon, the hospital is the legal entity. For Quebec, the établissement is the legal entity. For all other jurisdictions, the regional health authority is considered the legal entity. |
| Indicator Results | Accessing Indicator Results on Your Health System: In Depth |
| Identifying Information | |
| Name | Administrative Expense |
| Short/Other Names | Administrative Service Expense as a Percentage of Total Expense |
| Indicator Description and Calculation | |
| Description | This indicator measures the percentage of the legal entity's total expenses that were spent in administrative departments such as finance and human resources. The indicator is calculated by dividing the legal entity's administrative expenses net of recoveries (including expenses for administration, finance, human resources and communications) by total expenses net of recoveries. |
| Calculation: Description | The unit of analysis of this indicator is a dollar of expense. The indicator is expressed as the percentage of total expenses that are in administrative departments. The indicator is calculated by fiscal year. |
| Calculation: Geographic Assignment | Place of service |
| Calculation: Type of Measurement | Percentage or proportion |
| Calculation: Adjustment Applied | None |
| Calculation: Method of Adjustment | The range of acceptable values is 1st quartile (25th percentile) $1.5 \times$ IQR to 3rd quartile (75th percentile) $+ 1.5 \times$ IQR, where IQR stands for the interquartile range. Values outside of this range are removed from provincial and national averages. Description: The denominator includes all expenses net of recoveries. Inclusions: Codes include, for all functional and accounting centres, 7* and 8*, as well as secondary financial accounts 1 2* and 3* to 9*. External recoveries are netted to reflect the organization's expenses only. Exclusions: Internal recoveries (except for 1 28 Sales Revenue) are netted to offset interdepartmental transfers. Amortization — Undistributed (9 50) and Net Gain or Loss on Disposal — Undistributed (9 51) Description: The numerator includes all expenses associated with the administrative, finance, human resources and communications functional centres. Inclusions: Codes include functional centres 7* 1 10, 7* 1 15, 7* 1 20 and 7* 1 30, as well as secondary financial accounts 1 2* and 3* to 9*. External recoveries are netted to reflect the organization's expenses only. Exclusions: Internal recoveries (except for 1 28 Sales Revenue) are netted to offset interdepartmental transfers. |
| Denominator | |
| Numerator | |
| Background, Interpretation and Benchmarks | |
| The indicator can be used by legal entities to determine whether their administrative expenses should be increased or decreased relative to their total expenses. | |

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| Rationale | The indicator is influenced by finance, administrative, human resources and communications expenses, in proportion to total expenses. |
| | This indicator can be used to improve cost-efficiency. |
| Interpretation | A high percentage indicates that administrative costs are a large portion of the region's hospital expenses; a low percentage indicates that administrative costs are a small portion of a region's hospital expenses. |
| HSP Framework Dimension | Health System Inputs and Characteristics: Efficient allocation of resources |
| Areas of Need | Not applicable |
| Targets/Benchmarks | Not applicable |
| References | Not applicable |
| Availability of Data Sources and Results | |
| Data Sources | CMDB |
| | Type of Year: Fiscal |
| Available Data Years | First Available Year: 2012 |
| | Last Available Year: 2016 |
| Geographic Coverage | Newfoundland and Labrador, Prince Edward Island, New Brunswick, Nova Scotia, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Yukon, Northwest Territories |
| Reporting Level/Disaggregation | National, Province/Territory, Region, Facility, Others: This indicator is calculated at the level of the legal entity and aggregated to the other levels. For Ontario and Yukon, the hospital is the legal entity. For Quebec, the établissement is the legal entity. For all other jurisdictions, the regional health authority is considered the legal entity. |
| Result Updates | |
| Update Frequency | Every year |
| | Web Tool: Your Health System: In Depth |
| Indicator Results | URL: Accessing Indicator Results on Your Health System: In Depth |
| Updates | Not applicable |
| Quality Statement | |
| Caveats and Limitations | The indicator is calculated at the legal entity level. For most jurisdictions, this is the health region. However, for Ontario and Yukon, the legal entity is the hospital, and for Quebec, the établissement is the legal entity. |
| Trending Issues | In Alberta, the health regions merged in 2009 to become one legal entity, affecting the calculation of this indicator. |
| Comments | Not applicable |