

April 13, 2012

MEDICAL CARE COLLECTIONS FUND (36X5287)

1. PURPOSE: This Veterans Health Administration (VHA) Directive provides policy and procedures for the Medical Care Collections Fund (MCCF).

2. BACKGROUND

a. Public Law (Pub. L.) 99-272, the Consolidated Omnibus Budget Reconciliation Act of 1985, gave the Department of Veterans Affairs (VA) authority to bill health insurance companies for health care provided to non-service connected Veterans who have private health insurance. This legislation also authorized VA to collect co-payments from non-service connected Veterans based on income.

b. Pub. L. 101-508, the Omnibus Budget Reconciliation Act of 1990, established the Medical Care Cost Recovery (MCCR) special fund account. This act authorized collection from health insurers for the cost of treating service-connected Veterans for non-service connected illnesses and established per diem and co-payments for hospital and nursing homes for non-service connected Veterans; and established a co-payment for each 30-day supply of medication for all non-service connected Veterans for the treatment of any disability or condition and for Veterans with service-connected disabilities rated 40 percent or less for the treatment of their non-service connected disability or condition. The MCCR account was also allowed to provide for the expense of billing and collecting for specific medical services. MCCR funds, less the next fiscal year funding requirements, were to be transferred to the Treasury Department no later than 3 months after the close of the fiscal year.

c. Pub. L. 105-33, The Balanced Budget Act of 1997, re-titled the MCCR fund to the MCCF and authorized collections deposited to the MCCF, subject to appropriations acts, to remain available without fiscal year limitation to furnish medical care and services as provided in the law, and to cover expenses incurred to collect amounts owed for the medical care and services furnished. The MCCF is codified at Title 38 United States Code (U.S.C.) 1729A.

d. Pub. L. 106-117, Veterans Millennium Health Care and Benefits Act of 1999, directed that of total amounts recovered or collected, an amount will be made available to each facility that bears the same ratio to the total amount as the amount recovered or collected by such facility.

e. Pub. L. 108-7, Consolidated Appropriations Resolution of 2003, directed the transfer of balances in the Health Services Improvement Fund (HSIF) (5358) to the MCCF (5287.1).

f. Pub. L. 108-447, Consolidated Appropriations Act of 2005, Administrative Provisions, division I, title I, Section 115, directed receipts, which would otherwise be credited to the

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Extended Care Revolving Fund (4032), the Medical Facilities Revolving Fund (4138), the Special Therapeutic and Rehabilitation Fund (4048), the Nursing Home Revolving Fund, the Veterans Health Services Improvement Fund (5287.1), and the Parking Revolving Fund (4538), must be deposited into the MCCF, and must be transferred to the “Medical Services” account to remain available until expended, to carry out the purposes of the “Medical Services” Account.

g. Pub. L. 111-84, The National Defense Authorization Act (NDAA) for Fiscal Year 2010 authorized VA and the Department of Defense (DOD) to establish the Federal Health Care Center (FHCC) in North Chicago, IL. Pub. L. 111-84 also authorized the FHCC medical care collections deposited in the MCCF to be transferred to FHCC fund (36_0169) to furnish medical care and services as provided in the law, and to cover expenses incurred to collect amounts owed for the medical care and services furnished at the facility.

h. 38 U.S.C. 8165 authorizes the retention of proceeds or revenues resulting from Enhanced Use Leases to be deposited into the MCCF. These collections must be deposited into the 528710 Enhanced-Use Lease Proceeds account.

i. VA amended the billing methodology in Title 38 Code of Federal Regulations (CFR) 17.101 for prescription drugs for nonservice-connected disabilities that are not administered during treatment. The new billing methodology reflects VA’s actual drug costs for each drug rather than using a national average drug cost for all prescriptions. These collections must be deposited into the 528711 Third-Party Prescription Collections account.

j. When there is an underscore within a fund symbol (36_0169), it means that the funds will be available for 1 fiscal year. When there is an X within the fund symbol (36X0160), it means that the funds are available until expended.

3. POLICY: It is VHA policy that all funds collected at each facility under these authorities must be deposited into the proper MCCF account, VA fund 36X5287, which has been established for this purpose.

4. ACTION

a. **Facility Director.** Each facility Director is responsible for ensuring:

(1) Collections are deposited to the appropriate MCCF account as follows:

(a) **528701** - Pharmacy Co-Payments.

(b) **528703** - First-Party Other Co-Payments (all inpatient and outpatient co-payments except Pharmacy Co-Payments) (formerly 5287.3).

(c) **528704** - Third-Party Insurance Collections (formerly 5287.4).

(d) **528706** - Parking Fees (formerly Parking Revolving Fund, 4538).

(e) **528707** - Compensated Work Therapy Collections (formerly Special Therapeutic and Rehabilitation Activities Fund, 4048).

(f) **528708** - Compensation and Pension Living Expenses Collections (formerly Medical Facilities Revolving Fund, 4138).

(g) **528709** - Long-Term Care Co-Payments (formerly Veterans Extended Care Revolving Fund, 4032).

(h) **528710** - Enhanced-Use Lease Proceeds.

(i) **528711** - Third-Party Prescription Collections.

(2) Refunds of overpayments or erroneous collections are paid from the account that the initial collection was deposited.

(3) Collections for medical treatment provided to ineligible are deposited in the Medical Services Fund (36_0160) and (36_0169) for FHCC facilities.

(4) Revenue source codes are used to identify and classify MCCF revenue activities in accordance with Volume I, Chapter 4a, Revenue Source Codes.

(5) The revenue deposited in the fund accounts is rolled up into the MCCF 5287X1 (36X5287) 3 days before the end each month. The MCCF is for the collection of revenue income only as noted in preceding subparagraphs 4a(1)(a)-(i).

b. **VA Office of Finance.** The VA Office of Finance is responsible for transferring collections, adjusted for refunds, from the MCCF (5287X1) to Medical Services (36X0160 and 36_0169) after the close of each month. The MCCF collections in the last month of the fiscal year are transferred during the first month of the subsequent fiscal year.

c. **VHA Chief Business Office.** The VHA Chief Business Office identifies the net collections at the beginning of each month for the prior month by station as reported in the Financial Management System (FMS) and publishes the results. These results are used by the VA Office of Finance to transfer the collections to the stations.

5. REFERENCES

a. Pub. L. 99-272.

b. Pub. L. 101-508.

c. Pub. L. 105-33.

d. Pub. L. 106-117.

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- e. Pub. L. 108-7.
- f. Pub L. 108-447.
- g. Pub L. 111-84.
- h. Title 38 U.S.C. 1729, and 1729A.
- i. Title 38 U.S.C. 8165.
- j. Title 38 CFR 17.101(m).
- k. Title 38 CFR 17.102.
- l. Volume I, Chapter 4a, Revenue Source Code.

6. FOLLOW-UP RESPONSIBILITY: The VHA Chief Financial Officer (CFO) (10A3) is responsible for the contents of this Directive. Questions may be directed to VHA CFO Accounting Policy (10A3A) mailbox.

7. RECISSIONS: VHA Directive 2011-027, Medical Care Collections Fund, dated July 1, 2011, is rescinded. This VHA Directive expires April 30, 2017.

Robert A. Petzel, M.D.
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