

CHAPTER 14. ADMINISTRATIVE, INFORMATION MANAGEMENT, AND TMDE REQUIREMENTS

14-1. INTRODUCTION

a. GENERAL. Operating a medical treatment facility requires much more than just medical supplies and equipment. Many administrative items of equipment are essential. Since a great number of administrative items are common requirements throughout all organizations in the Army, central controls have been established for certain categories of equipment to optimize expenditures and encourage standardization. The number of controls has made the MEDCASE manager's job more complex.

b. FUNDING. Non-medical equipment which is normally managed and funded by another DA-level program, such as security equipment, may be considered for funding through the MEDCASE program. But, it must be determined that the proper program will not be able to meet an immediate mission requirement of the health care activity. The AMEDD policy regarding the funding of such equipment is provided in Chapter 2. All requirements must meet the threshold of \$100,000 or greater (unit or system price) to qualify for MEDCASE funding.

c. EVALUATION. Administrative items, perhaps more than any other item, must be carefully evaluated against the eligibility criteria. Careful evaluation is necessary for several reasons. First, it is necessary to ensure that no time is wasted because of disapprovals. Second, it is necessary to conserve MEDCASE program funds for use with MEDCASE eligible items. Finally, it is necessary to ensure application of the appropriate management controls specified in various regulations. When questions about the eligibility of specific items arise, they should be forwarded through channels for answers from either the USAMMA. Responses will be provided in writing when necessary.

d. SUBMISSION. When other-than-MEDCASE-approval channels are required, these approvals must be obtained before action code 1A can be assigned to a MEDCASE requirement TDA approval. Type Classification and IMA approval are typical of the types of approvals that are required outside of MEDCASE approval channels. The originating activity is responsible for originating all documentation required to secure approval of the requirement. In general, a copy of appropriate approvals outside of the MEDCASE program must be submitted with DA Forms 5027-R/5028-R. These approvals enhance the consultant review process. When non-MEDCASE approval channels parallel the MEDCASE approval channels, both types of documentation may be submitted together, but the non-MEDCASE approval/recommendation must be completed first at each level of review.

14-2. TDA APPROVAL AND TYPE CLASSIFICATION EXEMPTION

a. GENERAL. Nonmedical standard-type-classified equipment (see SB 700-20, Chapter 2, [*Cataloging of Supplies and Equipment, Army Adopted Items of Materiel, and List of Reportable Items*]) will not be approved for acquisition until the item is approved for the TDA. Request for standard-type-classified equipment will be submitted in accordance with AR 71-13.

b. DOCUMENTATION. Memorandum requesting type-classification exemption and TDA approval will be submitted along with the DA Forms 5027-R/5028-R and other documents to the USAMMA. The letter will contain the following information:

- (1) Manufacturer's nomenclature.
- (2) Model number.
- (3) Quantity required.
- (4) Unit price.
- (5) Manufacturer's name and mailing address.
- (6) Manufacturer's brochure if available.
- (7) A statement that there is not an acceptable standard item in the supply system. (Line Item Numbers [LINs] of items considered but found unacceptable will be listed.) Refer to SB 700-20 for LINs.
- (8) Applicable TDA paragraph and name of the using activity.
- (9) MEDCASE ACN.
- (10) The name and telephone number of an individual able to discuss the requirement.

c. APPROVAL. TDA authorization does not constitute eligibility for the MEDCASE program. TDA authorization merely permits acquisition of the item. The funding level requirement for the DA-level program must be determined, based upon the nature of the equipment and applicable Army regulations.

14-3. INFORMATION MISSION AREA (IMA) SOFTWARE AND HARDWARE

a. GENERAL. The following guidance concerning IMA software and hardware is provided in determining appropriate funding. Congressional direction, DOD, and Army guidance state the acquisition, modification, and support costs for purchase of IMA software and hardware must be funded with O&M funds if the cost is less than the expense/investment threshold of \$100,000. MEDCASE funds are used if the cost is equal to or greater than the threshold of \$100,000. The only exception to this rule is the acquisition of all ADPE at Research, Development, Test and Evaluation (RDTE)-funded facilities will be financed with RDTE funds, regardless of cost.

b. SYSTEMS. The "system" concept must be considered in evaluating the acquisition of IMA end items. A system exists if a number of components are designed primarily to function within the context of a whole and will be interconnected to satisfy an approved Army requirement. Fragmented or piecemeal acquisition of the documented requirement will not be used as a basis to circumvent the "system" concept.

c. INSTALLATION. Normal installation costs will be included as part of the total IMA system cost.

d. TRAINING. IMA training will normally be funded separately with O&M funds or RDTE, and NOT included within the cost of the total system. However, when the cost of training is included as part of the original contract and is inseparable (not separately priced), it then becomes part of the total system cost and is funded with the same color of money as the system.

e. MAINTENANCE. Annual fees for maintenance will normally be funded separately with O&M or RDTE funds and NOT included within the cost of the total system. However, when the cost of maintenance/warranty service is inseparable (not separately priced), it then becomes part of the total system cost and is funded with the same color of money as the system.

