

# Medical equipment asset class

## Categories and useful life guidelines

QH-GDL-483

## Purpose and Scope

This document provides guidance to Queensland Health asset officers to consistently assign categories and useful life for the medical equipment asset class in the Queensland Health financial system (S/4HANA).

Compliance with the guidelines is not mandatory. However, state-wide implementation of medical equipment **categories** offers substantial benefits to each of the Hospital and Health Services (HHSs) and the health system. Therefore, HHSs and the Department of Health (the Department) are encouraged to adopt the recommended categories of medical equipment.

While the **useful life** guidance has been developed using an evidence-based review to determine a consistent approach, HHSs and the Department may wish to alter the recommended medical equipment useful life to better suit their local conditions.

## Benefits to Queensland Health

The implementation of the guidelines is expected to bring the following benefits:

- improved reporting of medical equipment assets at a system level and for each HHS
- improved ability to forecast the replacement of medical equipment
- more equitable and transparent Health Technology Equipment Replacement (HTER) funding allocated to each HHS
- more proactive asset management, including maintenance of medical equipment
- more accurate determination of depreciation expense for medical equipment.

## 1. Introduction

### 1.1 Medical equipment categories

Medical equipment assets are defined as devices, including the software necessary for their proper application, that are intended to be used for diagnosis, prevention, monitoring, prediction, prognosis, treatment or alleviation of disease, injury or disability (Therapeutic Goods Administration, 2020). Queensland Health medical equipment asset data are stored on the Fixed Asset Register in the S/4HANA financial system. Under the Financial Management Practice Manual (FMPM) rules, medical equipment assets must meet the asset recognition threshold of \$5,000 to be recorded on the Register (FMPM 8.25).

State-wide medical equipment categories are required to standardise the way that medical equipment asset data are recorded in the Fixed Asset Register. This will allow both HHSs and the Department to have greater visibility and ability to report on the different types of medical equipment that are present at Queensland Health.

## 1.2 Useful life

Useful life (similar to 'effective life') is the estimated amount of time (in years) that a medical device can be expected to be used safely, effectively, and economically for its intended purpose. Accurate estimation and monitoring of medical equipment useful life is a vital component of effective asset management (BEAG, 2004). The objective for Queensland Health is to maintain its medical equipment portfolio such that the useful life of medical equipment assets is optimised to support healthcare delivery outcomes.

Various external agencies provide advice regarding the useful life of medical equipment. For example, the Australian Taxation Office (ATO) provides useful life guidelines for common categories of medical equipment for depreciation purposes (see Taxation Ruling TR 2020/3). These guidelines reflect 'typical use' for the healthcare industry. However, it is important to note that the useful life of medical equipment depends on local conditions, including:

- criticality to service delivery
- technological obsolescence
- frequency of use (e.g. busy tertiary hospital; small rural facility)
- equipment performance and costs of maintenance
- physical environment (e.g. temperature, quality of power supply, misuse of equipment)
- vendor support
- compatibility with other equipment and systems (e.g. ICT)
- user and health consumer safety risk
- funding sources and policies to replace equipment (e.g. HTER Program)
- legislative and regulatory requirements (e.g. Medicare capital sensitivity requirements).

Some HHSs have a sophisticated process of determining useful life that is based on manufacturer's specifications, analysis of local useful life data and advice from engineering specialists. Other HHSs, however, may lack resources to conduct such an analysis. Instead, they rely on the existing accounting convention (10-year default) in the S/4HANA financial system to estimate the useful life of medical equipment at the asset acquisition stage.

## 2. Guidelines

### 2.1 Medical equipment categories

2.1.1 The QH Medical Equipment categories are a combination of major categories and minor categories (Attachment 1). A major category is based on a clinical specialty within a health service. A minor category provides an additional breakdown of the major category.

2.1.2 Each major-minor category combination is assigned a code (i.e. 'Naming Convention' field) that is available in the S/4HANA Fixed Asset Register at the point of asset shell creation.

2.1.3 Please note that if a medical equipment item does not fall under a specific minor category, then it can be allocated to the 'Other' minor category. This allows for grouping of rare and novel medical equipment items.

