

## JOINT VENTURES PROGRAM

- 1. REASON FOR ISSUE:** To provide specific procedures and establish operational requirements to implement the Department of Veterans Affairs (VA) Directive 0311, Joint Ventures Program.
- 2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook provides the specific procedures and operational requirements to implement VA Directive 0311, Joint Ventures Program, to ensure Department-wide use of the JV definition, criteria at the Department-level for evaluating JV proposals, the approval process for JV proposals, and the communications strategy.
- 3. RESPONSIBLE OFFICE:** The Office of the Assistant Secretary for Policy and Planning (008).
- 4. RELATED DIRECTIVE:** VA Directive 0311, Joint Ventures Program.
- 5. RESCISSIONS:** None.

**CERTIFIED BY:**

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

*/S/*  
Robert T. Howard  
Assistant Secretary  
for Information and Technology

*/S/*  
Patrick W. Dunne  
Assistant Secretary  
for Policy and Planning

Distribution : Electronic Only



**TABLE OF CONTENTS**

<b>PARAGRAPH</b>	<b>PAGE</b>
1. PURPOSE AND SCOPE.....	5
2. BACKGROUND .....	5
a. JV Definition.....	5
b. JV Characteristics .....	6
c. Future JVs .....	8
3. RESPONSIBILITIES .....	8
4. APPROVAL PROCESS .....	9
a. Screening of Initial JV Proposals .....	9
b. Comprehensive Departmental Review .....	9
5. COMMUNICATIONS STRATEGY.....	11
a. General Principles and Guidelines.....	11
b. Essential Elements .....	12
c. Process .....	13
d. Change Management and Training.....	15
 <b>APPENDICES</b>	
A Screening Criteria .....	A-1
B Comprehensive Criteria .....	B-1
C Additional Background .....	C-1
1. Historical Factors .....	C-1
2. Present Framework .....	C-1



## JOINT VENTURES PROGRAM

**1. PURPOSE AND SCOPE.** This Department of Veterans Affairs (VA) Handbook establishes the approval process and consistent criteria for evaluating future Joint Venture (JV) proposals. VA will share the process and criteria with prospective JV partner organizations to help ensure enhancing the quality of services and access for VA beneficiaries. This Handbook also provides a communications strategy for use during negotiations. The process and criteria provide an analytical framework for evaluating JV proposals, which complements, but does not replace existing planning methodologies and other VA requirements such as the Capital Investment and Budget Processes.

### 2. BACKGROUND

#### a. JV Definition.

(1) VA's primary premise for entering into a JV is to enhance the quality of services and access for VA beneficiaries, thereby fulfilling its statutory missions.

(2) A JV 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 VA beneficiaries.

(3) JVs presuppose integration or collocation between the entities.

(4) JV partners could include Federal, Tribal, State or local government agencies, academic affiliates, or other suitable public or private organizations.

(5) To meet the definition of a JV, a JV should involve a level of magnitude and scale comparable to VA's current major capital threshold in one of two ways: (a) a JV involves a substantial capital contribution (dollar value consistent with VA's current major capital threshold) 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 (b) an innovative, future JV proposal 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.

#### b. JV Characteristics.

(1) The JV may involve the Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), the National Cemetery Administration (NCA), and/or the Staff Offices.

(2) Authority. The JV must be mutually-approved by VA and the JV partner organization. The JV may require Congressional authorization. *NOTE: JV proposals must be reviewed by the Office of the General Counsel early in the approval process to determine if legal authority exists for the proposal or if legislation will be required.* (See Appendix A) Authority could be provided as an Interagency Agreement (where participation of other agencies is needed), a health care resource sharing agreement under 38 U.S.C. § 8153, a § 8111 agreement, Economy Act agreement or some other authority.

(3) Memorandum of Agreement (MOU). The JV requires a MOU between VA and the JV partner organization(s). The MOU must cite authority for the JV. (See Appendix B for Governance, paragraph 7)

(4) Business Rules. VA and JV partner organization(s) will follow business rules regarding capital investment and other commitment of resources to facilitate JV planning, implementation, and operations. Rules will include factors for determining the JV “host” such as which agency or entity provides the site, facility, or larger commitment of resources for the JV.

(5) The specific management concept of a JV may include achieving economies of scale and promoting efficiencies of operation which result in improved services to VA beneficiaries. The JV has a potential for additional opportunities which hold unique promise and advantage for enhancing quality of services and access for VA beneficiaries.

