

(Individual effort not, not a group assignment)

Q1. A hospital in Dammam defines its output or volume as a patient day. Assume the hospital has the following financial information:

- Price per patient = SR 8,000
- Cost per patient day = SR 6,000
- Fixed cost per period = SR 530,000

a) What is the breakeven in patient days for the hospital? (assume no profit is required)

.....
.....

b) What is the contribution margin?

.....
.....

c) What is the total contribution margin?

.....
.....

d) How is contribution margin important for an HCO?

.....
.....

e) Assuming a profit of SR 30,000 is required by the hospital, what would be the new break-even in patient days?

.....
.....