



First American Healthcare Finance

# GUIDE TO SOFT COST FINANCING

**\$55 B**

spent nationwide

## CONSULTING FEES

- Consulting fees can be one of the largest expenses in healthcare spending.
- Organizations spend the most on IT consulting - roughly \$14.4 billion was spent in 2016.

**\$34 K**

yr/per physician

## INSURANCE

- Malpractice or Professional liability insurance can be \$34,000/year for one physician.
- Cyber insurance or security insurance can help cover expenses in the case of a cyber event.

**10+ HRS**

a week

## TRAINING COSTS

- Healthcare staff members can spend 10+ hours a week in training when learning new systems or procedures
- New EMR systems can take 6-12 months to implement, with training costs adding up throughout the process.

**70%**

of respondents

## CONSTRUCTION EXPENSES

- From Health Facilities Management's 2016 Hospital Construction Survey, 70% of respondents said they have projects currently under construction or planned in the next three years.
- 3/4 of those were expansions or renovations.

**20%**

savings in capital costs from design improvements\*

## ARCHITECTURE, DESIGN, AND ENGINEERING FEES

- Hospitals today are more mindful of design elements that can affect their HCAHPS scores, including noise reduction, privacy and personal controls at the bedside.
- Modernization, improving efficiencies, and patient safety of the top renovations priorities.

For more information on soft cost financing, contact us:



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\*HFMA staff and volunteers determined that this product has met specific criteria developed under the HFMA Peer Review Process. HFMA does not endorse or guarantee the use of this product.

First American's financing solutions are exclusively endorsed by the American Hospital Association (AHA).

Sources: Health Facilities Management's 2016 Hospital Construction Survey

<http://www.hfmmagazine.com/articles/2750-hospital-construction-survey>

McKinsey Report :<http://www.mckinsey.com/industries/capital-projects-and-infrastructure/how-we-help-clients/strategic-approach-to-hospital-design-and-construction-cuts-cost-by-20-percent>