(6) Human Resources (HR). The employees of VA and the JV partner organization(s) are most important to enhancing the quality of services and access for VA beneficiaries. Successful JV implementation or transition to JV operations also depends on managers at all levels providing timely and high quality support to employees including continual communications about the JV, training, forums for employee participation, and change management activities. Employees should be encouraged to document best practices and lessons learned regarding policies, processes, procedures, and systems toward assisting other employees and other JVs in continually enhancing quality of services and access for VA beneficiaries. (See Appendix B for Human Resources Operational Plan, paragraph 13).

(7) Degree of Integration. JVs’ missions and operations are intended to progress along a continuum from connected to integrated. JVs may require comprehensive resource sharing agreements encompassing multiple services that allow the JV partners to operate at one or more locations. JVs are characterized by regular and ongoing interaction in one or more of the following areas: staffing, workload, business processes, management, information technology (IT), logistics, education and training, and research capabilities. Complying with all applicable statutes, regulations, policies, procedures, and practices regarding confidentiality, data management, data security, and protection and disclosure of VA sensitive information is a critical and mandatory component of JVs for VA and the JV partner organization(s). (See Appendix B for Business Plan, paragraph 12, which includes: Human Resources Operational Plan, Financial and Budget

Operational Plan, Information Management/Information Technology (IM/IT) Operational Plan, and Administrative Operational Plan)

(8) Collocation. Collocation applies to facility-based JVs. The JV host provides the site and/or facility for the JV, and the JV partner organizations may share space, facilities, and equipment at the JV site constituting collocation. Examples of JVs could include: VA and JV-partner services integrated in a single facility, VA sharing JV-partner facility space, the JV-partner sharing VA facility space, or the construction of a separate facility adjacent to an existing JV-partner facility on JV-partner property.

(9) VA capital contribution. A proposal which meets the definition of a JV based on capital contribution, the VA capital contribution from VA Administrations combined or individually, must involve the construction or acquisition of a building or buildings, or space in an existing building or buildings; and must reflect a total project cost at least equal to VA's current major capital investment dollar threshold for major construction projects.

(10) Emerging technologies (e.g., telemedicine, teleconsultation, telehealth) may enable the development of future JV proposals with innovative ways for enhancing quality and access for VA beneficiaries through commitments of resources involving multiple entities or sites locally, regionally, or nationally and a level of magnitude and scale comparable to VA's current major capital threshold in dollars, but not based on construction or acquisition of a building or space. (See Paragraph 2.b.(9) above) The magnitude and scale of these future, innovative JVs would be at a higher level than traditional "sharing agreements" and "partnership agreements" (with academic affiliates, for example). Comparable commitments of resources could be in such areas as medical care, research, education, Information Technology (IT) or training. The innovative, future JV proposals described in this characteristic are outside of the definition of "VA capital contribution" in paragraph 2.b.(9) because they do not necessarily involve construction or acquisition of a building or space. These proposals may originate at the Department-level and/or from potential JV partners at local levels. They will be reviewed on a case-by-case basis and will require approval by the Secretary of Veterans Affairs (Secretary). (See Appendix B for IM/IT Operational Plan, paragraph 15).

### **c. Future JVs.**

(1) While JVs have involved VHA medical facilities and the Department of Defense (DoD) as the focal point, future JV proposals may involve multiple entities within VA (VHA, VBA, NCA, or Staff Offices). They may also involve multiple public and private entities such as DoD, other Federal agencies, academic affiliates, or other suitable public, Tribal, or private entities.

(2) Emerging technologies (e.g., telemedicine, teleconsultation, telehealth) and innovations together with experiences in multi-entity sharing, partnerships, and joint ventures may present opportunities to enhance the quality of services and access for VA beneficiaries through a JV which does not necessarily involve facility-related

expenditures, but does involve a level of magnitude and scale comparable to VA's current major capital threshold in dollars. Such future JVs may involve a comparable resource commitment at the Department-level or local level in IT or in such areas as medical care, research, education, or training. This Handbook is not intended to prevent or exclude such JV proposals which utilize emerging technologies and innovations to enhance the quality of services and access for VA beneficiaries.

**3. RESPONSIBILITIES.** In addition to the responsibilities listed in VA Directive 0311, the Proposing VA Official is responsible for:

a. Proposing, planning for, and establishing JVs that will provide VA beneficiaries with enhanced services in the most appropriate setting, consistent with the annual strategic planning process. Quality, access, satisfaction, and cost effectiveness should all be considered. *NOTE: There should be review by either local or national Quality managers, depending on the proposed joint venture.*

b. Utilizing VA National Criteria (See Appendices A and B) for planning and prioritizing new JVs..

c. Developing business plans for JVs and submitting those plans for VA Central Office (VACO) approval. Business plans should address all Screening criteria (Appendix A) and Comprehensive criteria (Appendix B). Regarding the Comprehensive criteria, the JV proposal should identify the three criteria areas which offer the greatest opportunities for a successful JV which enhances the quality of services and access for VA beneficiaries while enhancing the missions of both JV partners. The JV proposal should address these three areas in detail and discuss necessary resources and steps to accomplish goals, potential obstacles, progress measurements, and how success will be achieved and recognized.

