



Indian Health Service: Health Care Facilities Construction

The Recovery Act funds will complete the replacement of two Indian Health Service (IHS) healthcare facilities with more technologically advanced state-of-the-art facilities. The specified \$227 million for IHS Health Care Facilities Construction will complete the replacement of the hospital and staff quarters at Eagle Butte, South Dakota, and complete the replacement of the hospital facility at Nome, Alaska. The two funded construction projects were determined by criteria in the Recovery Act requiring up to two facilities from IHS' current construction priority list for which work had already been initiated. Construction of the Nome replacement facility has been implemented by a direct Federal open competition contract, meeting all respective and applicable laws. A Public Law (P.L.) 93-638 Title-V tribal self-determination construction project agreement has been entered into with the Norton Sound Health Corporation (NSHC) for the provision of all equipment and furnishings, architect/engineer (A/E) construction administration services, and off-site utilities. The Eagle Butte replacement facility and quarters construction is being completed through a P.L. 93-638 Title-I self-determination construction contract, whereby the Tribe will implement construction contracts.

A. Funding Table

(Dollars in Millions)

	Total Appropriated	Actual Obligations FY 2009	Planned Obligations FY 2010
Replacement Facility – Nome, Alaska	\$142.5	\$90.25	\$52.25
Replacement Facility – Eagle Butte, South Dakota	\$84.5	\$43.0	\$41.5
Total	\$227.0	\$133.25	\$93.75

B. Objectives

- Complete the replacement facilities at Nome, Alaska, and at Eagle Butte, South Dakota (including the quarter units at Eagle Butte)
- Expand service capacity by increasing access to modern health care services at state-of-the-art medical facilities for surrounding American Indian and Alaska Native communities.
- Provide economic stimulus through the creation of jobs.

C. Activities

Categories for Health Facilities Construction include:

- Completion of the Nome direct federal contract for construction of the new 150,000 SF hospital.
- Completion of the Norton Sound Health Corporation P.L. 93-638 Title-V Construction Project Agreement for architect/engineer construction contract administration, equipment, and furnishings, and off-site utilities.



- Award and initiation of the Nome Direct Federal contract for Commissioning. The Commissioning Agent will ensure completion and verification of all building systems as well as operator training and O&M manuals.
- Completion of the Eagle Butte P.L. 93-638 Title-I contract for construction of the new 138,000 SF hospital and design/build of 133 Quarters units.

D. Characteristics

Types of Recipients

- Tribal governments and/or Tribal Organizations
- Private-sector construction vendors

Types of Financial Awards

- Federal construction contracts and purchase orders
 - Nome: \$99.75M
 - Eagle Butte: \$0M
- Tribal P.L. 93-638 construction contracts
 - Nome: \$42.75M
 - Eagle Butte: \$84.5M

Methods of Selection

- These facilities replacement projects were highly ranked on the IHS facilities priority list (a nation-wide assessment of facility condition, capacity, and need). Design was already complete and initial stages of construction had begun. In accordance with Congressional direction, these were the highest ranking facilities replacement projects that met criteria specified in the Recovery Act for these funds.
- The Nome facility construction is being completed by a direct Federal contract that met all respective and applicable laws. A direct Federal contract will be issued for the provision of commissioning services.
- The Norton Sound Health Corporation (NSHC) will provide all equipment and furnishings, A/E construction contract administration services, and off-site utilities through a P.L. 93-638 Title-V self-determination construction project agreement.
- The Eagle Butte healthcare facility and quarters units construction is being completed through a P.L. 93-638 Title-I self-determination construction contract. The Tribe has implemented construction contracts for the healthcare facility and the design and construction of the staff quarters (design build).

E. Delivery Schedule

Activities	Initiation Dates	Completion Dates
Nome facility direct federal Request for Proposal (RFP) solicitation and award	4/3/09	8/19/09
Norton Sound Health Corporation (NSHC) Title-V Construction Project Agreement (CPA) for A/E construction contract administration services, partial equipment, and furnishings – Modification No. 4	5/13/09	12/28/09



Activities	Initiation Dates	Completion Dates
NSHC Title V CPA Modification No. 5 for off-site utilities	1/1/10	6/30/10
NSHC Title V CPA Modification No. 6 for remaining equipment and furnishings and occupancy by NSHC	6/1/10	8/31/10
Nome ARRA direct Federal Construction Start and Complete	4/5/10	12/31/12
Eagle Butte Title-I contract for Phase-I construction with non-Recovery Act funding construction start and complete	4/20/09	11/30/09
Eagle Butte Title-I contract for Phase-II remaining facility construction w/Recovery Act funding – Negotiate, execute, and complete all construction	5/1/09	12/31/11
Eagle Butte Title-I contract for design/build of the 133 quarters units	4/6/10	12/31/11
Eagle Butte Title-I contract for disposition of existing hospital and out-buildings – Negotiate, execute, complete all design and construction	4/6/10	12/31/12

F. Environmental Review Compliance

- All Recovery Act projects have been reviewed for environmental compliance. The Nome and Eagle Butte projects currently comply with National Environmental Policy Act and National Historic Preservation Act and other environmental regulations.
- To satisfy Section 1609(c) reporting requirements of the Recovery Act, the IHS will report the status and progress of the environmental review of all Recovery Act funded projects using the prescribed President’s Council on Environmental Quality format.

