Mr. BARRETT. Mr. Kingren, I do not know if you have been reading my mind or not, but you actually answered a question that I was going to put to you.

I think you have to consider the life expectancy of the facilities in order to properly combine these things and get a package mortgage on them.

Mr. KINGREN. To give you the supporting reasons for our feeling in this matter, we take, for example, a 10-doctor clinic. In our experience, the land and building will cost about 80 percent of the total expenditure and 20 percent will be for equipment. The total cost of a 10-doctor to 12-doctor clinic will be between $400,000 and $500,000. That's land, including parking facilities and a serviceable building for a diversified medical practice.

I am talking about a satellite clinic for a central integrated outpatient and inpatient hospital facility. We include X-ray, laboratory, outpatient surgery, and doctors' offices in our 10- to 12-doctor clinics.

Our cost for equipping the 10-doctor facility is about $10,000 per doctor, and the equipment cost for the entire clinic is as follows: $30,000 to $40,000 for X-ray equipment—that is assuming you do not have a radiologist who would need more expensive specialized types of equipment; $5,000 to $10,000 for laboratory equipment; $10,000 to $15,000 to equip the outpatient surgery; $5,000 to $10,000 for office equipment; $30,000 to $35,000 for furnishings which would have a much longer life expectancy than, say, an X-ray unit which might become obsolete next year; and physical therapy equipment would be from $3,000 to $5,000. I am not sure of the arithmetic, but I think this adds up to from $83,000 to $115,000. So, on the basis of a $500,000 clinic total expenditure, the fixtures and equipment will be about 20 percent of the total cost. We consider this to be a substantial part of the investment and suggest the shorter amortization schedule for this equipment.

Further, a short amortization schedule makes for greater flexibility, since a piece of equipment which becomes obsolete in a few years because of scientific improvements, can be replaced immediately.

Mr. BARRETT. Then you are now indicating that this thing would be better considered by all concerned on a two-loan approach—one for construction and one for facilities, and this would give you a chance, when your equipment is becoming obsolete or depreciated, to renew it?

Mr. KINGREN. That's correct, sir; and further insures a higher standard and more up-to-date standard in the medical services provided the members.

Mr. BARRETT. What period do you consider on the facilities sector?

Mr. KINGREN. We thought 25 years as provided for in the bill.

Mr. BARRETT. You are talking on a structural loan?

Mr. KINGREN. Yes.

Mr. BARRETT. I am talking on a facilities loan.

Mr. KINGREN. You mean equipment? If you wanted to take a conservative viewpoint, you could use a 7-year schedule and if you wanted to be more liberal it could be 10 years. Any figure in between also could be used.

Mr. BARRETT. Mrs. Dwyer?

Mrs. DWYER. This is to Mr. Brindle. What are your total needs and how much of it is housing and how much is facilities; do you know?