**4. APPROVAL PROCESS.** Screening and Comprehensive Departmental Review of JV proposals will be performed on a continual basis as proposals are developed and submitted. Capital investments in approved JV proposals will also undergo review, as appropriate, in the annual Capital Investment and Budget Processes. *NOTE: JV proposals must be reviewed by the Office of the General Counsel early in the approval process to determine if legal authority exists for the proposal or if legislation will be required.*

**a. Screening of Initial JV Proposals.** The Administrations will direct a continual screening process to determine the strength of JV proposals utilizing the Screening Criteria (Appendix A). In the case of JV proposals at the Department-level initiated by a Staff Office, the Staff Office will direct a continual screening process utilizing the Screening Criteria as appropriate. An approve/disapprove decision will be made within 90 days of receipt of the proposal.

(1) A successful screening decision will inform JV partners to proceed to develop a proposal for comprehensive VA review. An unsuccessful Screening decision may provide information on potential areas for further development.

(2) The Administrations will perform or delegate JV proposal preparation and screening review to their regional levels. The Staff Offices will perform JV proposal preparation as appropriate.

(3) The Administrations or Staff Office will ensure a timely screening process, decision, and notification to the prospective JV partner organization within 90 days of receipt of the proposal.

(4) The Under Secretary of each Administration or Staff Office Assistant Secretary will report quarterly to the Assistant Secretary for Policy and Planning with summary descriptions on JV proposals (a) under development, (b) under review, and (c) approved, disapproved, or returned for additional work and possible resubmission at a later date.

**b. Comprehensive Departmental Review.** The Administrations or Staff Office will direct a comprehensive VA review process to determine the strength of fully-developed JV proposals utilizing the comprehensive criteria (Appendix B) within 180 days of receipt of the proposal.

(1) Process. The Administrations or Staff Office will perform or delegate comprehensive JV proposal preparation and review to their regional levels. (For Regional use in preparing comprehensive JV proposals, financial data may not be readily available and other data such as workload may take six weeks before it is available.)

(a) A business plan to establish a JV must be developed by the Administration or Region (e.g., VISN, Area Office, or MSN) or by a Staff Office in accordance with the screening criteria and the comprehensive criteria listed in Appendices A and B. A draft lease or sharing agreement, which is a part of the JV proposal, may be prepared prior to JV approval, but it should not be finalized prior to review and approval through required VA processes including the Capital Investment process and the Budget process. The business plan must also reflect the intent to comply with the legislative and policy requirements pertaining to the acquisition of leased space using applicable Federal Acquisition Regulation (FAR), as well as VA policies and procedures including General Service Administration Regulation (GSAR).

(b) The business plan (electronic copies must be available) must be submitted to the Administration which is responsible for coordinating VACO review and the application of criteria (Appendices A and B). The Administrations or Staff Office will include participation of Staff Office representatives as appropriate in comprehensive VA review.

(c) The Administrations or Staff Office review all JV business plans for adherence to policy and format, and coordinate with the Office of the General Counsel and the Office of Asset Enterprise Management (OAEM).

(d) Final documents submitted for approval are subject to VACO review (including Administration Chief Financial Officers (CFOs) under established regulations.

(e) Once the JV proposal is approved, initial data will be placed into the Capital Asset Management System (CAMS) concept paper.

(2) Lead Administration or Staff Office. For JV proposals which involve more than one VA Administration, the Administration which has made the largest capital contribution is the lead Administration. The Assistant Secretary for the lead Staff Office (the one which has the largest commitment of resources) is the Proposing VA Official for a proposed JV which is not facility-based and applies emerging technologies to achieve a national enhancement of services.. The lead Administration or lead Staff Office will coordinate the comprehensive VA review, reporting of decisions, and also coordinate with subsequent VA requirements such as the Capital Investment and Budget Processes.

(3) Timeframe for Review. The lead Administration or lead Staff Office will ensure a timely comprehensive VA review process within 180 days of receipt of a complete proposal from the JV partners.

(4) The Under Secretary of each Administration or the Assistant Secretary for each lead Staff Office will report quarterly to the Assistant Secretary for Policy and Planning with summary descriptions on JV proposals (a) under development, (b) under review, and (c) approved, disapproved, or returned for additional work and possible resubmission at a later date. The Office of Policy and Planning will provide information to VA leadership for their review.

