CHAPTER 51-2 - EQUIPMENT FUNDING ALLOCATION METHODOLOGIES

EXHIBITS

51-2.1 INTRODUCTION

A. Purpose - The purpose of this chapter is to provide guidance on the equipment funds allocation process for both IHS and tribal programs.

B. Background – In fiscal year (FY) 1995, the Congress established a new "Equipment" budget activity in the Indian Health Facilities Appropriation. Those funds were made available for two specific purposes: 1) to provide an equipment funding source for tribes that construct replacement health care facilities using non-IHS funds; and 2) to provide a clearly defined funding source to purchase medical equipment needed by existing IHS and tribal health care facilities. Two methodologies (51-2.2-***General Equipment Funds*** Allocation Methodology for Tribal Replacement Facilities and 51-2.3-***Medical Equipment Funds*** Allocation Methodology for Existing IHS and Tribal Health Care Facilities) were developed to ensure that the equipment funding is allocated fairly and in accordance with congressional intent.

Part 51.2.2 describes how tribes that build replacement facilities using non-IHS funds may request ***tribal general equipment funding***. In conformance with congressional direction, funding is provided to tribes that construct clinics without IHS funds to replace existing facilities based upon their relative need for equipment funding as it relates to the value of the construction being conducted. Tribes constructing new space by replacement, addition, or expansion may apply for these funds. Eligible applicants will be funded on a fair share basis up to 20% of construction costs for outpatient facilities (17% for inpatient facilities), up to $300,000. Should funds remain after all eligible awards are made, remaining funds will be distributed on a prorated basis according to unmet need exceeding $300,000, not to exceed the final maximum eligible for each project.

Part 51.2.3 describes how existing IHS and tribal facilities are provided a proportionate share of the congressionally appropriated funds for new/replacement ***medical equipment*** based on the most recent complete set of facility size and clinical workload data. Both factors are equally weighted in the methodology application. There is no maximum award limit for this funding category.

C. Definitions:

a. **Tribal General Equipment:** Tribal general equipment is broadly defined as any major or minor movable durable device, machine or apparatus used in conjunction with operating a health program. Examples include sphygmomanometers, otoscopes, beds, bassinets, microscopes, centrifuges, laboratory equipment, portable whirlpool units, linen carts, patient monitoring equipment, x-ray systems, surgical instruments, various scopes, exam room equipment, office equipment/machines, waiting room furniture, kitchen equipment, computer/IT systems, lawn care equipment, maintenance tools, etc. Tribal General Equipment ***excludes*** fixed equipment that is usually attached to or integral to a building's function such as elevators, utility systems, heating, ventilation, and air conditioning systems, electrical systems, walk-in refrigerators, vaults, telecommunications systems, etc.

b. **Medical Equipment:** Medical equipment is more narrowly defined than general equipment as any major or minor movable durable device, machine, or apparatus ***that is solely intended for directly supporting the treatment or diagnosis of disease such as those regulated by the Food and Drug Administration***. Examples include sphygmomanometers, otoscopes, beds, bassinets, microscopes, centrifuges, laboratory equipment, portable whirlpool units, linen carts, patient monitoring equipment, x-ray systems, surgical instruments, various scopes, exam room equipment, office equipment/machines, and waiting room furniture, etc. Medical equipment excludes fixed equipment that is usually attached to or integral to a building's function such as elevators, utility systems, heating, ventilation, and air conditioning systems, electrical, systems, walk-in refrigerators, vaults, telecommunication systems, and are not funded with medical equipment funds. Also, those equipment areas funded through other appropriations, such as IT networks, emergency medical service equipment, etc., are not funded from the medical equipment funding IHS budget line item.

51-2.2 GENERAL EQUIPMENT FUNDS ALLOCATION METHODOLOGY FOR TRIBAL REPLACEMENT FACILITIES

A. Introduction - In fiscal year (FY) 1996, the Congress continued the "Equipment" budget activity in the Indian Health Facilities Appropriation. For the portion of the activity that provides resources to equip replacement health care facilities that tribes provide without IHS funds, they directed the Indian Health Service (IHS) to develop an allocation methodology that is "weighted in favor of the neediest tribes."

To accomplish that charge, IHS and tribal representatives jointly developed the Tribal General Equipment Funds Distribution (TEFD) methodology which provides funds to programs based upon replacement clinic construction costs. Under the TEFD methodology, IHS evaluates information reported by tribal applicants (Exhibit I) and verifies submitted information. Funds are then made available only when a copy of a fully executed construction contract has been received by IHS Area staff.

