

PAY ADMINISTRATION

- 1. REASON FOR ISSUE:** To issue Department of Veterans Affairs (VA) policy regarding pay administration.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory VA procedures on pay administration. The pages in this issuance replace the corresponding page numbers in VA Handbook 5007. These changes will be incorporated into the electronic version of VA Handbook 5007 that is maintained on the [Office of Human Resources Management and Labor Relations Web site](#). Significant changes include:
 - a. Provides instructions for documenting and maintaining information used to establish fee-basis rates of pay.
 - b. Establishes new procedures that require HRM officials to monitor the annual pay limitations for fee-basis appointments.
 - c. Changes the fee-basis annual pay limitations from fiscal year to calendar year.
- 3. RESPONSIBLE OFFICE:** The Compensation and Classification Service (055), Office of the Deputy Assistant Secretary for Human Resources and Labor Relations.
- 4. RELATED HANDBOOK:** VA Handbook 5007, "Pay Administration."
- 5. RESCISSIONS:** None.

CERTIFIED BY:

/s/
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Assistant Secretary for
Information and Technology

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

/s/
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limitation is placed on the amount of compensation a non-medical consultant may receive from VA during any 1 [calendar] year. (See appendix II-F).

1. **Other professional, technical, and medical support personnel serving on a fee basis** will receive compensation in varying amounts as provided in appendix A to VHA Manual M-1 and in VHA Manual M-4, chapter 3. Where there is not directly applicable fee listed in above references, the facility director may authorize a fee which does not exceed fees charged by representative members of the profession for similar services offered to the general public in the vicinity of the field facility. The per annum pay limitation for these personnel is \$3,750. This limitation is placed on the amount of compensation any such person may receive from VA during any 1 [calendar] year. Requests for exceptions to the annual pay limitation will be made consistent with appendix II-F.

m. **Trainees and students** serving under 38 U.S.C. 7405(a)(1)(D), are paid either on a per annum training rate basis (see subparagraph (1) or on a stipend basis (see subparagraph (2)). Trainees may also be appointed WOC (see paragraph p). See paragraph n for special instructions on students paid in the Summer Work Program.

(1) **Trainees Paid on Per Annum Basis**

(a) The Under Secretary for Health may establish, increase, or reduce per annum training rates in consideration of such factors as VA and national health care needs, qualifications required for entry into training programs, nationwide and/or local compensation practices of non-VA institutions having similar training programs, and VA funding capability. Trainees will be paid at the appropriate per annum rate determined by the Chief Academic Affiliations Officer (CAAO).

(b) Payment is made biweekly for hours actually worked. Actual salary of trainees, therefore, is a proportionate amount of the full per annum rate. This is determined by prorating the amount of time worked in relation to the standard VA 40-hour workweek. In computing the biweekly amount payable, the full per annum rate for a 40-hour workweek first is divided by 2,080 to establish the hourly rate, as computed to the nearest cent, counting one-half cent and over as a whole cent; the hourly rate then is multiplied by the number of hours actually worked during the pay period. A trainee may be detailed with no loss of pay to another Government or non-Government institution to obtain related supplementary education or training which is an integral part of the training for which VA has assumed responsibility. However, under no circumstances may the total time spent in non-VA institutions exceed one-sixth of the total hours a trainee is in a pay and training status with VA.

(c) Per annum basis trainees will be paid their regular straight time base rate, but will not receive any additional premium pay by reason of working on a legal holiday, on Sunday, or at night. These trainees will receive their regular straight time pay for time off if relieved or prevented from working solely by the occurrence of a legal holiday. No compensation will be paid these trainees by reason of working overtime; however, they may be granted equivalent time off for service in excess of 8 hours in a day or 40 hours in a week.

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rendered, plus the cost of transportation, if required, including per diem at the applicable rate if travel is required. When setting the fee, consideration should be given to the level prevailing in the community. Consideration should also be given to the fact that VA provides office space, supplies, malpractice insurance coverage, and other support; thus, the amount of the fee will normally be less than if the services were performed in the practitioner's own office. [Facilities should document how rates are set and must maintain all information used to establish fee rates in order to make periodic rate reviews.] The service portion of the fee (exclusive of travel and per diem expenses) may not exceed \$75 (for consultants) or \$40 (for attendings) for a day or any portion thereof. Any additional payment for travel or per diem may not exceed the amount permitted under VA travel regulations, and must be fully documented.

c. **Per Annum Salary.** Consultants and attendings paid on a per annum basis are expected to be available for recurring and regularly scheduled duty to meet the needs of VA. Compensation will be based on fees determined in the same manner as above (including the service fee limitation), multiplied by the number of visited projected for the coming year. That amount is divided by 26 (or 27, as appropriate) and paid to the per annum consultant or attending on a biweekly basis, with the following provisions:

(1) When a consultant or attending is available for duty but there is no need for the individual's services in a particular day or scheduled period, no recovery of fees will be made.