(5) JV proposals approved in comprehensive review will subsequently undergo any required review processes including the Capital Investment Process and Budget Process. Once the JV proposal is approved, initial data will be placed in the Capital Asset Management System (CAMS) concept paper.

(6) The Strategic Management Council (SMC) will review the JV proposal and make a recommendation to the Secretary.

## **5. COMMUNICATIONS STRATEGY.**

### **a. General Principles and Guidelines.**

(1) A guiding principle is to provide a degree of predictability within which prospective JV partners can most effectively plan, agree on, propose and execute a long-term strategic alliance (JV) which enhances the quality of services and access for VA beneficiaries and enhances each other's missions.

(2) The VA Office of Public Affairs (OPA) deals with media issues that are national in scope, and serves as the public affairs advisor to the Secretary. There are seven regional field offices, and Public Affairs Officers at VA medical centers and VACO. VACO OPA is responsible for responding to national news media inquiries, and all other news media inquiries received directly by that office; and informing Administration

communications and outreach staff of OPA responses to the media. OPA Regional Office staffs are responsible for: providing expert guidance on media relations to Administration facility directors; advising facility directors on responses to specific media questions; helping VA facility directors prepare news releases; keeping facility directors informed of VA national policies; and acting as liaison with other elements of VA OPA.

(3) VA OPA prepares public affairs guidelines and is available to assist managers and public affairs practitioners with counsel, advice and training. OPA Regional Offices also publish newsletters providing insights and guidelines on current and emerging issues. Field Facility managers are encouraged to establish and maintain frequent contact with a designated OPA Regional Office.

**b. Essential Elements.**

(1) Essential Items.

(a) VA will communicate Privacy laws and VA requirements to prospective JV partners to ensure their complete understanding of implications regarding planning, proposing, implementing and operating a proposed JV.

(b) VA's Office of Information and Technology should participate in and lead any recommended use of enterprise-wide tools and methods for communicating to ensure consistent, accurate and timely sharing of information between and among JV partners.

(c) VA will communicate to prospective JV partners, in advance of preparing the JV proposal, the Screening criteria (Appendix A) and the Comprehensive criteria (Appendix B) and the timelines for review and approval/disapproval of proposals.

(2) Lessons Learned.

(a) Creating an effective, ongoing communication strategy is essential to implementing significant organizational changes.

(b) Communicating well is essential to forming the effective internal and external partnerships that are vital to the success of transforming endeavors such as JVs.

(c) Having a communication strategy can ensure that stakeholders receive a message that is consistent in tone and content.

(d) Encouraging communication by facilitating a two-way honest exchange with, and allowing for feedback from, stakeholders is beneficial.

(e) Communicating information early and often helps build an understanding of the purpose of the planned change and builds trust among VA and prospective JV partners as

well as stakeholders, such as employees and beneficiaries, who could have concerns over such issues as the impact of a proposed JV on patient care.

(f) Providing information can help meet specific needs of employees.

(g) Sustaining communications with potential JV partners and stakeholders, as well as within VA, benefits negotiations.

(3) Situation. JVs involve a series of negotiated and agreed upon communications throughout the proposal, approval and operational phases of the project. The multiplicity of partners, partnership arrangements, organizational and political levels, stakeholders and duration of relationship requires that consistent attention is paid to all communication efforts.

(4) Goals and Objectives. The goal is to achieve the best result while ensuring the smoothest progression possible of all relevant steps in each phase of the JV. The key objective of each partner and supporting entity must be to communicate all necessary information in the appropriate sequence and at the correct time to achieve this result desired

(5). Documentation and Records. JV partners must establish a system of documentation that allows for timely recording, archiving, retrieval, concurrence tracking, distribution and notification for all meetings, decisions and actions taken. JV partners must comply with National Archives and Records Administration (NARA) guidelines and policies in archiving and retaining information and determine which partner will have that ultimate responsibility for retention and disposition of records. Depending on the scope and complexity of the proposed venture, a separate communications committee may be formed to monitor this function.

(6) Target audiences. Leaders of JV partners should develop a comprehensive list of internal and external audiences and the types and timing of messages each should receive. Clear and consistent communications with the employees of each prospective JV partner cannot be overemphasized. Depending on the type of venture, this may require research into the demographics and sentiments of local populations and other affected groups. Leaders should identify key messages regarding the overall goals of the venture, the process, the timeline and the immediate and long-term benefits.

(7) Approaches. Leaders should identify the communications requirements (briefing, testimony, town hall meeting, news conference, etc.) and the appropriate products (PowerPoint, talking points, charts, graphs, news release, etc.) needed. Some of these will be well established by other JV plan requirements and others may be realized only after the process is in motion. It is important to be flexible.