14-4. COMMUNICATION/AUTOMATION DATA PROCESSING EQUIPMENT ACQUISITION

a. **NEW EQUIPMENT/SYSTEM ACQUISITION.** The aggregate cost of an end item/system procured to address a valid requirement (including peripherals, installation and system unique software) will be used to determine whether it should be treated as an expense (O&M) or investment (MEDCASE) cost. Determination of what comprises an end item/system will be based on the primary function of the hardware and software to be acquired as stated in the approved requirements document.

b. **AN EXAMPLE.** The appropriate color of funds for the purchase of five stand-alone computers is determined by deciding whether the primary function of the computers is to operate as independent workstations (i.e., five systems) or as a part of a larger system. If the computers are designed to operate independently, they should be considered as separate end items and applied against the expense/investment criteria individually. If they function as a component of a larger system (i.e., interconnected and primarily designed to operate as one), then they should be considered a system and the total cost applied against the expense/investment criteria.

c. **ADDITIONAL OR REPLACEMENT EQUIPMENT/SYSTEM.** When requirements necessitate adding/replacing or modifying equipment/software that is a component or supports the functioning of an existing system, only the additional equipment/software costs (including installation) will be used to determine whether the acquisition is an expense or an investment cost.

14-5. COMMUNICATION/AUTOMATED DATA PROCESSING SOFTWARE ACQUISITION

a. **OFF-THE-SHELF SOFTWARE.** Acquisition of commercial off-the-shelf software where no modification is required will be subject to the expense/investment criteria as follows:

(1) When the purchase is part of an initial hardware/software acquisition. The cost of the off-the-shelf software will be included as part of the total system cost and determination of the appropriate color of funds will be based on application of the total system cost against the dollar threshold.

(2) When the purchase is adding to or upgrading an existing system. The total cost of the add-on/upgrade will be applied against the dollar threshold.

b. **OFF-THE-SHELF SOFTWARE WHERE MODIFICATION IS REQUIRED.** Acquisition of commercial off-the-shelf software where modification is required will be subject to the expense/investment criteria as follows:

(1) Acquisition of the off-the-shelf software will be funded as in paragraph 14-5, a. above.

(2) Modification of the off-the-shelf software is *NOT* considered to be part of the total system cost, is *NOT* subject to the dollar threshold and *WILL* be financed with O&M or RDTE funds (if RDTE-funded installation).

c. **APPLICATION SOFTWARE DEVELOPMENT.** Development of Application Software is not considered to be part of the total system cost, and is *NOT* subject to the dollar threshold and *WILL* be financed with O&M or RDTE funds (if RDTE-funded installation).

d. **EXISTING SOFTWARE MODIFICATION.** The modification (e.g., enhancement, conversion, etc.) of an existing software end item is **NOT** considered to be part of the total system cost, it is **NOT** subject to the dollar thresholds and will be financed with O&M or RDTE funds (if RDTE-funded installation).

Example 1. The Army enters into a contractual arrangement to purchase five off-the-shelf software packages to upgrade an existing system at a cost of \$20,000 each. The software packages will require modification at a total cost of \$60,000. The total cost of the 5 software packages (\$100,000) would be applied against the dollar threshold and financed with procurement funds. The modification effort (\$60,000) would be financed with O&M or RDTE, Army funds (if RDTE-funded installation).

Rationale: The five off-the-shelf software packages constitute an upgrade to an existing system. When the purchase is adding to or upgrading an existing system the total cost of the add-on/upgrade will be applied against the dollar threshold. The modification effort is financed using O&M or RDTE Army funds (if RDTE-funded installation).

Example 2. The Army enters into a contractual arrangement to purchase five off-the-shelf application software packages to upgrade five stand-alone PCs at a cost of \$20,000 each. The software packages will require modification at a total cost of \$80,000. The five software packages would be applied individually against the dollar threshold and financed with O&M or RDTE, Army funds (if RDTE-funded installation). The modification effort (\$80,000) would also be financed with O&M or RDTE, Army funds (if RDTE-funded installation).

Rationale: The cost of each off-the-shelf application software package (\$20,000) is applied individually against the dollar threshold because they are being purchased to upgrade five individual systems/end items (i.e., five stand-alone PCs). When the purchase is adding to or upgrading an existing system - The total cost of the add-on/upgrade will be applied against the dollar threshold would be applied under this scenario against each of the five systems individually. Therefore, the total cost to upgrade each system is \$20,000 that is below the current threshold and the use of O&M or RDTE, Army Funds (if RDTE-funded installation) would be appropriate. The modification effort is financed with O&M or RDTE (if RDTE-funded installation).