Eligible applicants will be funded on a modified pro rata basis for building new space through replacement, addition, or expansion[1]. Eligible applicants will be funded on a fair share basis up to each program's maximum eligible amount[2], up to $300,000 (phase 1). Should funds remain after all eligible awards are made, remaining funds will be distributed on a prorated basis according to unmet need exceeding $300,000, but not to exceed the final maximum eligible for each project (phase 2). If all programs are funded up to their maximum eligible amounts, excess funds will be distributed in the next funding cycle.

Tribes replacing either a leased or owned facility are eligible to request tribal general equipment funds. Tribes not constructing new replacement facilities, but renovating, remodeling or rehabilitating existing space, are not eligible for these funds.

The TFED methodology awards tribal general equipment funds to all eligible tribes. Award amounts are based upon the total funds appropriated for equipping tribal replacement facilities and the total of all equipment requests (where individual awards are up to $300,000).

[1] Space must also meet Maintenance and Improvement funding eligibility requirements.

[2] Health clinics are eligible for up to 20% of eligible construction costs; hospitals 17% of eligible construction costs.

B. APPLICATION AND EVALUATION PROCESS

Tribal general equipment funds may be requested by going on-line to https://webehrs.ihs.gov/external/erds/apply.cfm and completing a Tribal General Equipment Funds Request Data Sheet. Should a tribe not have internet access, a tribe may submit their request using Exhibit I and forward the request to their respective Area Office. All requests must be submitted by the deadline published for each funding cycle. **Applications will be accepted only if facility design has started**.

C. AWARD AMOUNT CALCULATIONS

Tribal general equipment funding requests will be supported up to 17% of construction costs[3] for hospitals and up to 20% for health clinics. Should a tribe use funds from IHS funding sources, or exceed the size of facilities that are normally supported, the equipment funding needs will be adjusted using the following factors:

1. % non-IHS funds used
2. % of space eligible (under Supportable Space Policy)

To illustrate, if a tribal construction estimate for an outpatient clinic is $3,000,000, the initial award is calculated as follows:

Construction Amount		Building Type (Hospitals 17%, Clinics 20%)		% Non-IHS Funds		% of Space Eligible		Total Eligible Equipment Need
$3,000,000	X	20%	X	66.7%	X	100%	=	$400,000

Since the total eligible equipment need is above the $300,000 cap, maximum awards will be set at $300,000.

Eligible Equipment Need = $300,000

[3] Construction costs include site preparation (excluding land acquisition), on-site utilities, and building construction costs. Arichitectural/engineering fees and movable equipment costs (furnishings, office, information technology, telecommunications, and medical equipment) are NOT to be added in the construction cost estimate. Should a tribe purchase a building ***and*** convert the building from one occupancy type to another (i.e., warehouse occupancy to health care occupancy), the tax assessment value of the property could be added into the rehabilitation/finish out costs to determine the total construction cost to establish the basis of the equipment funds eligibility calculation.

After the Eligible Equipment Requests are determined, all estimates will be added to determine the total eligible equipment requests for that fiscal year. Should the total equipment estimates exceed the appropriated funding level, each estimate will be prorated to determine each applicant's initial award amount.

$$\frac{\text{Congressional Appropriation}^{4}}{\text{Total of all Eligible Equipment Needs}} \times \text{Individual Program's Eligible Equipment Need}^{5} = \text{Initial Award}$$

For example, if Congress appropriates $5 million for tribal replacement facility equipment funds and the eligible funds requested total $10 million (with all requests being less than $300,000), tribes will receive 50% percent of their eligible request.

$$\frac{\text{Equip. Funds Available}}{\text{Total Equip. Funds Requests}} \times \text{Eligible Equipment Need} = \text{Initial Award}$$

$$\frac{\$5{,}000{,}000}{\$10{,}000{,}000} \times \$300{,}000 = \$150{,}000$$

D. AWARD OF FUNDS

Once a construction contract has been awarded, the construction contract award amount will be compared to the initial construction cost estimate. If the contract amount is higher than the initial estimate, the program will be awarded the initial award amount identified earlier in the year. Should the construction contract amount be lower than the initial construction cost estimate, the final award amount will be recalculated using the new construction cost amount in the formulas above.[6]

E. ELIGIBILITY GUIDELINES

A Tribal General Equipment Funds request may be submitted for consideration for non-federally operated programs when the following criteria are met:

1) Using non-IHS funds, a tribe constructs a new replacement health care facility or an addition or expansion to an existing health care facility -*or*-

[4] This ratio shall have a maximum value of 1.0.