(8) Evaluation. JV leaders will measure communications effectiveness as part of their ongoing project management activities. The JV proposal process provides several fixed points to measure the success of the communications efforts and make adjustments

as needed. Evaluation of overall success should be tied to the goals as stated in the JV proposal. Measurement may include customer surveys, Web site hit counts, and focus groups.

**c. Process.** The major process steps are briefly outlined below. It is important to remember that ongoing negotiations during each phase may require additional steps to be inserted into the overall process.

(1) Proposal stage. The prospective JV partners may develop a plan for communication about the effort in the interest of assuring coordinated and consistent delivery of a unified message about the collaborative review of sharing options between the prospective JV partners. The prospective JV partners may jointly develop a brief presentation to be used to update stakeholders. The prospective JV partners may make agreements such as notifying each other when stakeholders approach either organization's leadership for a presentation, jointly giving interviews with the media, co-writing op-ed articles for the local papers, or inviting a representative from the prospective JV partner to be present at briefings to address employees or union leadership. The summary consistently provided to stakeholders may convey a message that analysis is being conducted and decisions have not been made.

(a) Screening. The prospective JV partners will submit an initial proposal consistent with the Screening criteria (Appendix A). The lead Administration or lead Staff Office will evaluate the initial proposal and inform the prospective partners within 90 days of receipt of the proposal whether or not the proposal passes or fails to meet the criteria. If the initial proposal fails, the VA region may inform the prospective JV partners of aspects of the proposed JV which could be strengthened.

(b) Comprehensive VA Review. If the initial proposal passes, the JV partners will begin preparation of a more detailed proposal consistent with the Comprehensive criteria (Attachment B). Within 180 days of the receipt of a complete proposal from the JV partners, the prospective JV partners will be informed of the results of the Comprehensive Departmental Review. During this period, VA officials must ensure that the prospective JV partner(s) understands that there are additional requirements before the proposal is approved (e.g., Capital Investment Process and Budget Process).

(2) Departmental coordination. The additional requirements before the proposal can be approved include mandatory departmental processes such as the Capital Investment Process and the Budget Process.

(a) SMC Review and Recommendation. JV proposals which have been evaluated as successful in the Comprehensive Departmental Review, the Capital Investment Process, and the Budget Process will then be submitted to the SMC for review and recommendation to the Secretary.

(b) Secretary's Decision. The Secretary has the final authority to approve JV proposals. The approval of the top official(s) at the head of the prospective JV partner(s)'s parent entity(s) is also necessary to approve the JV proposal.

(3) Public announcement. Announcement of the approval will be coordinated at the level of the Secretary and the top official(s) at the head of the prospective JV partner(s)' parent entity.

**d. Change Management and Training.** Successful implementation of a JV relies heavily on VA employees and the JV partner organization. JV leaders must assist employees' transition into new operational structures, processes, procedures, systems, and requirements. JV leaders must continually motivate, inform, communicate, and provide training to employees.

(1) A Change Management Plan should address the compelling reason for the JV, promote the JV at all organizational levels, provide forums for employees' participation, and identify detailed change management activities.

(2) There should be recurring education and training for employees throughout planning, proposing, implementing, and operating a JV (consistent with the Comprehensive Criteria in Appendix B, calling for a Human Resources Operational Plan, paragraph 13). In addition, JV partner organizations are encouraged to provide the same opportunities for their employees at all levels. Such training may consist of training academies, courses, or skills training and may lead to certificates demonstrating expertise.

(3) Employees of JV partner organizations should be encouraged to document best practices and lessons learned at all levels of the organization for the benefit of successors in those processes, procedures, or systems and for potential use in replicating proven methods at other JVs. Documentation of best practices may be utilized to compose toolkits or training modules.

(4) The Office of Information and Technology is a resource to assist establishing electronic methods and systems for retaining intellectual knowledge, change management, and training.

**SCREENING CRITERIA**

***NOTE: Joint Venture (JV) proposals must be reviewed by the Office of the General Counsel early in the approval process to determine if legal authority exists for the proposal or if legislation will be required.***

