Associate Director for Health
Resources Planning, BHRD

November 4, 1974

Acting Director
Division of Regional Medical Programs

Suggestions on Organizational Proposal for New Bureau to
Administer Health Resource Planning Legislation

A clear, precise functional statement is essential to the successful
launching of a new organization. Once a unit is operating for some
time, responsibilities and organizational relationships become insti-
tutionalized and the functional statement is forgotten. Because of
this, there is a tendency to underestimate the importance of a carefully
written functional statement.

A sound functional statement is needed initially to,

1. avoid or minimize turf problems;
2. insures that responsibilities are assigned for
   all required and essential functions;
3. provide a basis for developing realistic staffing
   requirements;
4. provide a basis for writing position descriptions
   related to actual job and organizational responsi-
   bilities;
5. identify needs for coordination between units and
   for delegation of authority.

After carefully reviewing the current functional statement for the
proposed new Bureau and reviewing the comments of the BHRP staff,
I recommend a complete rewrite. If the present document is allowed to
stand, my experience tells me that the new Bureau will be beset with
totally unnecessary jurisdictional fights, personnel grievances, staffing
imbalance, and emergency, crash efforts to meet overlooked responsibilities.

As you know, our Executive Staff discussions convinced me of the need for a
separate Division to oversee the State's regulatory activities, and I recog-
nize and appreciate that the present organizational proposal attempts to
incorporate my ideas on evaluation and policy coordination. However, in
my view, the duties and responsibilities of the various units as described in the functional statement, are incomplete and inadequately defined. Among other things, the statement contains overlapping responsibilities. It ignores the functional responsibilities of Regional Offices. It omits important functions (such as approval of State plans, awarding of grants and contracts, annual allocation of funds among the Regional Offices, management and calculation of formulas, required liaison with the Federal-State-Local Data System, etc.), and, further, it fails to mention the Bureau's principal raison d'être, financial support for planning and construction.

I think it would be a serious error to establish a new Bureau in such haste that adequate staff-work is ignored. The functional statement, after all, is only a second draft. The statement and organization chart were distributed to the Executive Staff shortly before meeting, and it was discussed with little opportunity for prior study and only the briefest period for comment before being forwarded to Dr. Greaves and others. While the current chart appears to represent a generally workable organization, I cannot honestly endorse the functional statement as presently written, and, therefore, would like to suggest some modifications, i.e.:

1. Start out with a general statement in plain English saying what the Bureau does - (a) administers a program of financial assistance for State and Local Health Planning through grants and contracts; (b) provides support for construction of health facilities through loans, loan guarantees, and grants; (c) monitors and supports State regulatory programs; and, (d) develops standards, guidelines, and related, technical and other non-financial assistance;

2. Drop the Section on, "Organisational Philosophy." It adds nothing. The reference to a "flat" organization is vague and confusing, and the statement that the Central Office staff will be small is not supported either by the remainder of the functional statement or the numerous detailed requirements of the pending Bills;

3. Specify the functions to be performed by the Regional Offices, and throughout the document note those functions that require prior consultation, concurrence, or approvals among ROs and Headquarters;

4. Eliminate duplicative functions or clearly distinguish between complementary functions which, if not carefully defined, may seem to overlap. For example, the present draft refers to MHS or data functions in the description
of five different units. Evaluation or legislative functions appear in the descriptions of six different offices, and training functions in two. Distinguish between related or complementary functions carried out by different offices by using more precise language to indicate relationships and types of coordination, i.e., "supervises _____," "Approves _____," "Advises _____ concerning _____," "Consults with _____ on _____," "In conjunction with _____ carries out _____," "Subject to prior consultation does _____;"

5. Identify the locus of essential financial and related functions such as formula management, accounting, contract liaison, and financial policy;

6. Take the Congressional correspondence function out of the Policy Coordination Office where it is inappropriate, and create (either within one of the Divisions or separately) a communications staff to manage not only correspondence but also production and distribution of publications as well. Numerous technical assistance documents will be required by law, and this implies a professional staff to handle editing, format, design, illustrations, printing, etc.;

7. Emphasize EEO throughout the document wherever appropriate. It is not sufficient just to have an EEO function in the Office of the Director. Each unit that deals with grantees or contractors should formally be charged with EEO responsibilities with respect to recipients of Federal funds and with internal upward mobility, career development, women's programs, etc.;

8. Recognize in the organization chart and in the functional statement that the Bureau relates to both the National Advisory Council on Health Policy and the Federal Hospital Council. As a minimum, material relating to the Office of the Director should indicate that he consults with each of these Councils;

9. Identify which Division will be responsible for data processing, advice on data management, and coordination of Bureau and other Federal data systems. At present, data functions are scattered throughout the proposed
organization. The different Divisions will require
and use various data and should determine that data
is collected, what reports are prepared, and how they
are interpreted and used, but experience indicates that
unless some kind of processing and coordinating unit is
established, competing and duplicative data empires will
flourish;

10. Identify responsibility for functions that will be
important in the initial stages of the program. Examples
would be design and clearance of applications and other
forms, establishment of review procedures, development
of required regulations, development of terms and condi-
tions for grants and contracts, procedures and criteria
for making required findings and determinations, negotiation
of conditional designation agreements for State and local
agencies, etc. These kinds of activities imply fairly sub-
stantial management analysis and contracting functions for
the first few years. Changes can be made later as workloads
shift. Some mention should also be made of the adminis-
tration of Section 314, Title VI and Title IX during the
transitional period subsequent to enactment;

11. Insure that the total organization, including the Regional
Offices, is capable of carrying out all required and
intended legislative responsibilities. Over 40 specific
requirements for reviews, approvals, determinations,
development of materials, etc., are enumerated in the
House Bill (excluding the National Advisory Council on
Health Policy and the Construction provisions). Some
organizational unit should be responsible for each legis-
latively required function.

I know it is always hard to go back to the drawing board, but in this case,
I really think it is necessary. Why rush now and be sorry later? Mr. Gardell
and I will help in any way possible, and I know that many of the NMP staff,
particularly Mr. Baum, Mr. Teets, Mr. Ott, and Mrs. Silsbee, have ideas and
experience that would be useful in thinking through another draft. I am
convinced that devoting more time now to setting up a workable organization
that covers all the bases in accordance with legislative requirements and
expressed Congressional intent will pay off in employee support and satis-
faction, creditable Bureau performance, and benefit to the taxpayers.
I am sorry that my absence due to a back injury, in part, has delayed getting these comments to you sooner. In order to expedite matters, I am sending information copies to Dr. Greene and others who received your memorandum of October 8, 1974, and to the Executive Staff.

Herbert B. Pahl, Ph.D.

cc: Dr. Endicott
    Dr. Margulies
    Mr. Zwick
    Mr. Whiteside
    Mr. Dyer
    Mr. Hanson
    Executive Staff--Dr. Grzancing
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KBaum:emh