[5] Program will be funded up to the supportable space limits up to applicable funding limits. Currently, facility space (in square meters) is being supported up to either 0.8 X Official IHS User Population + 200 SM/Tribe, or up to the program space as determined by the IHS Health Systems Planning Manual. Program space over supportable space limits at the time of application will not be considered for tribal equipment funding.

[6] Final funds award will change (from the initial award) if the construction contract is lower than the initial estimate.

Using non-IHS funds, a tribe enters into a lease-to-purchase agreement for a building constructed by others for the tribe in which the tribe will provide health care services;

-and -

2) A tribal health program enters into one of the agreements in (1) above in the current or prior federal fiscal year that equipment funds are made available by congressional appropriation for equipment purchases.

F. DISTRIBUTION OF FUNDS

When a program is determined eligible to receive general equipment funding, that program will have through the end of the following fiscal year to submit a copy of a construction contract to request transfer of the equipment funds[7]. If a construction contract is not submitted by the end of the fiscal year following the year the application was submitted (because the construction schedule has slipped, etc.), the funds will be returned to the distribution 'pool' and combined with subsequent fiscal year equipment funds. Should a program not submit a copy of a construction contract by the end of the second year, the requesting program would then be eligible to resubmit a new application for funding consideration in any subsequent fiscal year the program intends on signing a construction contract.

Funds will be released for equipment only after a copy of the fully executed construction contract has been received by the applicant's respective IHS Area Office. Tribes will be awarded funds only once for each construction project (i.e., for each construction contract signed for building new space through replacement, addition, or expansion).

G. DISTRIBUTION METHOD

Tribes operating programs through Tribal Self-Governance Compacts will receive equipment funds through amendments to their Annual Funding Agreements. Tribes operating programs through Public Law (P.L.) 93-638 contracts will receive funds through contract modifications.

H. SERVICING EQUIPMENT

If a tribe wishes to buy-back services for IHS Area biomedical engineering technicians to maintain their health program's equipment, the health program must submit a list of that equipment to the Area Clinical Engineer. This list should include a description, manufacturer's name, model number, quantity, acquisition cost, acquisition year, and serial number for each piece of equipment. The list must be submitted to the Area Clinical

[7] "In the event a tribe does not enter into a construction contract but uses other construction methods (such as force account labor), the tribe shall submit a detailed project budget, or construction cost estimate (in lieu of a construction contract) within the eligibility period to document the project construction cost; funding will be made available after substantial construction funding has been committed. The tribe may show construction product purchase receipts to validate the commencement of the project in requesting their awarded equipment funds."

Engineer within 6 months of initial use or installation. This information will help the Area technicians plan for equipment preventive maintenance and repairs. Funds to support the maintenance function retained from the tribe's Services contract for biomedical services are negotiated as a buy back of tribal share for contracting or compacting tribes.

EXHIBIT I - TRIBAL GENERAL EQUIPMENT FUNDS REQUEST DATA SHEET

Project Name:	Date:	IHS Area:
Tribal Organization: Title 1 3 5 IHS-Direct(identify one) Service Area Name: Address: City: ST: Zip:	Contact Name: Address: City: ST: Zip: Phone: E-mail:	
Design Awrd Date:_____(__est.__act.)	Const. Award Date:_____(__est.__act.)	
Building Type: ___ Outpatient Clinic ___ Hospital Project Type: ___ Total Replacement ___ Partial Replacement ___ Addition/Expansion Ownership of New Bldg: ___ Tribally Owned ___ Tribal Lease-to-Purchase ___ Other (Explain)		
Brief Project Description:		

A.	Total existing Service Area[1] program space (exclude quarters):		_____ (SM)[2]
B.	Amount of space being vacated (and not reused this project):		_____ (SM)
C.	Newly constructed replacement/expansion space (this project):		_____ (SM)
D.	New Service Area[1] space total (A-B+C):	(A-B+C)	_____ (SM)
E.	**Existing space being renovated (not eligible for equipment funds):**	_____ (SM)	
F.	FY 2004 Official IHS User Population for Service Area[1] (active).		_____ (pop)
		H. Tribes Served:	_____
G.	Supportable Space for Service Area[1] based on (check one):		_____
	__ [User Population x 0.8] + 200/Tribe) __ HSP[3] __HFPM		(SM)

Project Estimates (or actuals if known):	
I. Renovation cost, if any: **$**_____	L. Total project construction cost (sum of column at left): $_____ (____estimate _____actual)
J. IHS funds for new space: **$**_____	Notes:
K. Non-IHS funds for new space: **$**_____	

Award is calculated using non-IHS new space cost, building type (hospital vs. clinic space) and percentage of supportable space.