1. Feasibility of JV options, implications, cost-benefit analyses, time, costs. JV Proposal identifies and outlines the various options available for entering into a JV which improves quality or access of services for Department of Veterans Affairs (VA) beneficiaries, possibly including building a new facility, co-occupying a facility, or replacing a current VA medical center (VAMC) or other facility. The proposal includes:
  - a. the feasibility of entering into a JV with a Federal, State, Commonwealth, or local governmental agency, VA academic affiliate, suitable non-profit organization, or other suitable public, Tribal, or private organization for the construction and/or operation of a new facility;
  - b. the medical, legal, technical, and financial implications of each of the options identified;
  - c. a detailed cost-benefit analysis of each of the options; and
  - d. estimates of time and associated costs to complete facility under each option.
2. The best option presents a business case/market analysis for that geographic area which:
  - a. enhances quality and services and improves access for veterans served;
  - b. demonstrates sufficient veteran population to support JV investment (e.g., facility construction/renovation) in the out-years;
  - c. targets those elements, services, and/or expected outcomes which are the driving reason for this JV and identify performance metrics, milestones, barriers, gaps to performance, and indicators of success;
  - d. demonstrates analysis of need and alternatives;
  - e. utilizes appropriate data sources (e.g., Capital Asset Realignment for Enhanced Services (CARES) data, Veterans Support Service Center (VSSC), Veterans Health Administration (VHA) Decision Support System (DSS), VA Allocation Resource Center (ARC), Medicare cost data as appropriate) and planning methodologies and/or projections to determine veteran utilization and workload;

f. has JV partners' understanding of each other's data/information systems and willingness to invest early in the JV as necessary to achieve workable interoperability of systems and data exchange which are integral to effective management and operations;

g. follows principles and strategies of ACA;

h. is certified by the Veterans Integrated Service Network (VISN) Chief Financial Officer (CFO);

i. has prospective JV partners that have a mature relationship;

j. does not have any outstanding issues e.g., major audit finding, health code violations, service delivery problems, within the past 5 years;

k. has a prospective JV partner(s) that has demonstrated a means to provide full-funding for its share of future operations and costs, initially and future years; and

l. the best option is chosen. (Enhancing quality and services and improving access in a more timely fashion are driving factors.)

**3. Education/Research:** A JV Proposal at a minimum preserves and is expected to enhance existing and future programs in continuing education for the professional development of its workforce and succession planning consistent with the statutory educational mission for the VA and for the Nation. JV Proposal has considered the impact on research and at a minimum preserves and is expected to enhance programs.

**4. Serendipitous win-wins:** Discuss additional opportunities which hold unique promise and advantages for enhancing quality and services and improving access for veterans served and/or other significant benefits of the JV proposed.

**COMPREHENSIVE CRITERIA**

**1. Quality:** The Department of Veterans Affairs' (VA) primary premise for entering into a Joint Venture (JV) is to enhance the quality of services and access for VA beneficiaries thereby enhancing its statutory missions. The JV proposal outlines how quality of services and access for VA beneficiaries will be enhanced in health care, benefits, or memorial services, as applicable. A JV proposal which involves health care will provide a Clinical Operational Plan (including timeline, milestones and activities) which:

a. describes how VA and its JV partner will have an integrated approach in the following areas: Medical Staff Organization, Credentialing and Privileging, By-Laws, Joint Commission (JCAHO), Risk Management/Quality Assurance (including mortality data, clinical outcome data, VA Performance Measure system, reporting adverse patient events, and patient satisfaction), records management, workload allocation, Education and Research programs.

b. provides recommendations to resolve any identified barriers, roadblocks or other issues that must be addressed prior to full implementation of Plan.

c. focuses on providing for the most acute or intense patient care needs.

d. integrates analysis and enhanced use of evidence-based practice guidelines to improve quality of care by identifying measurable targets, setting milestones, and reducing barriers and gaps to performance.

e. provides for integrated patient safety standards incorporating whichever are the highest standards from each of the JV partners.

f. provides for achieving service-delivery enhancements towards seamless coordination of benefits with measurable targets, milestones, barriers addressed, gaps to performance, and indicators of success.

g. incorporates analysis and actions to strengthen and expand telehealth or telemedicine for active duty military service members, veterans, and their families throughout a wide range of treatments which could include rehabilitation and mental health.

h. integrates current and projected patient needs and provides measures and timetable for meeting the long-term health care needs of VA's and the JV partner's beneficiary populations.

i. features integrated pharmacy services.

j. features establishment of a VA-wide model to develop best practices and provide lessons learned to strengthen the quality of services and/or access to VA beneficiaries from other current and future JVs. This model could be a Center or regional Center of Excellence for specialty care or special emphasis programs similar to those for Polytrauma, Traumatic Brain Injury (TBI), PostTraumatic Stress Disorder (PTSD), Blind Rehabilitation, Care Coordination Home Telemedicine, or the Center for the Intrepid. Plan emphasizes product line quality and timeliness of specialty care services. Plan includes testing and modeling of the sharing and integration of joint services so that they can be replicated by other joint ventures while fulfilling Joint Strategic Plan objectives and VA Strategic Plan targets of quality of care.

**Access:** The JV proposal outlines how access for VA beneficiaries will be enhanced in health care, benefits, or memorial services, as applicable. A JV proposal which involves health care will also address paragraph B2 through B4.

