
CHAPTER 16. SPECIAL MEDCASE PROGRAM CONSIDERATIONS

16-1. INTRODUCTION

This chapter addresses specific areas that have presented problems for MEDCASE managers and logisticians. Activities may direct questions regarding these, or any other MEDCASE problems, to their MEDCASE station manager at USAMMA.

16-2. PRICE ESTIMATES

a. **UNIT AND SYSTEM PRICES.** Perhaps no other attribute of a requirement influences routine processing more than price. Unit and system prices are used to determine MEDCASE program eligibility. Prices determine at what level a requirement will be approved and funded. Items with high unit prices require extra documentation as described in Chapter 3 of this Bulletin. Because of these processing considerations, unit prices must be accurate. Personnel at various review levels are particularly aware of the effect prices have on subsequent reviews and approvals. It is apparent when unit prices are inflated or deflated to avoid various edits and reviews. This practice is prohibited and will result in processing delays.

b. **ACCURATE PRICES.** While accurate prices are important, they are also difficult to obtain. There are many sources of price information. These include property records, sales literature or presentations, the price of similar items, catalogs, etc. Normally, price estimates will vary with the source and age of the price information. When estimating prices, judgment and care should be exercised for two reasons:

(1) **Workload Savings.** Inaccurate prices will generate requests for verification, cause increased commitments of funds, and require reconciliation of financial records.

(2) **Price estimates establish the nature of the requirement, investment, or expense.** These categories of equipment are budgeted in different channels and, therefore, accurate price will ensure application of the proper types of funds. Initial price estimates establish the type of funds to use.

16-3. MEDCASE ELIGIBILITY OF COSTS OTHER THAN UNIT PRICE

The MEDCASE program requirements frequently involve costs other than the unit price of the item to be acquired. Examples of these costs include, transportation costs, costs of training equipment operators and users, costs of training maintenance personnel, installation costs, site preparation costs, and consumable supplies costs. While all of these costs must be considered when developing a MEDCASE Program Requirement (MPR), some are eligible for MEDCASE Program funding while others are not. The following represents a general set of rules to use when considering use of MEDCASE Program funds.

a. **TRANSPORTATION COSTS.** Transportation costs are divided into first and second-destination transportation costs.

(1) **First-Destination Transportation Costs.** This is the cost of moving an equipment item from the commercial source to the point at which the government first takes delivery (i.e., a depot or treatment facility receiving dock).

SB 8-75 MEDCASE

(a) MEDCASE funds may be used to pay first-destination transportation charges. Normally first-destination charges are incorporated in the price of the equipment purchased. e.g., FOB Destination. If questions or doubts arise on this point, the local contracting office can clarify contract terms or USAMMA may be contacted for assistance.

(b) MEDCASE funds cannot be used to pay first destination transportation costs when it is not associated with the acquisition of a MEDCASE requirement; instead, O&M operating funds will be used to pay for transportation. Assistance should be sought from the local comptroller in these cases. Participants who do not have O&M funds should contact their parent command or USAMMA, Resources Management Division, ATTN: MCMR-MMC-A, Fort Detrick, MD 21702-5002; DSN 343-4008/Commercial 301-619-4008, for assistance.

(c) MILCON funds used for BLIC "MB" requirements may be used to pay for first-destination transportation costs regardless of the terms of the equipment contract.

(2) Second-Destination Transportation Costs.

(a) Costs arise when equipment is shipped between two locations within the government.

(b) Neither MEDCASE nor medical MILCON funds may be used to pay for second-destination transportation costs.

(c) O&M are used when excess equipment is redistributed with the AMEDD.

b. TRAINING COSTS. Training costs include user training and maintenance personnel training. Training for operator and maintenance personnel is normally associated with the operation of equipment after receipt and acceptance. Therefore, training expenses will be accommodated with mission O&M funds, and not MEDCASE or MILCON funds. An exception occurs when the cost of training is incorporated as an intrinsic part of the purchase price of the equipment. Intrinsic means, in this case, service rendered by a contractor as part of the normal basic purchase price. Activities cannot specify any requirements concerning training, and the government must rely on the contractors' terms for the routine training that is provided at no additional cost with the equipment. (If training costs become an add-on factor to the normal basic purchase price, then such costs are not intrinsic.) If training is intrinsic to the purchase price of equipment to be obtained with MEDCASE or MILCON funds, then it is acceptable for and recommended, that users avail themselves of the contractor service. Per diem and transportation costs associated with such training must be funded by mission funds of the user.

c. INSTALLATION.

(1) The vendor normally accomplishes the installation of diagnostic imaging and radiation therapy systems.

(2) Installation includes the electrical, plumbing and mechanical interconnection between the components of the system, and the mounting of system components to existing support structures. Unless otherwise specified in the delivery order, *contractor installation DOES NOT INCLUDE* carpentry work, plumbing, mounting of conduit or the running of wires through conduit, or the mounting of junction boxes, line switches, and fuses. To ensure that installation fulfills the requirement, coordination between the customer, the USAMMA, and the acquisition activity is strongly encouraged.

(3) Contractor installation must be specified on the COL, EDL or the local purchase

document. Installation must appear as a separate contract line item (CLIN) on the contract or delivery order. The cost of installation is funded by MEDCASE.

d. SITE PREPARATION.

(1) Site preparation is the responsibility of the activity, and may become a major problem when it is not planned for and budgeted by the activity. Site preparation is normally accomplished by the activity's supporting facility engineer either in-house or by a service contract.

(2) Site preparation includes any and all of facility modifications that must be accomplished to allow the contractor to install the system. Site preparation may consist of rough-in carpentry work, plumbing, the mounting of conduit or the running of wires through conduit, and/or the mounting of junction boxes, lines switched, and fuses.

