



Hospital Annual Report Newsletter

Key Questions Preparer Should Ask

To determine if a capital expenditure commitment is subject to a retrospective review (the additional tab in the HAR formset answering key questions), the project must meet two criteria:

1. \$1,000,000 or more for a single project or equipment acquisition.
2. The project is for patient care.

There are certain capital expenditure projects that are not subject to capital expenditure retrospective review:

1. Spending commitments made by research and teaching institutions for the purposes of medical education, medical research supported or sponsored by a medical school, federal or foundation grant, or clinical trials.
2. Spending commitments for building maintenance
3. Spending commitments for activities not directly related to the delivery of patient care services.

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Was your project one million dollars or more? Was it for patient care? Then a retrospective review is necessary.

Two Criteria for Retrospective Review

1. Project or acquisition was over \$1,000,000
2. For Patient Care

Seven Questions to be Answered in the Retrospective Review

If the project or acquisition meets the aforementioned points, then the following questions should be answered in a separate memo for each project.

1. What was the date of spending commitment for this project?
 - Defined as the "date the project was authorized by an Executive or Board of Directors," meaning when did a decision maker (person or body) make a decision to proceed with the project.
 - This is not necessarily the date (or dates) when the expenditure(s) took place.
 - In some organizations, the project may have been authorized by a manager.
 - The date of spending commitment determines whether the capital expenditure should be reported in you HAR. Does the date of spending commitment fall with the reporting year for the HAR?
2. What is the facility address for this project?
 - This is the street address and city of the facility (not necessarily the mail address or corporate headquarters address).
3. What is this project?
 - This should be a basic description of the project:
 - Is this a building expansion or renovation?
 - What types of patient care are involved (ED, OR, Cardiac Care, Mental Health, etc.)?
 - What medical equipment (including diagnostic equipment) is being purchased?
 - Does this involve the acquisition and implementation of Electronic Medical Records?
4. What is the purpose of the project?
 - In addition to the basic description, this should describe the intended purpose and practical effect of the project. Does the project expand available care, improve the delivery of care, address care and case management efficiencies, improve diagnostic capacity?

Seven Questions to be Answered in the Retrospective Review - continued

5. How does the project impact the quality of care received by patients?
 - Does the project expand available care, improve the delivery of care, address care and case management efficiencies, improve diagnostic capacity?
6. What is the distance (in miles) to the location of the nearest equivalent (to your project) services or technology?

And

7. What services and technology, equivalent to this project, are available within a service area of 10 miles?
 - Questions 6 and 7 are meant to identify the availability, prevalence, and density of a given service or medical technology.
 - Equivalent services or technology may include services and technology offered by partner facilities within your corporation, but these questions do not exclude equivalent services or technology offered by other competitors or health care providers.
 - Information about competing services can generally be found in an “environmental scan” included as part of a business plan or strategic plan that might have been undertaken prior to a commitment decision made by the executive or board of directors.

Further Information Available

Additional information can be found at the Health Economics Program page:

<http://www.health.state.mn.us/healthconomics>

The Capital Expenditure Reporting information page:

<http://www.health.state.mn.us/divs/hpsc/dap/cdireports/capexp/index.html>

Or by contacting Tom Major at (651) 201-3574 or tom.major@state.mn.us .

To contact the Minnesota Department of Health with questions or comments, e-mail amy.camp@health.state.mn.us or call (651) 201-3575.