**2. Increased volume of veterans served/services provided. Proposal:**

a. demonstrates optimal access and that a high concentration of patients are eligible to receive care from both systems (anticipated volume of sharing) and that there will be an increased volume of veterans served/services provided.

b. addresses related Joint Strategic Plan, VA Strategic Plan, and VA performance measures and goals. (This could be a part of a market analysis)

c. identifies number of current Priority 1-6 (P1-6) users (seen in the VA system in the previous 3 complete fiscal years) from proposed market area = 1,300 and/or number of P1-6 enrollees = 1,600.

d. indicates P1-6 market penetration is 25 percent or lower, as defined by:

(1) P1-6 current users (seen in the VA system in the previous 3 complete fiscal years) from defined market area, divided by the P1-6 veteran population.

(2) P1-6 veteran population is 38 percent or more of total veteran population of the market area for the proposed JV.

**3. Geographic Access:**

a. Proposed JV needs to improve geographic access to health care, benefits, or memorial services for VA beneficiaries.

b. Proposed JV is located a minimum of 30 minutes driving distance from existing VHA primary care site for urban or rural areas (rural = 166 civilians or less per square mile) or 60 minutes for highly rural (highly rural = 6 or less persons per square mile)

areas. (Definition of a highly rural county may have deviated during the CARES planning process-explanation should be provided in the business plan).

**4. Timeliness of care:**

a. Proposal provides for a VA-wide model and meets VA Performance Plan targets for timeliness of care and reducing waiting times.

b. Specialty care wait times for new and established patients at facilities that will receive referrals from the JV are fully satisfactory for the majority of the specialty clinics targeted by VHA National Performance measures (audiology, cardiology, eye care, gastroenterology, mental health individual, orthopedics, urology).

A JV proposal which involves health care will also address Education and Research.

**5. Education.** Proposal provides for maintaining and enhancing VA's health professions educational programs with measurable targets and indicators of success to enhance VA services and benefit veterans and the Nation. Proposal supports continuing education, formal technical training, and/or professional education, ongoing dialogue between those responsible for education and training at all levels – local, regional, and national.

**6. Research.** Proposal provides for enhancing VA's Research capabilities with measurable targets and indicators of success to enhance services for VA beneficiaries.

**7. Governance.** JV Proposal includes (1) a Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA) and (2) a Leadership Operational Plan. The MOU/MOA between the two organizations:

a. establishes a steering group with equal representation from each JV partner to coordinate requirements as necessary for planning and proposing the JV. The steering group could be the precursor to a Joint Governance Advisory Council established as the JV is implemented.

b. formalizes joint venture operations

c. promotes accountability, commitment, performance measurement, and enhanced internal and external communications through a joint leadership framework. (i.e. MOU addresses responsibilities of the JV partners regarding shortfalls in funding or performance)

d. states that it is mandatory that each partner fulfill its mission and describes primary requirements of each partner's mission. For VA, fulfilling its mission includes the primary requirement that no care will be delayed or denied for veterans. It also includes a statutory educational mission.

e. describes combined scope of services that neither partner is able to supply individually that will enhance quality of care and access, and other expectations.

**8.** The Leadership Operational Plan has a timeline, milestones and activities, and describes:

a. how VA and its JV partner will have an integrated approach in the following leadership areas:

- (1) Mission and Vision statement,
- (2) performance measures,
- (3) Business Plan,
- (4) reporting relationships, and
- (5) staff organization/reorganization structure

b. how issues will be resolved and when they should be forwarded to higher authority

c. how issues will be resolved when metrics are not met

d. how business unit leadership and managers will be recruited, and leadership positions will be appointed.

e. how recommendations and actions will resolve any identified barriers, roadblocks or other issues that must be addressed prior to full implementation of Plan.

f. how the new organization will be focused on a long term relationship and will strive for the mutual benefit of both organizations.

g. how a Joint Governance Advisory Council or similar body comprised of equal membership of VA and JV partner would enhance services.

h. if a JV partner is an academic affiliate, how the new relationship and subsequent organizational structure will strengthen existing affiliation and how strong disincentives will be developed to prevent one organization from pulling out.

**9. Capital Assets.** JV proposed construction (as applicable):

a. is identified in (CARES National Plan, and/or approved Network Strategic Plan.

b. is identified in Base Realignment And Closure (BRAC) (if DoD partner).

c. is coordinated with DoD Military Treatment Facilities (MTFs) within 50 miles. JV Proposal plans for coordination of facilities' construction, alteration, or acquisition plans with DoD counterparts with VA facilities located within 50 miles of a MTF and with a total construction expenditure request of \$2,000,000 or more. This coordination is

to determine if the VA facility or the MTF would be interested in sharing the new or renovated facility. (Note: Economies of scale lead to more efficient use of Federal facilities at all levels of medical care.) (See VHA Handbook 1660.4 “VA-DoD Health Care Resource Sharing” section 13. Joint Ventures, Construction, and Equipment, p. 11-12).

d. maximizes land utilization/develop footprint.

e. addresses environmental concerns - Identify and evaluate compliance and permitting activities required under the National Environmental Policy Act (NEPA) and all Federal, state, and local laws related to historic preservation, endangered species, and environmental protection.

