Brief Exercise 1-6

Direct cost: A cost that can be easily and conveniently traced to a specified cost object (anything for which cost data are desired).

Indirect cost: A cost that cannot be easily and conveniently traced to a specified cost object.

1. Wages of pediatric nurses (pediatric department) – direct cost.
2. Prescription drugs (particular patient) – direct cost.
3. Heating the hospital (pediatric department) – indirect cost.
4. Salary of head of pediatrics (pediatric department) – direct cost.
6. Hospital chaplain’s salary (particular patient) – indirect cost.
7. Lab tests by outside contractor (particular patient) – direct cost.
8. Lab tests by outside contractor (particular department) – direct cost.