

September 16, 2010

HEALTH CARE RESOURCES SHARING WITH THE DEPARTMENT OF DEFENSE

1. PURPOSE: This Veterans Health Administration (VHA) Directive defines policy regarding the sharing of health care resources with the Department of Defense (DOD).

2. BACKGROUND

a. Title 38 United States Code (U.S.C.) § 8111 provides that the Department of Veterans Affairs (VA) and DOD facilitate the mutually beneficial coordination, use, or exchange of use of the health care resources of the two Departments. The Secretaries established a Joint Incentives Program to provide incentives to implement, fund, and evaluate creative coordination and sharing initiatives at the facility, intra-regional, and nationwide levels.

b. The Health Executive Council (HEC), co-chaired by the Under Secretary for Health and the DOD Assistant Secretary for Health Affairs, was established to institutionalize VA and DOD sharing and collaboration to ensure the efficient use of health services and resources. The HEC oversees the cooperative efforts and works to remove barriers and challenges which impede collaborative efforts, assert and support mutually beneficial opportunities to improve business practices, ensure high-quality cost-effective health care services for both VA and DOD beneficiaries, and facilitates opportunities to improve resource utilization.

c. Definitions

(1) **Sharing Agreement.** A sharing agreement is a written agreement that provides structure and responsibilities to sharing arrangements between two parties. The agreement may delineate types of services provided or required, cost of services, personnel required, administrative requirements, and billing and reimbursement procedures. Agreements may be for clinical or diagnostic services, exchange of medical staff, transportation, medical training and education, equipment repair, police protection, or other administrative services.

(2) **Joint Venture.** A joint venture is a multi-entity, collaborative arrangement and strategic alliance of at least 5 years duration with a specific management concept, which may include achieving economies of scale and promoting efficiencies of operation which result in improved services to beneficiaries. To meet the definition of a joint venture, the joint venture needs to involve a level of magnitude and scale comparable to VA's current major capital threshold in one of two ways:

(a) A substantial capital contribution in the construction or acquisition of a building or buildings, renovation of spaces in an existing building or buildings, and associated equipment utilized in joint operations; and

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(b) Involves resource commitments of the magnitude and scale which are comparable to VA's current major capital threshold in dollars, but does not necessarily involve construction, renovation, or acquisition of a building or space.

(3) **Joint Incentive Fund.** The National Defense Authorization Act 2003, § 721, authorizes the DOD-VA Health Care Sharing Incentive Fund to provide seed money for creative sharing initiatives at facility, intra-regional, and national levels to facilitate the mutually-beneficial coordination, use, or exchange of health care resources, with the goal of improving the access to, and quality and cost effectiveness of, the health care provided to beneficiaries of both Departments. The minimum VA and DOD contributions to the fund are \$15 million from both Departments between fiscal year (FY) 2004 and FY 2010 (\$30 million per year).

(4) **TRICARE Network Provider Agreement.** The TRICARE Network Provider Agreement is a written agreement between VA and the DOD Managed Care Support Contractor (MCSC) whereby VA medical facilities agree to participate in the DOD MCSC network to provide health care services to DOD beneficiaries in accordance with TRICARE regulations, policies, and procedures.

3. POLICY: It is VHA policy that, to improve the access, quality, and continuity of health care services and cost effectiveness of the health care provided, VHA (VA medical facilities, and Veterans Integrated Service Networks (VISNs)) seeks opportunities to enter into sharing agreements with DOD; these agreements provide for the use or exchange of health care resources that provide a mutual benefit for VA and DOD while enhancing or maintaining the quality services routinely provided to Veterans.

4. ACTION

a. **Chief Officer, Office of Legislative, Regulatory, and Intergovernmental Affairs (10B7).** The Chief Officer, Office of Legislative, Regulatory, and Intergovernmental Affairs is responsible for:

(1) Developing policy, providing oversight of the VA-DOD Sharing Program, and certifying all VA-DOD sharing agreements.

(2) Facilitating identification of sharing opportunities at VISN and VA medical center level.

(3) Providing guidance and assistance with business plan development and implementation strategies.

(4) Developing strategic vision for partnering with DOD in coordination with VA's Office of Policy and Planning and VHA Central Office Program Offices, VISNs, and VA medical facilities.

b. **Deputy Under Secretary for Health for Operations and Management (10N)**. The Deputy Under Secretary for Health for Operations and Management is responsible for reviewing and approving all new sharing agreements, or those sharing agreements that are substantially changed from the previous sharing agreement.

c. **VISN and VA Medical Facility Directors**. *NOTE: These actions may occur at either or both the VISN or VA medical facility level.* Depending upon the level and location of the sharing activities, the VISN or VA medical facility Director identifies, plans for, and implements such sharing activities. In some situations, sharing activities will take place primarily at the VA medical facility level with the VISN providing additional guidance and oversight. VISN and VA medical facility Directors are responsible for:

(1) Seeking opportunities to form mutually-beneficial relationships with DOD partners in their market area by utilizing any of the following criteria:

(a) A review of Fee Basis and Purchased Care expenditures.

(b) The ability to collocate services at one facility to promote economies of scale, avoid duplicative costs or support Graduate Medical Education (GME) programs.

(c) Excess capacity for health care services.

(d) Potential expansion or enhancement of services through joint projects with DOD.

(e) New facility construction requirements, especially those for community-based outpatient clinics.

(f) Streamlining the transition process for active-duty Servicemembers to Veteran status.

(g) Veteran and DOD beneficiary population needs.

(2) Considering potential sharing with DOD when analyzing and evaluating strategic health care planning issues for local health care markets, or across the system.

(3) Reviewing all new major equipment purchases or new clinical services to be provided in order to identify if the equipment or clinical services could be shared with DOD. If so, VISN and VA medical facility Directors need to consider utilizing the Joint Incentive Fund as a potential funding mechanism for joint VA-DOD projects.

(4) Reviewing their sharing arrangements with DOD periodically to determine the outcomes of such arrangements. Outcomes need to be measured by:

(a) Increased capacity (workload, appointments, and procedures) for Veterans;

(b) Increased access to appointments or other health care services for Veterans;

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- (c) Decreased waiting time for appointments for Veterans;
- (d) Decreased expenditures for fee basis care; and
- (e) Reduction in duplicative functions.

(5) Entering into TRICARE Network Provider Agreements with DOD's MCSC in order to provide care to DOD beneficiaries as VA resources allow.

5. REFERENCES

- a. Title 38 U.S.C Section 8111.
- b. VHA Handbook 1660.04.
- c. VHA Handbook 1660.06.

d. Memorandum of Understanding between Department of Veterans Affairs and Department of Defense: Health Care Resources Sharing Guidelines, dated October 31, 2008.

6. FOLLOW-UP RESPONSIBILITY: The Office of Legislative, Regulatory and Intergovernmental Affairs, VA-DOD Medical Sharing Office (10B7A2) is responsible for the contents of this Directive. Questions may be addressed to 202-461-6632.

7. RESCISSION: None. This VHA Directive expires September 30, 2015.

Robert A. Petzel, M.D.
Under Secretary for Health

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