G. Measures

Measure	Type	Frequency Measured	Available for Public Access
Percent of construction funds expended by direct Federal and tribal Title-I and Title-V contractors.	Output	Quarterly for direct Federal contractors and quarterly for the tribal contractors	Recovery Act reports on Recovery.Gov; Supplemental information on HHS.gov/Recovery

Explanation of Measure: The tangible outputs produced by the facility construction projects are two state-of-the-art health care facilities located at Nome, Alaska and Eagle Butte, South Dakota. The new facilities replace older facilities and will expand



Department of Health and Human Services
American Recovery and Reinvestment Act
Community Healthcare Services



capacity to serve the current patient population. The percent of funds expended will be determined quarterly from the direct Federal contractor's monthly progress payment submissions as determined from the schedule of values, quarterly from the Title-I tribal contractor, and semi-annually from the Title-V tribal contractor from their respective financial reports. The percent of funds expended will be compared to the respective actual construction progress to determine the overall project cost status.

Measure	Type	Frequency Measured	Available for Public Access
Progress schedule monitoring actual progress vs. the Contractor's submitted schedule	Output	Quarterly for the direct Federal contractor and tribal Title-I contractor	Recovery Act reports on Recovery.Gov; Supplemental information on HHS.gov/Recovery

Explanation of Measure: The general contractors for both the Eagle Butte and Nome hospital construction projects are required to submit a construction schedule in a CPM (critical path method) format. Each contract has a stipulated completion date. This measure will note actual construction progress on a quarterly basis for the direct Federal contractor and for the tribal contractor, and will be compared to their CPM schedules. The actual completion progress for each project will be compared to the respective CPM schedules to determine the overall project completion status. This measure will be reported quarterly for federal and tribal contracts.



Department of Health and Human Services
 American Recovery and Reinvestment Act
 Community Healthcare Services



Outcome / Achievement	Type	Units	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12	9/30/12	12/31/12
Percent of total Recovery Act facility construction funds expended (both Nome and Eagle Butte projects)	TARGET	Percent	15%	22%	22%	37%	59%	63%	72%	75%	79%	82%	91%	94%	98%	100%
	ACTUAL		15%	22%	17%*											
Nome Health Center direct federal contract. Progress schedule monitoring actual progress vs. the Contractor's submitted schedule	TARGET	Percent	2%	10%	17%	25%	32%	40%	47%	55%	62%	70%	77%	84%	92%	100%
	ACTUAL		2%	11%	19%											
Eagle Butte Health Center P.L. 93-638 contract Progress schedule monitoring actual progress vs. the Contractor's submitted schedule	TARGET	Percent	15%	25%	34%	43%	53%	62%	72%	81%	91%	100%				
	ACTUAL		20%	16%	36%											
Eagle Butte Quarters P.L. 93-638 contract Progress schedule monitoring actual progress vs. the Contractor's submitted schedule	TARGET	Percent	NA	NA	NA	Schedule to be provided to IHS by the Cheyenne River Sioux Tribe in May 2010										
	ACTUAL		NA	NA	NA											

* Note: The actual percent of expenditures went down from \$22% to 17% from December 09 to March 10 due to an overpayment to NSHC for the Nome project. \$16.8M was paid to NSHC when \$5M should have been paid. NSHC returned \$11.8M shortly after this error was identified.



H. Monitoring and Evaluation

All Recovery Act programs are assessed for risk to ensure that appropriate internal controls are in place throughout the entire lifecycle of the program. These assessments are conducted by operating components to comply with the statutory requirements of the Federal Manager's Financial Integrity Act and the Improper Payments Information Act as well as OMB Circular A-123, "Management's Responsibility for Internal Control" (including Appendices A, B, and C).

The IHS risk management process fits within the overall governance structure established at HHS to address Recovery Act program risks. The HHS Risk Management and Financial Oversight Board provides executive leadership and establishes accountability for the risk assessment process related to internal controls over financial reporting, and the HHS Senior Assessment Team ensures that risk assessment objectives are clearly communicated throughout the Department. The IHS Recovery Act Coordination Team carries out comprehensive annual assessments of its Recovery Act program(s) to identify risks and develop strategies to address them, including those associated with selecting recipients, awarding and overseeing funds, and achieving program goals. It meets bi-weekly to monitor and assess the effectiveness of mitigation strategies and identify emerging risks.

In addition, IHS has presented/will present its high level risks to the Recovery Act Implementation Team. Chaired by the Deputy Secretary and comprised of senior policy officials from throughout the Department, the Implementation Team convenes monthly to monitor progress in carrying out Recovery Act programs and address the obstacles and risks that could impact on their success.

I. Transparency

IHS will be open and transparent in all of its contracting competitions and regulations that involve spending of Recovery Act funding consistent with statutory and OMB guidance.

