Medical Services

Review Procedures for High Cost Medical Equipment

Headquarters
Departments of the Army, the Navy, and the Air Force
Washington, DC
1 November 1986

Unclassified
**Title and Subtitle:**
Review Procedures for High Cost Medical Equipment
Unclassified

**Authors:**

**Performing Organization Name and Address:**
Headquarters
Department of the Army
Washington, DC

**Performing Organization Report Number:**

**Sponsoring/Monitoring Agency Name and Address:**
Headquarters
Department of the Army
Washington, DC

**Distribution/Availability Statement:**
APUBLIC RELEASE

**Supplementary Notes:**
CATALOGERS: date of report and dates covered should be 1986

**Subject Terms:**

**Security Classification of:**
- a. **REPORT**
  - Unclassified
- b. **ABSTRACT**
  - Unclassified
- c. **THIS PAGE**
  - Unclassified

**Limitation of Abstract:**
Public Release

**Number of Pages:**
9

**Name of Responsible Person:**
fenster@dtic.mil

**Telephone Number:**
- International Area Code
- Area Code Telephone Number
  703767-9007
  DSN 427-9007
SUMMARY of CHANGE

AR 40-65/NAVMEDCOMINST 6700.4/AFR 167-13
Review Procedures for High Cost Medical Equipment

This is a transitional reprint of this publication which places it in the new UPDATE format. Any previously published permanent numbered changes have been incorporated into the text.
Review Procedures for High Cost Medical Equipment

By Order of the Secretaries of the Army, Navy, and Air Force:

JOHN A. WICKHAM, JR.
General, United States Army
Chief of Staff

Official:

R. L. DILWORTH
Brigadier General, United States Army
The Adjutant General

J. S. CASSELS
Rear Admiral, Medical Corps
United States Navy
Commander, Naval Medical Command

LARRY D. WELCH
General, USAF
Chief of Staff

NORMAND G. LEZY
Colonel, USAF
Director of Administration

History. This UPDATE issue is a reprint of the original form of this regulation that was published on 1 November 1986. Since that time, no changes have been issued to amend the original.

Summary. This regulation prescribes revised review procedures for high cost medical equipment. It changes the review threshold for applicable equipment to that with a unit or system cost of $400,000 or more.

Applicability. This regulation applies to all fixed health care activities (HCAs) of the Army, Navy, and Air Force. For Navy users, the procedures prescribed herein are in addition to the requirements stated in the NAVMEDCOM series. This regulation does not apply to the National Guard or the Reserve.

Proponent and exception authority. Not applicable

Impact on New Manning System. This regulation does not contain information that affects the New Manning System.

Army management control process. This regulation is subject to the requirements of AR 11–2. It contains internal control provisions but does not contain checklists for conducting internal control reviews. These checklists are being developed and will be published at a later date.

Committee Continuance Approval. Supplementation. Local limited supplementation of this regulation is permitted but is not required. If supplements are issued, Army, Navy, and Air Force Staff agencies and major commands will furnish one copy of each to the office of primary interest of its respective service.

Interim changes. Interim changes are not official unless authenticated by The Adjutant General, HQDA. Users will destroy interim changes on their expiration date unless sooner superseded.

Suggested Improvements. The Army proponent for this joint publication is the Office of the Surgeon General. Army users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) to HQDA (DASG–HCL–S), WASH DC 20310–2300. Navy and Air Force users may send comments and recommendations through normal channels to their respective Surgeon General (Commander, Naval Medical Command, ATTN: MEDCOM–42, Navy Department, WASH DC 20372–5120, for the Navy; and HQ AFMSC/SGSLE, Brooks, AFB, TX 78235–5000, for the Air Force).

Distribution.

Army: To be distributed in accordance with DA Form 12–9A–R requirements for AR, Medical Services (Medical Activities Only) Active Army, ARNG, and USAR, to the National Guard and the Reserve.

