

September 24th, 1944

Dear Dr. Penfield:

Here is the statistical analysis of fees. In addition to the information re: fees, I have worked out some statistics which I thought you would find interesting. It is an estimate of the professional fees and hospitalization charges which would apply to the proposed 27 bed unit. The cost at first seems rather large, but when finally worked out it seems very much more reasonable: the proposed unit would admit a total of 430 patients per year and the overall cost would be \$200 per patient, including hospitalization and professional fees. It might be worthwhile to point this out. This \$200.00 per patient is very small when weighed against the possible saving in pensions to the Government and the effect on the patient's future outlook.

John Kershman,  
Executive Assistant.

P.S. Please insist that the rate of \$5.50 and \$11.00 hospitalization charge per day is subject to revision if costs rise.

D.P. & N.H. Professional Fees

Neurosurgery: Average \$ 4.50 per day  
Neurology: " 1.76 " "  
2.14 corrected\* per day

Combined Neurosurgery and Neurology (corrected) - \$4.19 per day

These figures are based on fees and patients from June 1st, 1943 to May 31st, 1944. - 12 months.

Neurosurgery: 278 admissions. 5,560 pt. days. \$24,973.25 fees.  
Neurology: 61 " 913 " " 1,590.00 " charged.  
(+ \$965. corrected) - 2,025.00 corrected

Combined Neurology and Neurosurgery:

339 admissions. 6,473 Pt.Days. \$ 27,030.25 total fees.

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Average stay in hospital: Neurosurgery 20 days per patient  
Neurology 15 days per patient  
Combined 19.1 " " "  
Average fee per admission: Neurosurgery \$90.00 per admission  
Neurology 26.40 actual  
32.10 corrected  
Combined: 80.03

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\* Corrected: In many cases Neurology did not charge for interpretation of pneumogram and myelogram. A fee of \$20.00 is allowed by the D.P.N.H. tariff for this. The corrected figures include these charges which might have been made in appropriate cases.

Estimated Fees for 27 bed Army Hospital Unit.

Patient days: 27 x 365 x 85% (allowing for 85% total occupancy,  
wastage due to lag, bed changes, etc.).

= 8277 patient days per year.

On the basis of continuing the present ratio between Neurosurgical  
and Neurological patient days -

$\frac{5560}{6473}$  = Neurosurgery = 7108 neurosurgical days

$\frac{913}{6473}$  = Neurology = 1167 neurological days

On the rate of \$4.50 per day per neurosurgical patient total fees are:

$8277 \times \frac{5560}{6473} \times \$4.50 = \underline{\underline{\$31,986.00 \text{ Neurosurgery fees.}}}$

On the basis of \$2.14 per day per Neurology patient total fees are:

$8277 \times \frac{913}{6473} \times \$2.14 = \underline{\underline{\$ 2,497.38 \text{ Neurology fees.}}}$

Total estimated fees: \$34,483.38.

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Estimated Hospitalization Costs to the Army of 27 bed Unit.

27 beds - 27 x 365 x 85% - 8277 patient days.

At the estimated rate of 6/7 public patients (N.C.O.s and men)  
1/7 officer patients

8277 x  $\frac{6}{7}$  x \$5.50 per patient per day - \$39,020.00

8277 x  $\frac{1}{7}$  x \$11.00 " " " " = \$13,007.00

Total \$52,027.00

If to this is added the estimated professional fees:-

The total cost to the Army would be:-

\$34,483.00 Fees

52,027.00 Hospitalization

\$ 86,510.00 Total cost annually

If the present stay per patient in the hospital is kept up, i.e.,  
20 days per neurosurgical patient and 15 days per neurological patient,

The unit will take care of:-

350 Neurosurgical patients per year

79 Neurological " " "

429 Admissions per year

At an average total cost of \$201.00 each (including hospital and  
professional fees).

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