[1]Service Area is defined as the total area or population served by the Service Area or Tribal Health Department/Corporation.
[2]Square Feet x .0929 = Square Meters; ex: 100 SF x .0929 = 9.29 SM
[3]If the IHS official Health Systems Planning (HSP) computer program or the Health Facilities Planning Manual (HFPM) analysis is used to justify larger space than the simplified user population space calculation estimate, include copy of the HSP or HFPM justification.

For Area Office Use Only

Non-IHS Funds (K):	% Building Type -20% or 17%	% of Space Eligible (G-(A-B))/(C) (not to exceed 100%)	Total Equip Need (w/o $300,00 Cap):	Eligible Equipment Funds Need (w/ $300,000 cap)
X	X	X	=	

Area Office Concurrence: _____ **Date:** _____
(Area OEHE Director or designee)

EXHIBIT II - TRIBAL GENERAL EQUIPMENT FUNDS REQUEST DATA SHEET-*SAMPLE*

Project Name: Bear Ldge Outptnt Expsn	Date: 3/15/95 IHS Area: Aberdeen
Tribal Organization: Healing Lodge Title 1 3 5 IHS Direct (identify one) Service Area Name: Rosebush Address: 123 Thorny Place City: Briar Patch ST: SD Zip: 12345	Contact Name: Tom Blackhawk Address: 123 Throny Place City: Briar Patch ST: SD Zip: 12345 Phone: 605-226-0000 E-mail:Tom.Blackhawk@hlat.org
Design Award Date: **3/30/1995** (__est. X act.)	Const. Award Date: **3/1/1996** (X est. ___ act.)
Building Type: _X_ Outpatient Clinic ___ Hospital Project Type: ___ Total Replacement _X_ Partial Replacement ___ Addition/Expansion Ownership of New Bldg: X Tribally Owned ___ Tribal Lease-to-Purchase ___ Other (Explain)	
Brief Project Description: See note in line "L".	

A.	Total existing Service Area[1] program space (exclude quarters):		**5,000**	(SM)
B.	Amount of space being vacated (and not reused this project):		**2,000**	(SM)
C.	Newly constructed replacement/expansion space (this project):		**3,000**	(SM)
D.	New Service Area[1] space total (A-B+C):	(A-B+C)	**6,000**	(SM)
E.	**Existing space being renovated (not eligible for equipment funds):**	**2,000** (SM)		
F.	FY 2004 Official IHS User Population for Service Area[1] (Active).	H. Tribes Served:	**14,000** (pop) 1	
G.	Supportable Space for Service Area[1] based on (check one): XX[User Population x 0.8] + 200/Tribe ___ HSP[2] ___HFPM[2]		**11,200** (SM)	

Project Estimates (or actuals if known):

I. Renovation cost, if any:$ 500,000	L. Total project construction cost (sum of column at left): $ 3,000,000
J. IHS funds for new space:$ 500,000	(X estimate____actual)
K. Non-IHS funds for new space: $ 2,000,000	Notes: *20 new exam rooms, 1 new x-ray suite, pharmacy, waiting and med records.*

Award is calculated using non-IHS new space cost, building type (hospital vs. clinic space), percentage of AI/AN served relative to total patient population, and percentage of supportable space.

[1]Service Area is defined as the total area or population served by the Service Area or Tribal Health Department/Corporation.

[2]If the IHS official Health Systems Planning (HSP) computer program or the Health Facilities Planning Manual (HFPM) analysis is used to justify larger space than the simplified user population space calculation estimate, include copy of the HSP or HFPM justification.

For Area Office Use Only

Non-IHS Funds (K):	% Building Type -20% or 17%	% of Space Eligible (G-(A-B))/(C) =(11,200-(5,000-2,000))/(3,000) (not to exceed 100%)	Total Equip Need (w/o $300,00 Cap):	Eligible Equipment Funds Need (w/ $300,000 cap)
$2,000,000 X	20% X	100% X	= $400,000	**$300,000**

Area Office Concurrence: _____ **Date:** _____

51-2.3 MEDICAL EQUIPMENT FUNDS ALLOCATION METHODOLOGY FOR *EXISTING* INDIAN HEALTH SERVICE AND TRIBAL FACILITIES

A. INTRODUCTION: In fiscal year (FY) 1995, the Congress established and funded a new "Equipment" budget activity in the Indian Health Facilities Appropriation. For the portion of the new activity that provides resources to procure medical equipment for existing health care facilities, the Congress directed the Indian Health Service (IHS) to ensure that, when the funds are distributed, tribal and IHS facilities are treated equally.