## 2.2 Useful life

2.2.1 A standardised list of medical equipment useful life is provided to HHSs and the Department (Attachment 1). This list is based on:

- guidelines from the ATO (Australian Taxation Ruling 2020/21),
- requirements from the Commonwealth Department of Health (Medicare Medical Imaging Sensitivity Requirements),
- external guides (e.g. Emergency Care Research Institute's Biomedical Benchmark™)
- an independent analysis of retired Queensland Health medical equipment assets.

2.2.2 Please note that HHSs and the Department are ultimately responsible for maintaining their medical equipment assets. Therefore, depending on the local factors (see section 1.2), the actual age of equipment may last well beyond the recommended useful life. Alternatively, in some situations, it may be necessary to retire medical equipment before its estimated useful life expires.

## 2.3 Resources and Review

2.3.1 Definitions for each major and minor category, along with typical examples, are provided in the QH Medical Equipment Categories - Additional Info spreadsheet (please see the Toolkit section). Whenever possible, the definitions are based on the Global Medical Device Nomenclature (GMDN) System. Further guidance material is provided in the Asset Officer Instructions for Queensland Health Medical Equipment Categories.

2.3.2 If clarification is required, please contact Sustaining Capital Program via (email address: [Sustaining\\_Capital@health.qld.gov.au](mailto:Sustaining_Capital@health.qld.gov.au)). The team will review and update the Guidelines on a regular basis (at least once every three years or as required).

# 3. Definitions

Term	Definition / Explanation / Details	Source
Medical Equipment	Devices, including the software necessary for its proper application, that are intended to be used for diagnosis, prevention, monitoring, prediction, prognosis, treatment or alleviation of disease, injury or disability.	Based on definition by Therapeutic Goods Administration Australia (2020)

Term	Definition / Explanation / Details	Source
GMDN	Global Medical Device Nomenclature. A system of internationally agreed descriptors used to identify medical device products which will meet a global need for identification purposes.	GMDN Agency (2020)
Useful Life	Estimated amount of time (in years) that a medical device can be expected to be used safely, effectively, and economically for its intended purpose	Biomedical Engineering Advisory Group of the South Australian Government (BEAG) 'Life span of biomedical devices guidance paper' (2004)

## 4. Supporting documents

### Toolkit

- [Queensland Health Medical Equipment Categories](#) – Additional Infor.xls (contains definitions and typical examples for all categories)
- [Asset Officer Instructions for Queensland Health Medical Equipment Categories](#)
- [Sustaining capital | Queensland Health Intranet](#)

### Standards, procedures and guidelines

- [Queensland Health Financial Management Practice Manual 8.13](#) *Classification of property, plant and equipment*
- [Queensland Health Financial Management Practice Manual 8.25](#) – *Recognition and asset thresholds for non-current assets*

### Useful Links

- [Global Medical Device Nomenclature \(GMDN\) website](#) (access is free to Queensland Health employees)

### Legislation, rulings

- [Australian Taxation Office TR 2020/3](#) – *Income Tax: effective life of depreciating assets* (applicable from 1 July 2020)
- [Capital sensitivity rules](#) for diagnostic imaging medical equipment under Medicare Benefits Schedule

## 5. Document approval details

### Document custodian

Director, Sustaining Capital Program, Health Capital Division, Department of Health

### Approval officer

Senior Director, Governance Risk and Compliance, Operations Branch, Health Capital Division, Department of Health

**Approval date:** 4 March 2024

## 6. Version Control

Version	Date	Comments
1.0	22 January 2021	Final version approved by Senior Director, Sustainable Operations, Capital and Asset Services Branch
1.1	4 March 2024	Revised version approved by A/Senior Director, Sustaining Capital, Health Capital Division

