

## Supplementary Data

SUPPLEMENTARY TABLE S1. DIRECT VARIABLE AND DIRECT FIXED COST ALLOCATION

<i>Expense type</i>	<i>Expense category</i>	<i>Definition</i>
Direct variable	Labor	Salary and wage expenses that are directly associated with a specific procedure and vary with the change in volume. Example: staff nurses wages.
	Supplies	Supply expenses that are directly associated with a specific procedure and vary with the change in volume. Example: disposable supplies, drugs.
	Other	Other direct expenses that are directly associated with a specific procedure and vary with the change in volume. Example: laundry and linen.
Direct fixed	Labor	Salary and wage expenses that are directly associated with a department where procedures are performed, but do not vary with the change in volume. Example: nurse manager salary.
	Supplies	Supply expenses that are directly associated with a department where procedures are performed, but do not vary with the change in volume. Example: departmental office supplies and other expendable supplies.
	Other	Other direct expenses that are directly associated with a department where procedures are performed, but do not vary with the change in volume. Example: general service contracts for a department.
	Capital	Depreciation expense for capital assets that are directly associated with a procedure (or procedures in the same department).
Indirect	Medical education costs	Medical education expenses are allocated via a step down allocation process from the GME departments to the appropriate revenue department based on a calculation that uses the number of resident FTEs.
	On behalf of expenses	These expenses primarily comprised employee benefits, physician salary support, and utilities paid for by the university on behalf of the medical center. These expenses are also allocated via a step down allocation process to revenue departments.
	Other	All other overhead expenses (e.g., salaries, supplies, equipment, building) from support departments (e.g., administration, finance, HR, IS) are allocated to revenue departments based on a variety of allocation statistics.

FTE, full-time equivalent; GME, graduate medical education.