

Administrative Expense

Name	Administrative Expense
Short/Other Names	Administrative Service Expense as a Percentage of Total Expense
Description	<p>This indicator measures the percentage of the legal entity's total expenses that were spent in administrative departments such as finance and human resources.</p> <p>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.</p>
Interpretation	Health System Inputs and Characteristics: Efficient allocation of resources
HSP Framework Dimension	Not applicable
Areas of Need	Newfoundland and Labrador, Prince Edward Island, New Brunswick, Nova Scotia, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Yukon, Northwest Territories
Geographic Coverage	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.
Reporting Level/Disaggregation	Accessing Indicator Results on Your Health System: In Depth
Indicator Results	
Identifying Information	
Name	Administrative Expense
Short/Other Names	Administrative Service Expense as a Percentage of Total Expense
Indicator Description and Calculation	
Description	<p>This indicator measures the percentage of the legal entity's total expenses that were spent in administrative departments such as finance and human resources.</p> <p>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.</p>
Calculation: Description	<p>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.</p> <p>Place of service Percentage or proportion None</p> <p>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.</p> <p>Description: The denominator includes all expenses net of recoveries.</p> <p>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.</p> <p>Exclusions: Internal recoveries (except for 1 28 Sales Revenue) are netted to offset interdepartmental transfers.</p> <p>Amortization — Undistributed (9 50) and Net Gain or Loss on Disposal — Undistributed (9 51)</p> <p>Description: The numerator includes all expenses associated with the administrative, finance, human resources and communications functional centres.</p> <p>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.</p> <p>Exclusions: Internal recoveries (except for 1 28 Sales Revenue) are netted to offset interdepartmental transfers.</p>
Calculation: Geographic Assignment	
Calculation: Type of Measurement	
Calculation: Adjustment Applied	
Calculation: Method of Adjustment	
Denominator	
Numerator	

Background, Interpretation and Benchmarks	Amortization — Undistributed (9 50) and Net Gain or Loss on Disposal — Undistributed (9 51)
Rationale	The indicator can be used by legal entities to determine whether their administrative expenses should be increased or decreased relative to their total expenses.
Interpretation	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.
HSP Framework Dimension	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.
Areas of Need	Health System Inputs and Characteristics: Efficient allocation of resources
Targets/Benchmarks	Not applicable
References	Not applicable
Availability of Data Sources and Results	Not applicable
Data Sources	CMDB
Available Data Years	Type of Year: Fiscal
	First Available Year: 2013
	Last Available Year: 2017
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	Every year
Update Frequency	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 Saskatchewan, the health regions merged in 2017 to become 1 legal entity, affecting the calculation of this indicator.
Comments	Not applicable