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## Attachment 1

### Queensland Health Medical Equipment Categories and Useful Life Guidelines

Major Category – Clinical Specialty	Minor Category	Naming Convention	Typical Useful Life
Anaesthesia <i>Devices substantially dedicated to delivery of anaesthesia</i>	Anaesthesia Machine	MED0000	9
	Other	MED0001	10*
Dental <i>Devices substantially dedicated to dental procedures</i>	Chair	MED0100	10
	Instrumentation	MED0101	9
	Light	MED0102	10
	Mobile Facility	MED0103	10
	Other	MED0104	10*
Diagnostic Imaging <i>Devices designed to take images of the interior of the body using ionising or high frequency electromagnetic radiation</i>	Bone Densitometer	MED0200	10
	Computed Tomography (CT)	MED0201	9
	Fluoroscopy, fixed	MED0202	10
	Fluoroscopy, mobile	MED0203	9
	Mobile Facility	MED0204	8
	Magnetic Resonance Imaging (MRI)	MED0205	8
	Mammography Unit	MED0206	8
	Orthopantomogram (OPG)	MED0207	10
	Positron Emission Tomography (PET)	MED0208	10
	Ultrasound, diagnostic	MED0209	8
	Workstation	MED0210	7
	X-Ray, dental	MED0211	10
	X-Ray, fixed	MED0212	10
	X-Ray, mobile	MED0213	9
Other	MED0214	10*	
Endoscopic and Gastrourological <i>Devices substantially dedicated to endoscopic procedures and treatment/mgt of diseases of the gastro-urological system</i>	Endoscope	MED0300	5
	Endoscopic Stack	MED0301	7
	Other	MED0302	10*
General	Alternating Pressure Mattress	MED0400	8
	Analgesia	MED0401	10

Major Category – Clinical Specialty	Minor Category	Naming Convention	Typical Useful Life
<i>High-volume devices which are used throughout the hospital and would not be bound to any particular clinical specialty</i>	Analyser, point of care	MED0402	7
	Anatomical Training Model	MED0403	10
	Aspirator	MED0404	10
	Bath	MED0405	12
	Bed/Mattress	MED0406	8
	Blood/Fluid Warming	MED0407	8
	Cabinet, warming	MED0408	12
	Camera	MED0409	6
	Defibrillator/CPR	MED0410	8
	Drug Dispensing System	MED0411	7
	Electrocardiograph (ECG)	MED0412	8
	Electroconvulsive Therapy (ECT)	MED0413	8
	Examination Table/Couch/Chair	MED0414	12
	Filling Machine, pharmaceutical	MED0415	10*
	Infusion Devices	MED0416	8
	Laryngoscope	MED0417	5
	Light, non-surgical	MED0418	8
	Medical Gas Device	MED0419	10
	Medical Gas Installation	MED0420	15
	Medical Services Pendant	MED0421	15
	Monitor, physiological	MED0422	8
	Monitor, vital signs	MED0423	8
	Mortuary Equipment	MED0424	10*
	Oximeter	MED0425	9
	Patient Lift/Hoist	MED0426	9
	Patient Nutrition Pump	MED0427	8
	Patient Scale/Stadiometer	MED0428	9
	Patient Trolley/Stretcher	MED0429	10
	Patient Warming	MED0430	10
	Sequential Compression	MED0431	8
	Ultrasound, point of care	MED0432	8
	Wheelchair	MED0433	7
Wound Management	MED0434	7	
Other	MED0435	10*	

Major Category – Clinical Specialty	Minor Category	Naming Convention	Typical Useful Life
Infant Care  <i>Devices substantially dedicated to the delivery of healthcare for infants</i>	Infant Incubator, closed care	MED0600	8
	Infant Incubator, open care	MED0601	8
	Infant Incubator, transport	MED0602	8
	Phototherapy	MED0603	10
	Other	MED0604	10*
Interventional Surgery  <i>Devices substantially used for invasive surgical procedures</i>	Cardiac Ablation System	MED0700	7
	Cardiac Assist Device	MED0701	8
	Cardiopulmonary Bypass	MED0702	8
	ECMO	MED0703	10
	ElectroPhys (EP) Recording	MED0704	8
	Electrosurgery	MED0705	7
	Instrumentation, surgical	MED0706	8
	Integrated Theatre	MED0707	8
	Light, surgical	MED0708	8
	Lithotripsy	MED0709	8
	Microscope, surgical	MED0710	10
	Operating Table	MED0711	10
	Phacoemulsifier	MED0712	6
	Surgical Laser	MED0713	7
	Surgical Mapping	MED0714	7
	Surgical Power Tools	MED0715	6
	Surgical Robot	MED0716	8
	Surgical Scope	MED0717	5
	Surgical Stack	MED0718	7
	Tourniquet	MED0719	7
Ultrasonic Cutter	MED0720	10	
Other	MED0721	10*	
Laboratory/Scientific  <i>Devices substantially dedicated to clinical laboratory use to contain, handle, process, measure, examine, and identify clinical</i>	Analyser, blood culture	MED0800	7
	Analyser, chemistry	MED0801	7
	Analyser, haematology	MED0802	7
	Analyser, molecular	MED0803	6
	Analyser, other	MED0804	7
	Analyser, spectrophotometry	MED0805	12
	Balance	MED0806	12