Navy: SNDL, FH (COMNAVMEDCOM Command activities); Stocked; Command Activities Center, 5801 Tabor Ave., Philadelphia, PA 19120–5099

Air Force: F: X: AFMLO, Frederick, MD 21701–5006 (6 copies)
RESERVED
1. Purpose
This regulation prescribes responsibilities and procedures for Tri-
Service review of requests for medical equipment with a unit or
system cost of $400,000 or more.

2. References
   a. Required publication. Directory of Health Systems Agencies,
      State Health Planning and Development Agencies, and Statewide
      Health Coordination Councils is published by the Department of
      Health and Human Resources (DHHHR). It is cited in the glossary
      under the health systems agency definition. (This publication is
      available from Department of Health and Human Services, Office
      of Health Planning, 5600 Fishers Lane, Room 9A–37, Rockville, MD
      20857–0001.)
   b. Referenced forms.
      (1) DD Form 1391 (Military Construction Project data).
      (2) AF Form 332 (Base Civil Engineering Work Request).

3. Explanation of abbreviations and terms
Abbreviations and special terms used in this regulation are ex-
plained in the glossary.

4. Responsibilities
The Army is the proponent, through The Surgeon General (HQDA
(DASG–HCL–S), WASH DC 20310–2300), for updating this regu-
lation and coordinating it with the other military departments. The
review process for high cost medical equipment is outlined below.
   a. Health care activity. The HCA will—
      (1) Maintain appropriate equipment programs to identify equip-
          ment requirements meeting the dollar thresholds.
      (2) Submit requests in the format shown in appendix A. No
          deviations to this format are authorized. Requests for equipment
          costing $400,000 or more will be reviewed by the local health
          systems agency (HSA), the Department of Defense (DOD) regional
          review committee (DRRC), and by the local Veterans Administra-
          tion (VA) hospital where that facility is located within 40 miles of
          the requesting health care activity.
      (3) After review, submit the request through appropriate Service
          channels.
   b. DOD regional review committee. The DRRC will—
      (1) Review equipment requests received from HCAs within the
          region and coordinate requests with other regions when appropriate.
      (2) Provide concurrence (or nonconcurrence) based on the total
          need for the requested item within the region.
      (3) Provide rationale for all decisions. Include any dissenting
          member views that will assist higher level reviewers.
      (4) Return all requests to the submitting HCA.
   c. Departmental intermediate level reviewers. Departmental inter-
      mediate level reviewers will—
      (1) Determine if the requested item is required to provide the
          level of care assigned to the requesting HCA.
      (2) Determine if manpower levels and levels of care will remain
          at a level that will sustain the need for the requested item.
      (3) Determine if operation and maintenance funds are available
          to make facility changes, install and inspect equipment, and pur-
          chase needed supplies.
      (4) Determine if a less expensive alternative exists.
      (5) Ensure that cost and workload data are logically developed
          and accurately presented.
      (6) Send approved requests to the departmental medical logistics
          division.
   d. Departmental medical logistics division. The departmental
      medical logistics division will—
      (1) Perform an administrative review of each equipment request
          to be sure it complies with the above instructions.
      (2) Perform a technical review of each request to be sure it is a
          complete system that will do the jobs required by the HCA.
      (3) Send requirements to appropriate departmental consultants for
          review and concurrence or nonconcurrence.

(4) Send requirements to their counterparts in the other two Serv-
ices for concurrence.
(5) Send a copy of each request to the Deputy Assistant Secretary
   of Defense (Medical Readiness).
   (6) Furnish a copy to the Executive Director, DOD Health Coun-
   cil (DHC).
   (7) Review and analyze requirements received from the other
   Services and recommend that the designated member of the Military
   Medical Regions Task Group approve or disapprove the request.
   e. Military Medical Regions Task Group. The departmental mem-
      ber and the Office of the Assistant Secretary of Defense (Health
      Affairs) (OASD(HA)) representative of the Military Medical
      Regions Task Group will—
      (1) Evaluate the Tri-Service implications of the request.
      (2) Resolve any points not resolved at a lower level.
      (3) Send approved requests, with formalized recommendations, to
          the DHC.
   f. The DOD Health Council.
      (1) The DHC will—
          (a) Evaluate each item requirement.
          (b) Resolve any points not previously resolved.
          (c) Approve or disapprove the request.
          (d) Forward an annotated copy of each approved request to the
             respective department’s medical logistics division.
      (2) Approval by the DHC will not be construed or cited as a
          basis for sole source procurement.