To accomplish that charge, IHS and tribal representatives jointly developed a Medical Equipment Funds Allocation Methodology for existing facilities. Under this methodology, the relative need for equipment is estimated by evaluating basic data on clinical workload and facility size, as reported by each facility to the IHS. All available funds are distributed to the Areas in proportion to total need. No funding limit is placed on the amount that any facility may receive. Areas will distribute funds in accordance with congressional intent.

B. EVALUATION SYSTEM: The Medical Equipment Funds Allocation Methodology evaluates clinical workload and facility size data to determine each facility's relative need for equipment. The following factors are used to determine need:
- Clinical Workload Factor (CWF)
- Facility Size Factor (FSF)

These factors are combined and multiplied by the amount appropriated in the current fiscal year to obtain each facility's proportionate share of available resources. The factors are combined as shown below:

$$\text{Proportionate Share of Equip. Funds} = \text{Funds Appropriated} \times (0.5 \times \text{Clinical Workload Factor} + 0.5 \times \text{Facility Size Factor})$$

where the Clinical Workload Factor and Facility Size Factor are calculated for each facility as shown below:

$$\text{CWF} = \frac{\text{Clinical Workload at Individual Facility}}{\text{Total Clinical Workload of all IHS/tribal Facilities}}$$

And

$$\text{FSF} = \frac{\text{Individual Facility Size}^{9}}{\text{Total Size of all IHS/tribal Facilities}}$$

[9] Supportable space limits are applied to facility sizes.

where size is the amount of facilities space (supportable space is measured in square meters) used for health care delivery (excluding quarters). Clinical workload is calculated as follows:

Clinical Workload =	Hospital Admissions	x	4	+	Inpatient Days	x	2	+	Ambulatory Care Visits[10] + CHAPs[11]	x .25

All workload values are those recorded for the most recent available complete approved data set and include American Indian/Alaska Native patients only.

C. ELIGIBILITY GUIDELINES

All IHS and tribal facilities that directly deliver health care services for those calendar quarters the facility is operational may receive a proportionate share of the available medical equipment funds.

D. APPLICATION PROCESS

Formal applications for these funds are not required. However, approximately 12 months prior to the fiscal year Congress appropriates equipment funds, each IHS Area will request that health programs update facility size data (as recorded on the Real Property Inventory). For clinical workload data, each tribe should submit relevant data to the IHS Data Center in Albuquerque, New Mexico through the normal data submission process. (For Alaska CHAPs data, programs should submit data to the Alaska Area Program Planning Office through the established data submission process.)

E. DISTRIBUTION OF FUNDS

Each IHS operated facility will receive funds through its Area Office. Tribes operating a facility under a Public Law 93-638 contract will receive funds through contract modifications and tribes operating a facility through a self-governance compact will receive funds through their Annual Funding Agreement.

F. SERVICING EQUIPMENT

If a tribe wishes to buy-back services for IHS Area biomedical engineering technicians to maintain their health program's equipment, the health program must submit a list of that equipment to the Area Clinical Engineer. This list should include a description, manufacturer's name, model number, quantity, acquisition cost, acquisition year, and serial number for each piece of equipment. The list must be submitted to the Area Clinical Engineer within 6 months of initial use or installation. This information

[10] An Ambulatory Care Visit is a patient visit (in an IHS or tribal facility) by American Indians/Alaska Natives to one of the following: physician, Pharmacist, physician assistant, nurse practitioner, clinic R.N., optometrist, public health nurse, licensed practical nurse, contract physician, physical therapist, nurse midwife, tribal physician, mental health technician, psychologist, med/psych social worker, optometric assistant, audiologist, pharmacy practitioner, health aide, pediatric nurse practitioner, nurse assistant, podiatrist, laboratory technician, dietitian, medical student, contract optometrist, contract ob/gyn, contract podiatrist, tribal/cont. nutritionist, audiometric technician, family planning counselor, school nurse, eye care specialist, contract public health nurse, student nurses, speech/language pathologist, inhalation therapist, and speech therapist.

[11] CHAPs- Community Health Aid Program visits

will help the Area technicians plan for equipment preventive maintenance and repairs. Funds to support the maintenance function retained from the tribe's Services contract for biomedical services are negotiated as a buy back of tribal share for compacting or contracting tribes.