Major Category – Clinical Specialty	Minor Category	Naming Convention	Typical Useful Life
<i>specimens and related material</i>  <i>Also, devices intended to be used for the in vitro examination of clinical/non-clinical specimens to provide information about infection, disease, physiological processes and for research purposes</i>	Biological Safety Cabinet	MED0807	12
	Block/Microwave Digestor	MED0808	10*
	Centrifuge	MED0809	8
	Flow cytometer	MED0810	8
	Freezer	MED0811	12
	Incubator	MED0812	10
	Oven/Drying Cabinet	MED0813	12
	Laminar Flow/Fume Hood	MED0814	13
	Liquid/Gas Chromatography	MED0815	9
	Mass Spectrometry	MED0816	10
	Microscope, laboratory	MED0817	10
	Microtome/Cryostat	MED0818	10
	Osmometer	MED0819	10
	Refrigerator, blood	MED0820	8
	Refrigerator, laboratory	MED0821	8
	Slide Stainer	MED0822	12
	Test/Calibration Equipment	MED0823	10
	Thermal Cycler	MED0824	8
	Tissue Processor	MED0825	15
Water Purification System	MED0826	12	
Other	MED0827	10*	
Maternity <i>Obstetrical and gynaecological devices</i>	Birthing Table/Chair/Bed	MED1000	10
	Cardiotocograph (CTG)	MED1001	8
	Colposcope	MED1002	10
	Other	MED1003	10*
Radiotherapy <i>Devices that use ionising radiation to treat disease</i>	Gamma Camera	MED1100	10
	Linear Accelerator	MED1101	11
	Planning System	MED1102	7
	Other	MED1103	10*
Renal  <i>Devices substantially dedicated to the treatment/management</i>	Apheresis Unit	MED1200	7
	Continuous Replacement Therapy	MED1201	8
	Dialysis Chair	MED1202	12
	Haemodialysis Unit	MED1203	7
	Peritoneal Dialysis Unit	MED1204	7

Major Category – Clinical Specialty	Minor Category	Naming Convention	Typical Useful Life
<i>of diseases of the renal system</i>	Water Treatment/Reverse Osmosis	MED1205	12
	Other	MED1206	10*
Reprocessing  <i>Devices used to decontaminate or sterilise objects from microorganisms, remove dirt/stains and organic debris</i>	Pan Sanitiser	MED1300	12
	Scope Reprocessor	MED1301	10
	Solvent Recycler	MED1302	15
	Steriliser, dental	MED1303	10
	Steriliser, general	MED1304	10
	Ultrasonic Cleaner	MED1305	7
	Utensil Washer	MED1306	10
	Washer, laboratory/scientific	MED1307	10
	Washer, microplate	MED1308	7
Other	MED1309	10*	
Outpatients/ Allied Health  <i>Devices which are substantially dedicated to non-admitted patients</i>	Ambulatory Monitoring	MED1400	10
	Audiology	MED1401	10
	Cardiology, diagnostic	MED1402	10
	Gait Lab	MED1403	10
	Hyperbaric Chamber	MED1404	15
	Neurological, diagnostic	MED1405	8
	Ophthalmic, diagnostic	MED1406	12
	Physiotherapy	MED1407	10
	Pulmonary Function	MED1408	8
	Spirometer	MED1409	8
	Stress Test	MED1410	8
Other	MED1411	10*	
Ventilation  <i>Devices substantially dedicated to the delivery of ventilation or airway support</i>	Airway Humidification	MED1500	7
	Airway Support	MED1501	10
	CPAP/BiPAP Devices	MED1502	8
	Ventilation, critical care	MED1503	9
	Ventilation, non-invasive	MED1504	9
	Ventilation, transport	MED1505	8
	Ventilation, home	MED1506	9
	Other	MED1507	10*

**\*Note:** Due to unavailability of information, categories marked with an asterisk were assigned a useful life of 10 years (current default for medical equipment asset class in the Fixed Asset Register).