5. Guidance for preparing and processing equipment
   requests
   a. Activity responsibilities at each level of the review process are
      shown in paragraph 4. The review sequence may vary among the
      military departments with respect to intra-Service review.
   b. An economic benefit analysis will support all requests for medical
equipment (end items or systems) costing $400,000 or more. Dollar
threshold will include all costs actually dealing with the
acquisition. These include design, survey, facility alteration,
equipment acquisition, personnel training, and installation. The anal-
ysis will include an assessment of equipment available in the local
area (40-mile radius) from both the Federal and civil sectors.
   c. In the continental United States (CONUS), Alaska, and Ha-
waii, the request will be coordinated within the DOD medical region
(and adjoining regions if indicated to include VA hospitals within
40 miles of the requesting health care activity) before departmental
review.
   d. For requirements originating outside the 50 States, regional
   coordination is required when there is another HCA within a 40-
   mile radius or when an opportunity for sharing services exists. A
   statement explaining the reason for not providing coordination will
   accompany the equipment request.
   e. Within CONUS, Hawaii, and Alaska, the local HSA will re-
view all requests for medical equipment costing $400,000 or more.
   This review may be done concurrently with the review by the DOD
   regional review committee. Copies of correspondence between the
   requesting activity and the HSA will accompany the request. In
   areas where the local HSA has been disestablished or is no longer
   reviewing high cost requirements from DOD medical activities,
   coordination will be accomplished with the successor organization
   such as a State health planning agency. In areas which do not have a
   successor planning agency, a statement to that effect will be in-
   cluded in the equipment request package.

AR 40–65/NAVMEDCOMINST 6700.4/AFR 167–13 • 1 November 1986
Appendix A
Format for Requesting Medical Equipment

General instructions. The following data must accompany the initial submission of items or systems with a total cost (see para A–5 below) of $400,000 or more. The format submission will be worded in concise language, responding to each question in the format shown below. The submission will be understandable without the reader having to refer to this format. Do not use the term “not applicable.” The submission will state why a question is not applicable. Workload data cited in the submission will pertain only to the equipment or system being requested. The cost analysis section must be complete. Data on cost per procedure and annual costs where services are provided by other Federal facilities must be relatable to workload and cost for performing these same services in-house.

A–1. Equipment description
a. Give a complete description of the item. (Include all major attachments or accessories, models, and manufacturer.)
   b. Provide a functional description. Describe what the unit does and its intended use.

A–2. Basis for requirement
a. How is the function or task accomplished at present?
   b. What is the current workload? List procedures by type and number.
   c. What is the planned workload? List procedures by type and number. Provide projected annual workload for only the equipment being requested. Explain any difference between current and planned workload.
   d. What savings of time, money, or personnel will be generated? Explain.
   e. Will patient care be improved? How?
   f. What technological advantages are gained?
   g. If a replacement item, provide operational and maintenance history of the item being replaced. This will include age, total days inoperable, maintenance manhours expended, total cost of repairs, and any other information which will support the need to replace the equipment. Additionally, provide proposed disposition of the item being replaced.
   h. How does the equipment support the assigned physician training program?

A–3. Personnel
a. Number of qualified personnel required to use the equipment.
   b. Number of qualified personnel currently available.
   c. Operator training requirements.
      (1) Number of personnel to be trained.
      (2) How is the training to be accomplished?
   d. Maintenance training requirements.
      (1) Number of maintenance personnel to be trained.
      (2) How is training to be accomplished?