(2) When a consultant or attending is unavailable for duty for a specified period, their salary will be reduced on a prorata basis for the number of projected visits missed.

(3) When a consultant or attending is frequently unavailable for call, a change to the fee basis arrangement should be considered.

d. **Exceptions to Service Fee Limitations**

(1) The maximum service fees for consultants and attendings (exclusive of travel and per diem allowances) are \$75 and \$40, respectively, unless exceptions are approved by the facility director.

(2) Exceptions will be made on an individual or category basis.

(3) Exceptions for individual service providers will specify the new fee limit, and will be based on the community level of fees for comparable services, distance of facility or sites served from provider's business office, length of normal visit, and availability of the service in the community from other providers. [Requests to exceed the \$75 or \$40, respectively, must be fully documented to include information on why a higher rate is needed, how the payment rate was determined, and the cost effectiveness of authorizing a higher rate. The information used to justify a higher rate must be maintained and should be used in future payment rate determinations.]

(4) When facilities find it necessary to approve individual exceptions on a regular basis, exceptions on a category- or facility-wide basis may be approved. These exceptions will be based on the same criteria as in subparagraph 2d (3), and will specify the new limit on the fee or fees. Exceptions will be funded within the facility's target allowance.

3. COMPENSATION FOR ALL OTHER FEE BASIS APPOINTMENTS

a. **Covered Positions.** By law, fee basis appointments are limited to the following categories of personnel:

(1) Categories appointed under 38 U.S.C. 7401(1), i.e., physicians, dentists, optometrists, podiatrists, chiropractors, nurses, physician assistants, and expanded-function dental auxiliaries.

(2) Categories listed under 38 U.S.C. 7401(3), e.g., licensed physical therapists, certified or registered respiratory therapists, licensed practical or vocational nurses, audiologists, and dietitians.

(3) Other professional and technical health care personnel, defined as:

(a) Health care occupations that require knowledge in a field of science or learning characteristically acquired through education or training equivalent to a bachelor degree or higher, with major study in, or pertinent to, the specialized field, as distinguished from general education. Work requires the exercise of discretion, judgment, and personal responsibility for the application of an organized body of knowledge.

(b) Work associated with and supportive of a health care professional category. It involves extensive practical knowledge gained through experience or specific training less than that represented by graduation from college. Work involves substantial elements of a professional field. Administrative, clerical, and manual trades are specifically excluded from the technical category.

b. **Setting Fees**

(1) Employees appointed on a fee basis are to be compensated by the task or service (i.e., by piecework) and are not to be paid on a time basis. Examples of appropriate fee basis appointments include: physicians paid by the compensation and pension examination, members of clergy paid by religious service, or health care practitioners paid by specifically identified medical or surgical procedures. Employees compensated on a time basis are to be appointed on a full-time, part-time, or intermittent basis, depending on the needs of the facility.

(2) Except as provided below in subparagraphs c through e below, fees shall be based on fees or similar services in the community. The fee shall also be based on the actual service or procedure, plus the cost of transportation, if required, including per diem at the applicable rate if travel is required. Consideration should be given to the fact that VA provides office space, supplies, malpractice insurance coverage, and other support; thus, the amount of the fee will be normally be less than if the services were performed in the practitioner's own office. Fees for dentists will be set in accordance with the instructions in paragraphs 6m and 6n of VHA Handbook 1130.1. See paragraph 4 for information on annual limits on compensation.

[(3) Facilities must document and maintain all information used to establish payment rates in sufficient detail in order to aid in future pay negotiations and to assist in periodic rate reviews. Depending on what method is used to establish the fee rate, minimum documentation should include:

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(a) Details of surveys conducted, to include the names of officials and the health care establishments contacted, the date of the contact, information regarding what specific services or duties are included in quoted prices, and any other pertinent information used as a factor in setting rates; or

(b) If fee rates are being set using Medicare or other fee schedules, documentation regarding specific procedure codes, how discounts were calculated, and the basis for the discounts (e.g., subtracting out a portion of the Medicare rate since services are being provided at the facility); or

(c) Copies of local or regional compensation survey information published by a third party; or

