CHAPTER 26-4 LEVEL OF NEED FUNDING (LNF)

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26-4.1 INTRODUCTION

A. Purpose

These guidelines establish procedures for using the subactivity "Facilities/Space for Increase in Level of Need Funded" (LNF) in the "Facilities" appropriation. Funds made available for this Subactivity are intended to address health care facilities space needs created by congressional increases in health services program funding.

B. Background

Occasionally, the Congress may provide additional funds to expand health services programs in specific service units. However, expansion of services is often precluded by space constraints. Therefore, on a limited basis, the Congress may include a portion of the increased "Services" appropriation in the "Facilities" appropriation for use in renovating or expanding space to meet program needs. The Congress has indicated that it will not make special appropriations in future years for additional space at service units receiving LNF funds; i.e., each appropriation lasts one year.

To ensure that each project receives adequate review and coordination, the Divisioin of Facilities and Environmental Engineering (DFEE) has established these guidelines for preparing and submitting essential documents.

Under the guidelines, ownership of a free-standing facility will rest with the Indian Health Service (IHS), while ownership of a facility renovation or addition will ordinarily rest with the owner of the existing facility, in most cases. Exceptions to the ownership general rule will be handled on an individual basis.

C. Applicability

These guidelines apply to all IHS-owned, and tribally-owned health care facilities directly operated by IHS, or operated

by a tribe under the authority of Public Law (P.L.) 93-638, the Self Determination Act.

D. Provisions

Because of the broad range of space needs for expanded health services programs, each request will be evaluated on an individual basis. The information provided must address new space requirements resulting from expanded health services programs. The LNF facilities funds are to be used to plan, design, construct, or otherwise provide additional or improved space necessary to house expanded health services programs. These funds may not be used for planning and/or design activities alone, or to replace existing health care facility space. Expenditure of LNF funds must result in additional space.

Examples of allowable uses of these funds include:

(1) to purchase a modular building (free-standing or addition);
(2) to renovate an existing building by converting unused space into useable program space;
(3) to construct a new building;
(4) to construct an addition to an existing building;
(5) to construct or purchase a temporary building;
(6) to renovate existing non-program space into program space in an existing building; or
(7) to use LNF funds in combination with other funds for any of the above.

E. Definitions

(1) **Renovation:** A construction activity that changes the interior arrangements or installed equipment of an existing facility so that it may be used more effectively (e.g., for delivery of health care services). Renovations, including work referenced by such terms as improvements, conversion, and reconversion are governed by these guidelines.

(2) **Addition:** An expansion attached to an existing facility. Examples of additions are a wing, a floor, an enclosed courtyard or entry way, a new building added to an existing facility, etc.

(3) **Expansion:** New program space.

(4) **Free-Standing:** A structure that stands on its own foundation, free of support or attachment and is not an integral part of another building (independent of

another building with respect to utilities and services).

(5) **Modular Building:** Modular buildings are constructed in large sections or as complete buildings. They are produced in a factory, where each section has been pre-constructed (i.e., pre-wired, pre-plumbed, pre-finished, etc.) and are delivered complete, or erected in sections on site. Sections are not usually structurally self- transportable, but must be transported on a flat bed truck or trailer. Modular buildings may be temporary or permanent.

26-4.2 CRITERIA

Submitted documents will be reviewed for conformity with the Health Facilities Planning Manual (HFPM), Area Health Facilities Master Plans, and other relevant IHS/Public Health Service (PHS) requirements. No additional staff, equipment, or funds shall be needed to operate or maintain the additional useable space, other than what is provided for through congressional increases in health services funding.

26-4.3 PROCEDURE FOR SUBMITTING A PROPOSAL

Most requests for LNF funds will be governed by the submission, review, and approval process described in one of the following subsections. A proposal for an addition to a tribally-owned facility should follow the guidelines in Subsections A or B. A proposal for an addition to an IHS-owned facility, **purchase of a free-standing modular building, or construction of a free-standing new building**, should follow Subsections C or D. Other proposals should be handled as described in Subsection E.

