

**Option 1:**

LC 6403.3 requires that an “employer shall establish and implement effective written procedures for periodically determining the quantity and types of equipment used in its normal consumption.”

For purposes of (or, as used in) LC 6403.3, normal consumption means the average amount of the equipment specified by LC 6403.3(c)(1) for each category, type and size of equipment, used by all employees who provide direct patient care or who provide services that directly support care to patients. Normal consumption reflects an average demand, which includes fluctuations in equipment usage, as they occur over a two year period.

Normal consumption shall be calculated as follows:

For each year beginning April 1, the quantity of each category, type and size of the specified equipment consumed in the facility during the preceding two calendar years shall be added up and then divided by 8. For example, three months of normal consumption for the year beginning April 1, 2021 and ending on March 31, 2022, shall be based on the total quantity of each category, type and size of the specified equipment consumed during the period January 1, 2019 through December 31, 2020, divided by 8.

The employer may determine consumption for each category, type and size of equipment by any of the following methods:

1. The total quantity received in the facility from all sources except for those not for use by the facility,
2. The total quantity ordered by the facility from all sources except for those not for use by the facility,
3. The average monthly inventory,
4. The quantity distributed to units in which employees provide patient care and to units providing services that directly support patient care, through all distribution methods, including separately chargeable and non-separately chargeable items.

Note: The employer may use different methods of determining consumption for each category and type of equipment.

**Option 2:**

LC 6403.3 requires that an “employer shall establish and implement effective written procedures for periodically determining the quantity and types of equipment used in its normal consumption.”

For purposes of (or, as used in) LC 6403.3, normal consumption means the average amount of the equipment specified by LC 6403.3(c)(1) for each category, type and size of equipment, used by all employees who provide direct patient care or who provide services that directly support care to patients. Normal consumption reflects an average demand, which includes fluctuations in equipment usage, as they occur over a two-year period.

Normal consumption shall be calculated as follows:

For each year beginning April 1, the quantity of each category, type and size of the specified equipment consumed in the facility during the preceding two calendar years shall be added up and then divided by 8. For example, three months of normal consumption for the year beginning April 1, 2021 and ending on March 31, 2022, shall be based on the total quantity of each category, type and size of the specified equipment consumed during the period January 1, 2019 through December 31, 2020, divided by 8.

In calculating average consumption over the two years, the quantity used to represent consumption during the second year shall be capped at 200% of the first year's consumption. For example, if consumption of item X is as follows:

2019 is 1000 pieces

2020 is 3000 pieces

2021 is 1600 pieces,

Then the quantity used for calculation of normal consumption for 2020 will be capped at 2000 pieces, and the quantity calculated for three months normal consumption for the year starting April 1, 2021 will be  $3000/8 = 375$  pieces. The calculation for three months of normal consumption for the year starting April 1, 2022 will be  $(2000 \text{ plus } 1600)/8$  or 450 pieces. Using a cap of 200% means that the year to year increase in required inventory for any item is capped at 150% of the previous year.

The employer may determine consumption for each category, type and size of equipment by any of the following methods:

1. The total quantity received in the facility from all sources except for those not for use by the facility,
2. The total quantity ordered by the facility from all sources except for those not for use by the facility,
3. The average monthly inventory,
4. The quantity distributed to units in which employees provide patient care and to units providing services that directly support patient care, through all distribution methods, including separately chargeable and non-separately chargeable items.

Note: The employer may use different methods of determining consumption for each category and type of equipment.

### **Option 3:**

For purposes of (or, as used in) LC 6403.3, normal consumption means the average amount of the equipment specified by LC 6403.3(c)(1) for each category, type and size of equipment, used by all employees who provide direct patient care or who provide services that directly support care to patients, subject to any adjustment resulting from an employer's periodic evaluation of the quantity and types of equipment used in its normal consumption. Normal consumption reflects an average demand, which includes fluctuations in equipment usage, as they occur over a two-year period.

Normal consumption shall be calculated as follows:

For each year beginning April 1, the quantity of each category, type and size of the specified equipment consumed in the facility during the preceding two calendar years shall be added up and then divided by 8, with the exception of any periods when a state of emergency due to pandemic conditions affecting the area where the facility is located is declared by the Governor pursuant to its authority under GC 8625. For these two-year intervals normal consumption shall be calculated by determining the average monthly quantity of each category, type and size of the specified equipment consumed in the facility during the non-emergency periods and multiplying it by three.

The employer may determine consumption for each category, type and size of equipment by any of the following methods:

1. The total quantity received in the facility from all sources except for those not for use by the facility,
2. The total quantity ordered by the facility from all sources except for those not for use by the facility,
3. The average monthly inventory,

4. The quantity distributed to units in which employees provide patient care and to units providing services that directly support patient care, through all distribution methods, including separately chargeable and non-separately chargeable items.

Note: The employer may use different methods of determining consumption for each category and type of equipment.