Example 3. The Army enters into a contractual arrangement with a contractor to develop an application software for \$100,000. The developmental effort is not subject to the dollar threshold and will be financed with O&M or RDTE, Army funds (if RDTE-funded installation).

Rationale. In this case, the Army is contracting to develop an application software package. "Development of application software is not considered to be a part of the total system cost, is not subject to the dollar threshold and will be financed with O&M or RDTE, Army funds (if a RDTE funded installation)." Therefore, the use of O&M or RDTE, Army funds (if RDTE-funded installation) would be appropriate.

e. OFF-THE-SHELF SOFTWARE LICENSING.

(1) When the purchase of an “off-the-shelf” software package includes a one-time up-front payment for the use of the software over the life of the system, the color of money will be determined by applying the rules in Example 1, above.

(2) When the purchase of an “off-the-shelf” software package includes an annual licensing fee the following will apply:

- The appropriate color of money for acquisition of the software package will be determined by applying the rules in paragraph 14-5.a., above.

- The annual licensing fees are not subject to the expense/investment dollar threshold and will be financed by the O&M or RDTE, Army appropriation.

- Annual fees for the use of the license itself with additional annual fees for maintenance or modifications provided by the vendor would be financed within the O&M or RDTE appropriations.

14-6. LOCAL AREA NETWORK (LAN) AND WIDE AREA NETWORK (WAN)

Local Area Networks and Wide Area Networks are considered to be systems. As such, the total cost of all component parts must be applied against the dollar threshold to determine the appropriate color of money when the LAN or WAN is acquired as an add-on or upgrade to an existing system. If the WAN or LAN is part of the initial hardware/software acquisition, the cost will be included as part of the total system cost.

14-7. CENTRALLY MANAGED SYSTEMS

An acquisition for any system that is centrally managed is considered an investment regardless of the amount. Systems managed by an Army-Acquisition-Executive-Chartered Program Executive Officer or Program Manager are considered centrally managed systems.

14-8. TURNKEY ACQUISITION

Acquisitions where a single or prime contractor provides a complete system to include hardware, software, installation, etc., may be entirely financed with procurement funds. A turnkey system is typically large and at the point of contracting the appropriate color of money cannot be readily determined due to the nature of the system. Therefore, it is appropriate to budget and execute the entire acquisition within MEDCASE.

14-9. VISUAL INFORMATION (VI) EQUIPMENT

a. GENERAL. Visual information equipment that is medically unique, or that is to be used solely for a clinical application may be eligible for funding through the MEDCASE program without separate approval outside of MEDCASE channels providing the equipment meets or exceeds the threshold of \$100,000. The equipment must meet the eligibility criteria stated in Chapter 2. All other VI equipment must be obtained through a supporting Directorate of Information Management (DOIM) or Training and Audiovisual Support Office (TASO), or under the provisions of AR 25-1 (*Army*

Information Management)/DA PAM 25-91 (Visual Information Procedures).

b. **MEDICALLY UNIQUE EQUIPMENT.** Equipment considered to be medically unique includes the following examples of embedded or enhancing VI equipment:

(1) Video displays or monitors which are integral to, or a component of, clinical equipment. These include television monitors that are components of fluoroscopic systems, diagnostic ultrasound scanners, or surgical video cameras.

(2) Video camera systems that are unique for use with medical/surgical scope sets.

(3) Closed-circuit television systems which are dedicated for patient monitoring, such as in an Intensive Care Unit (ICU).

14-10. TELECOMMUNICATIONS EQUIPMENT

a. **BASE COMMUNICATIONS EQUIPMENT.** Base communications, which includes the following, must be developed and approved through an Information Management Plan (IMP)/Project Document, DA Form 5695-R-E (*Information Management Equipment/Project Document*):

- (1) Base radio stations (including hospital systems).
- (2) Radio paging systems.
- (3) Outside plant television transmission facilities, and
- (4) Telecommunications support for automation systems.

b. **HOSPITAL UNIQUE COMMUNICATIONS EQUIPMENT.** Hospital unique communications equipment is used to support the operations or mission of a medical activity, and does not have a frequency assigned or have a transmission interface with a commercial telephone system. Hospital unique communications equipment that otherwise meets the eligibility criteria stated in Chapter 2 of this Bulletin, may be funded through the MEDCASE program, provided that TDA approval and type-classification exemption are first obtained. Examples of hospital-unique communications equipment include:

- (1) Nurse call systems
- (2) Intra-hospital intercom systems.
- (3) Emergency room telephone recording equipment.
- (4) Dictation equipment.
- (5) Telephone answering equipment.
- (6) Hospital Radio Communication (Emergency Room).

14-11. BASE LEVEL COMMERCIAL EQUIPMENT (BCE)

BCE is a budget line of the same appropriation that funds MEDCASE. The BCE program funds other activities in the Army with TDA investment equipment in a similar fashion to the way the MEDCASE Program funds medical care support equipment. AMEDD activities do not participate directly in the BCE program.