A. Projects <u>for tribally-operated and tribally-owned facilities</u> will be processed as follows:

1. A Project Summary Document (PSD) must be submitted to the Area Director for review and approval for all projects with an estimated cost less than $1,000,000. For projects with an estimated cost of more than $1,000,000, a POR must be submitted as well.

2. After the Area Director's review and approval, an information copy shall be sent to IHS Headquarters, facilities planning and construction program.

3. Once approval is granted, the Area Office will notify the tribe. No design or construction work is to be performed until written approval is received.

B. Projects up to $1,000,000[1] for IHS-owned facilities will be processed as follows:

1. A PSD must be submitted for review and approval by the Area Director.

2. After the Area Director's review and approval, an information copy shall be sent to Headquarters DFEE.

3. No design or construction work is to be performed until written approval is received.

4. A copy of the final project report with space and cost data must be provided to the Area Director and the Headquarters Realty Officer upon completion of the construction project.

C. Projects $1,000,000[1] and above for IHS-owned facilities will be processed as follows:

1. A PJD/POR must be submitted to the Area Office for review. It will be reviewed and recommended for approval by the Area Director.

2. Six copies of the PJD/POR must be submitted to IHS Headquarters for review and approval. Approval is granted.

3. Once approval is granted, Headquarters will notify the Area Office. No design or construction is to be performed until written approval is received.

4. A copy of the final project report with space and cost data must be provided to the Area Director and the Headquarters Realty Officer upon completion of the construction project.

D. Projects not covered under Section 26-4.3, Subsections A through C, should be referred to Headquarters for guidance on preparing documentation and obtaining approval. These projects would include, among other things, requests to lease space, must reviewed under the lease priority system.

[1] Total project cost estimate, all IHS fund types combined.

26-4.4 CONTRACTING AND OWNERSHIP

A. Ownership

- **Renovation projects** - The owner of the existing facility will retain ownership after renovation.

- **Expansion projects:**

  a. Additions to an existing facility - The owner of the existing facility will retain ownership after the addition.

  b. Purchase or construction of a free-standing facility - IHS will retain ownership regardless of who owns an adjoining existing facility or who operates the program.

  Due to the complexity of ownership issues, they may need to be addressed on a case-by-case basis.

B. Contracting

Whether the project is located at a IHS-owned or tribally-owned facility will determine contracting responsibilities.

- For IHS-owned facilities, the Engineering Services (ES) will have contracting authority. Contracting methods are direct federal and P.L. 93-638 construction contracts.

- For tribally-owned facilities, the Area Contracting Officer may modify a P.L. 93-638 health services delivery contract to include renovation or expansion of a tribal facility. Such projects are considered federally-assisted construction, and IHS federally-assisted guidelines will apply. The ES will be available for technical review and inspection of the project as requested by the Area. The tribal contractor will be responsible for performing the construction portion of the contract.

- For tribally-owned facilities leased by IHS, the lease may be modified to include a one-time payment for construction and expansion. These projects are considered federally-assisted construction, and IHS federally-assisted guidelines will apply.

26-4.5 DESIGN AND CONSTRUCTION

After the PSD or PJD/POR is approved, and before granting approval for construction to be advertised, the Contracting Officer shall obtain concurrence of the construction plans and specifications from the approving authority identified in Section 4-3. Projects require, as a minimum, the following:

- A single-line drawing showing new space, and/or existing space with proposed renovations;
- Space schedule (description of floor space, room list, and square area); and
- Cost estimate.

After the construction award, an information copy of the final construction bid award package (including a copy of the contract); contract drawings; and cost should be submitted to the approving authority identified in Section 4-3.

26-4.6 FINAL REPORTS

A final report must be prepared and submitted to DFEE Headquarters for use in preparing required documentation, e.g., budget justification documents and reports to the Congress. See Technical Handbook Chapter 24-8 Final Reports.