(d) Information on other method(s) used in setting fee basis rates of pay.]

c. **Special Duty Nurses.** These individuals will be compensated on a fee basis according to the specific service or procedure performed. Fees will not exceed those charged in the community for similar work.

d. **Physicians Performing Medical Officer of the Day or Admitting Physician Duties**

(1) Facility directors will establish and approve fees for periods of coverage for Medical Officers of the Day (MODs) providing medical supervision on wards, and for Admitting Physicians providing medical supervision in admitting areas during nights, evenings, weekends, and holidays, when VA staff physicians do not perform these assignments as part of their assigned patient care duties. Periods of coverage will be determined according to need, with fees set according to the average locality rate for similar coverage, not to exceed the hourly equivalent of step 6 rate of Senior grade on the VA Physician and Dentist Pay Schedule. The following factors will be considered in setting these fees:

(a) Fees paid in community health care facilities, particularly as they relate to the level of activity and number of patients seen and the complexity of patient care.

(b) Benefits provided, particularly the value of VA's malpractice coverage.

(c) Variations in qualifications requirements.

(2) If the fees determined under subparagraph (1) above exceed the step 6 of Senior grade and it is not possible to obtain MOD and admitting coverage, the facility director may approve an exception to the fee limitation. [If an exception is approved, facilities should document how rates are set and must maintain all information used to establish fee rates in order to make periodic rate reviews.]

(3) In no case will part-time or intermittent appointments be used to obtain MOD or Admitting Physician services. However, individuals with part-time or intermittent appointments may also receive fee basis compensation under this paragraph for a separate portion of time, subject to the annual limitation in paragraph 4. See also chapter 5 of part VIII for information about dual employment restrictions.

(4) In no case may non-career residents be used for MOD service or for a combination of MOD and Admitting Physician duties.

e. Use of Non-Career Residents as Admitting Physicians

(1) Facility directors may appoint non-career residents as fee-basis Admitting Physicians during nights, weekends, and holidays only when the following conditions have been met, as certified by the Director in the approval document:

(a) The Deans Committee has determined that admitting physician duty is not a valid part of the residents' training experience.

(b) No other means of obtaining admitting coverage is available.

(2) Fees will be established in the same manner as outlined in subparagraph d(1), above, and paid to Non-career residents in addition to their stipends.

(3) An exemption to the dual compensation restrictions has been granted for non-career residents performing Admitting Physician duties only; they may not be used for any other purpose.

4. ANNUAL LIMITATIONS ON PAY

a. The total of payments to the following fee basis categories may not exceed \$15,000 in a [calendar] year:

(1) Consultants and attendings (excluding nurse anesthetist), whether paid on a lump sum or per annum basis.

(2) On-station fee basis (excluding special duty nurses).

b. The total of payments to the following fee basis categories may not exceed \$5,000 in a [calendar] year:

(1) Nurse anesthetist attendings.

(2) Special duty nurses.

c. Exceptions to the annual limitations in the above paragraphs may be approved by the facility director. However, in no case may the total of fee payments exceed the rate for EL-V.

d. For employees who hold both fee basis and part-time and intermittent appointments, the combination of their basic pay and fees may not exceed the basic salary of a seven-eighths part-time individual at the same grade and step in a [calendar] year. For example, a part-time physician who is also appointed on a fee basis may receive in base pay and fees not more than the annual basic salary prorated at 7/8ths) for the same grade and step. Facilities needing to pay more to dual appointees may submit requests for exceptions to the Assistant Deputy Under Secretary for Health (10N/055).

e. Nothing in this paragraph or appendix shall obligate VA to use the services of fee basis personnel to the maximum extent permitted.

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[5. MONITORING FEE-BASIS PAYMENTS

- a. Human Resources Management (HRM) Officers, or designees, will monitor fee basis salary limitations, provide technical advice, guidance, and assistance to officials regarding salary limitations, and will maintain necessary records and documentation regarding fee payments.
- b. HRM officials will code the approved annual pay limitation for each fee-basis employee into the PAID system. The PAID system will generate a biweekly message to the facility when a fee-basis employee is within ten percent (10%) of reaching the annual pay limitation in the employee's master record.
- c. HRM officials will be responsible for notifying key management officials (i.e. service chiefs, Chief of Staff, Medical Center Director) when a fee-basis employee is nearing the pay limitation. In no case may the total of fee payments exceed the rate for EL-V. Additional information regarding aggregate pay limitations can be found in VA Handbook 5007, Part VII, Chapter 2.]