(3) Site preparation *is not* funded with MEDCASE funds because DHP procurement funds cannot be used to finance a service contract. The activity must program for and obtain DHP O&M funds for site preparation in accordance with command procedures. In some instance, site preparation can be funded for by use of MILCON funds for BLIC "MB" requirements.

e. TURNKEY ACQUISITION. A turnkey acquisition is a strategy whereby a single vendor is awarded a contract to perform site preparation functions, as well as supply and install the equipment.

(1) A local contracting activity, generally, does not accomplish turnkey acquisition,; therefore, activities that desire turnkey acquisition must request an exception to policy in order to locally procure the requirement. *The request must cite the availability of DHP O&M funds* for the site preparation portion of the project.

(2) Turnkey acquisition consists of a contract or delivery order for the equipment and installation, and a service contract for site preparation. The activity must prepare a "Statement of Work," which is the specification for the site preparation portion of a turnkey acquisition. The activity must provide a separate, DHP O&M fund citation to the local purchasing and contracting activity for that function.

f. CONSUMABLE AND OPERATING SUPPLIES. Many manufacturers include a small amount of supplies, not to exceed a 30-day supply level, with the equipment when it is sold. These supplies, provided they are part of the basic equipment contract, may be financed with MEDCASE funds. Beyond these "start up" supplies, any supplies needed must be funded with O&M.

16-4. WARRANTIES Most medical equipment suppliers warrant their products. Terms of the warranty can vary between suppliers and facilities depending upon their location, and between the source of contracting support. The following guidelines, with respect to warranties, apply:

a. RADIOLOGY EQUIPMENT. Warranties for radiology equipment purchased through DSCP are quite specific and comprehensive. Refer to Chapter 13, para 13-7c.

b. OTHER EQUIPMENT PURCHASED BY DSCP. Unless otherwise specified by the customer, DSCP will specify the standard commercial warranty for the item being acquired. A customer may request additional (extended) warranty coverage; however, cost associated with the coverage must be funded by the activity using operating funds.

c. LOCAL PROCUREMENT. Activities should specify necessary warranty coverage of their purchase request to the local purchase and contracting officer. Standard commercial warranty which is included as part of the contract price for the equipment is MEDCASE eligible. Additional charges for additional warranty coverage, such as extended coverage, must be funded by the activity using operating funds.

16-5. LEASED EQUIPMENT

a. GENERAL. The lease of equipment, regardless of the cost of the lease or the value of the equipment leased, is not eligible for funding through the MEDCASE program. Equipment leases are managed in accordance with procedures established by supporting medical commands.

b. BUY-OUTS OF EQUIPMENT ON LEASE. The buy-out of an equipment lease, provided that the cost of the buy-out exceeds the threshold of \$100,000 and the equipment otherwise meets the eligibility criteria stated in Chapter 2, para 2-2a. of this Supply Bulletin, may be funded through the MEDCASE program.

(1) Proposed lease buy-outs must be established as MEDCASE program requirements in accordance with normal program procedures.

(2) The buy-out of an equipment lease requires careful monitoring and coordination in order to prevent lapse of the lease prior to consultant approval and subsequent acquisition action.

16-6. REPORTING DISCREPANCIES

a. GENERAL. Equipment that is lost in shipment, or received in the wrong quantity or condition, must be expeditiously reported to the supply source and to the USAMMA. Shipment discrepancies that arise when the equipment is acquired through local procurement must be coordinated directly with the supporting purchasing and contracting activity.

b. LOST OR DAMAGED SHIPMENTS. Equipment acquired through the MEDCASE program that is either lost or damaged in shipment must be reported using SF Form 364, (*Report Of Discrepancy {ROD}*), in accordance with AR 735-11-2. The ROD must be submitted by the activity directly to the supply source, with an information copy provided to the:

USAMMA
ATTN: MCMR-MMT-C
1423 Sultan Dr. Ste 100
Fort Detrick MD 21702-5001

The resolution of the ROD may provide the activity with a credit, or may direct the return of the equipment to the vendor. *NOTE: Activities should use the MRE system to aid in the identification of lost shipments.*

c. **WRONG SPECIFICATIONS PROVIDED.** In cases where the vendor has provided the wrong specifications, the receiving activity must submit a ROD as described above. A copy of the contract or delivery order should be attached to the ROD.

(1) In cases where the return of equipment is directed by the supply source, the activity must expeditiously follow the instructions provided. The return shipment must always be made by traceable means. MEDCASE funds cannot be used for the transportation costs.

(2) In cases where the vendor grants a credit to the activity, a written copy of the document which grants the credit must be provided to the:

U.S. Army Medical Materiel Agency
1423 Sultan Dr. Suite 100
Fort Detrick MD 21702-5001

The USAMMA will return the amount credited to the activity's station account free balance. *NOTE: If the activity fails to provide the USAMMA with a copy of the document that grants the credit, the credit will be lost.*

d. **OVERSHIPMENTS.** Activities receiving an over shipment of items acquired through the MEDCASE program should immediately contact the USAMMA for assistance. The customer may be required to submit a ROD.

(1) If the activity has a need for the quantity overshipped, and there are sufficient funds available in the activity's station account, the USAMMA may certify the additional funds to the supply source so that the overshipment may be retained.

(2) Overshipments shall not be treated as a "free issue." Overshipments cannot be accepted by an activity unless approval has been obtained and funds have been certified by the USAMMA.

(3) If the activity does not have a need for the over shipment, the USAMMA will coordinate with the supporting command to determine if there are any other requirements that could be satisfied. If a requirement is identified, the USAMMA and the command will coordinate transportation and funds adjustments.

(4) If return of the overshipment is directed, the information provided in this chapter applies.