IHS ensures that recipient reports required by Section 1512 of the Recovery Act are submitted and reviewed for material omissions and significant errors that would mislead or confuse the public. IHS has informed recipients of their reporting obligations through standard terms and conditions, grant announcements, contract solicitations, and other program guidance. IHS has provided technical assistance to grantees and contractors and has fully utilized Project Officers to ensure compliance with reporting requirements.

- Post Recovery Act reports on Recovery.Gov and supplemental information on HHS.Gov/Recovery.
- Post reports enabling the public to see how much Recovery Act funding has been awarded and to whom.
- Recipients submit Recovery Act reports to a web-based central data portal which routes raw reports to a central national data repository and to the IHS.
- IHS submits consolidated reports assembled from raw individual recipient reports, e.g., overview of progress of multiple vendors working on a single project.



Department of Health and Human Services
American Recovery and Reinvestment Act
Community Healthcare Services



- Types of data available to the public:
 - Recovery Act financial data for IHS
 - Recovery Act implementation plans
 - Recovery Act award data
 - Recovery Act program and project level status reports - individually by recipient and collectively synthesized as appropriate.
- No agency contact or oral communications with registered lobbyists regarding particular Recovery Act projects are allowed.
- Post any written agency communications with lobbyists to Recovery.Gov
- All tribal and commercial contracts will include applicable reporting requirements for use of Recovery Act funds.

J. Accountability

To ensure that managers are held to high standards of accountability in achieving program goals under the Recovery Act, IHS has built on and strengthened existing processes. Senior IHS Office of Environmental Health and Engineering program officials have met regularly with senior Department officials to ensure that projects are meeting their program goals, assessing and mitigating risks, ensuring transparency, and incorporating corrective actions. The personnel performance appraisal system has also been incorporated the Recovery Act program stewardship responsibilities for program and business function managers.

- Incorporate Recovery Act implementation into IHS fiscal year 2009 and 2010 Management Control Plan
- Track quantifiable outcomes and outputs for funded projects
- Track Recovery Act projects & funds in Unified Financial Management System
- Track Construction Projects for:
 - Construction schedule, scope, costs, disbursements
 - Facilities performance measures
- Incorporate Recovery Act implementation in:
 - Director's Performance Plan and cascade to responsible Recovery Act managers
- Health Facility Construction Projects comply with rigorous national planning, design, and selection criteria in advance of selection for construction
- Health Facility Construction Projects comply with:
 - National design standards for health care facilities
 - worker health and safety standards and coverage standards
 - right-of-way and tribal permissions
 - documented scope, budget, and schedule in Facility Project Approval Agreement (HHS Form 300)
- Projects comply with procurement standards and quality assurance
- Track and report use of funds for administration

K. Barriers to Effective Implementation

Health Facility construction projects are complex, multi year projects which include many interdependent sub-projects. Both construction sites are located in remote areas where progress can be limited by logistical bottlenecks and severe climate. Ordinarily, IHS facilities construction funding obligations are staged over the entire



period of construction. However, the Recovery Act requires that all Recovery Act funding be obligated no later than September 30, 2010. Funding for equipment and furnishings and a contingency reserve amount for unforeseen costs are normally not obligated this early. This unusual challenge continues to require special project management, financial, and acquisition steps to comply with the Recovery Act and assure that construction is conducted according to standards.

- The Nome construction schedule could be extended due to uncertainty with procurement, shipping, arctic construction, labor, and other risks at this very remote site located on the Bering Sea.
- The Eagle Butte construction schedule could be extended due to severe winters, labor, and other project risks at this remote site in rural South Dakota.
- The Nome facility will be owned by NSHC on land owned by NSHC.
- The Eagle Butte facility will be Government owned on trust land.

L. Federal Infrastructure

- Design for both projects was initiated prior to the requirement to meet the Guiding Principles for High Performance and Sustainable Buildings in EO 13423. However, the IHS design criteria for both replacement facilities include many energy efficiency features; and the Tribes have incorporated sustainable design features into the projects. In an effort to meet the requirements of Energy Policy Act (EPAct) of 2005 and some of the requirements of EO 13423 it was decided to incorporate a geothermal heat pump system into the new Eagle Butte Health Care facility. Also the EISA storm water migration will be addressed.
- The Nome facility was designed to meet current energy efficiency criteria. The facility completed its design prior to consideration of Leadership in Energy and Environmental Design (LEED) certification being required, however, the facility will still meet many of the LEED criteria.
- The Eagle Butte facility will meet many of the current energy efficiency criteria, including utilizing a renewable energy ground source heat pump system for heating and cooling, which will meet ASHRAE 90.1 (2004) and the facility is targeted to be 30% more efficient. The Sustainable Buildings Checklist will be utilized to document all energy and sustainability features of the design at the completion of construction.
- The Eagle Butte facility was targeted to meet current pre site development storm water runoff condition regulations.

Summary of significant changes:

The original Implementation Plan for Health Care Facilities continues to be accurate for this update. The only major change was replacing the FTE performance outcome with a progress schedule monitoring outcome and modifying the Outcome/Achievement Table to add this measure.