A–4. Equipment installation and support
a. Where will the equipment be installed?
   b. How will the equipment be installed?
   c. What building modifications (structural and utilities) are required? Include a completed DD Form 1391 (Military Construction Project Data), Air Force Form 332 (Base Civil Engineering Work Request), or comparable documentation with written cost estimate.
   d. How will the equipment be maintained?

A–5. Cost Analysis
a. Procurement costs:
   (1) Acquisition: $______
   (2) Transportation: __________
   (3) Installation (para A–4b):
   (4) Facility modification
   (para A–4c):
   (5) Training (para A–3c)
   and A–3d):
   (6) Total fixed cost: $________

b. Life expectancy of the item, or system (include rationale used in establishing the life expectancy).

c. Annual allocation of fixed cost (total fixed cost divided by life expectancy).

d. Annual operating costs (must be based on workload in para A–2c).
   (1) Consumable supplies: $______
   (2) Maintenance (para A–4d):
   (3) Personnel (para A–3)
      (include all personnel costs using appropriate standard service tables);
   (4) Total annual operating costs:
   (5) Training (para A–3e)
   (6) Cost per procedure (para A–5e divided by projected workload in para A–2c):

A–6. Availability of similar equipment
a. Other Federal Health Care Facilities (DOD, Veterans Administration, and Public Health Service).
   (1) Provide name, location, and distance from your activity.
   (2) Provide cost per procedure. (For multiple procedures use average costs.) List separately for each facility.
   (3) Identify patient transportation, travel, and per diem costs.
      Also, identify other costs such as technical or professional personnel required to accompany patients.
   (4) Show annual cost if workload in paragraph A–2c is purchased from available Federal sources.
   (5) Explain why each facility can or cannot satisfy your requirement.

b. Civilian health care facilities.
   (1) Provide name, location, and distance from your activity.
   (2) Provide cost per procedure. (For multiple procedures use average costs.) List separately for each facility.
   (3) Identify patient transportation, travel, and per diem costs.
      Also, identify other costs such as technical or professional personnel required to accompany patients.
   (4) Show annual cost if workload in paragraph A–2c is purchased from available civilian sources.
   (5) Explain why each facility can or cannot satisfy your requirement.
Glossary

Section I
Abbreviations

CONUS
continental United States

DRRC
DOD regional review committee

DHC
DOD Health Council

DHHR
Department of Health and Human Resources

DOD
Department of Defense

HCA
health care activity

HSA
health systems agency

OASD(HA)
Office of the Assistant Secretary of Defense (Health Affairs)

VA
Veterans Administration

Section II
Terms

Department medical logistics division
The functional activity of The Surgeon General of each department that reviews requests from their department and those of the other Services.

DOD Health Council
Secretary of Defense level organization that coordinates, standardizes, and oversees military health service programs. This includes preprocurement review and approval of all major items of medical equipment or systems with a total cost of $400,000 or more.

Health care activity
A fixed health care facility of the Army, Navy, or Air Force Medical Department.

Health systems agency
A local or area-wide health care planning and coordinating group established by Public Law 93–641 (National Health planning and resources Development Act) as amended. A list of health systems agencies is contained in the DHHR Directory of Health Systems Agencies, State Health Planning and Development Agencies, and Statewide Health Coordinating Councils, July 1983 editions. (See para 2.)

High cost medical equipment
Medical equipment or systems with a total cost of $400,000 or more that is required by a health care activity. Total cost includes the sum of the costs shown below:

(1) Acquisition cost of the end item or system.
(2) Transportation costs.
(3) Installation costs.
(4) Facility modification and construction costs.
(5) Cost of training operator and maintenance personnel.

Immediate level reviewers
Any Departmental intermediate command or Service activity that reviews health care activity medical equipment requests below departmental level.

Military Medical Regions Task Group
A group composed of a general or flag officer of directorate level from each of the military medical departments and a representative of the OASD(HA).

DOD regional review committee
The Tri-Service committee established in each DOD military medical region to advise and coordinate matters having Tri-Service implications within each region.

Section III
Special Abbreviations and Terms
There are no special terms.