(The following pertains to “operational costs” in f., “cost-effective analyses” in g., and “estimates” in h.: Cost savings (or Net benefits) – The reduction in total or unit costs per procedure or activity where savings can be transferred to other areas in the organization to deliver services. Cost Avoidance – The opportunity to avoid costs by reducing or eliminating services previously provided through some means. Examples of cost avoidance include reducing personnel costs through changing service delivery means or re-engineering existing processes, outsourcing of service delivery, and bringing operations in-house.)

f. enhances infrastructure, decreases underutilized capacity, and/or decreases operational costs without negatively impacting patient care.

g. provides cost-effectiveness analyses and alternative analysis, risk analysis, exit strategy (in accordance with VA Capital Investment Decision Model).

h. provides estimates of significant measurable cost savings (and specific metrics) or cost avoidance that would result relative to the costs of standing up the JV (i.e., operating one building - cost of construction). Includes 30-year payback on construction investment.

**10.** Preliminary agreement on capital expenditures or leasing, 5-year, 10-year plans. JV proposal involves preliminary agreement as appropriate on capital expenditures, e.g., building and equipment, or the leasing of space and equipment and a detailed description describing future plans at the 5-year and 10-year marks.

**11.** Coordinate acquisition of major equipment. JV Proposal provides plans for VHA facilities to coordinate acquisition of major equipment in excess of \$400,000 with MTFs within 50 miles in accordance with VA Acquisition Regulations (VAAR) Subpart 817.70. This coordination is to determine if the VA facility or the MTF has similar equipment, which can be shared or if the VA facility or MTF would be interested in sharing the equipment. (See VHA Handbook 1660.4, p. 12 for additional information).

**12.** A “Business Plan” or “Management and Operations Plan.” The Human Resources Operational Plan, the Financial and Budget Operational Plan, the Information Management/Information Technology (IM/IT) Operational Plan, and the Administrative Operational Plan should be viewed as elements of the overall Business Plan. The Operational Plans should be living documents. The Business Plan:

a. discusses the degree to which governance and management is integrated through collaborative governance structures and mechanisms.

b. describes where an integrated approach is planned for leadership, management, and the health care system, (of the two or more JV partners) e.g., Appointment/Bed Availability will be centralized into one health care system.

c. describes optimization of skill sets from both facilities (e.g., continued mental health inpatient services at VA for active duty service members). (Human Resources Operational Plan)

d. describes integrated approach to business systems such as workload management, reimbursement (Financial and Budget Operational Plan), (IM/IT Operational Plan), (Administrative Operational Plan).

e. describes improved DoD support. The JV Proposal ensures that VA and the JV Partner organization continue to meet obligations for their respective programs to ensure VA support. A Joint Council or similar body could help ensure obligations are met. This includes:

(1) The VA/DoD Readiness mission - how military must and will maintain rapid response capability and how quality health care to VA patients must and will not be affected,

(2) Seamless coordination - how partner(s) will provide backup specialty care capability for continuity of care for active duty service members and VA beneficiaries, and

(3) the VA/DoD Disaster Response mission.

f. addresses as applicable CARES, BRAC, VA Secretary priorities, and President's Management Agenda.

**13.** JV Proposal outlines a **Human Resources Operational Plan**, with a timeline, milestones and activities, which describes:

a. how VA and its JV partner will approach the optimization of skill sets and address the following areas: hiring, advancement, and separation of employees and under what employment system; classification; assignment of title, series, and grades to positions and which employees; compensation and rewards and recognition system for employees;

education and training (personnel development), (provide outline for Educational Operational Plan); labor relations and conflict resolution

b. a human resources transition plan which will help guide organizational changes for both institutions that might arise in organizational models that are developed. This plan includes security and background clearance policies and procedures currently in place.

c. recommendations to resolve any identified barriers, roadblocks or other issues that must be addressed prior to full implementation of Plan.

d. change management activities to promote the JV and enable employees' acceptance and ownership of JV.

**14.** JV Proposal outlines a **Financial and Budgeting Operational Plan**, with timeline, milestones and activities, and metrics to monitor the JV, which describes how VA and its JV partner will have an integrated approach in the following areas: Financial Management, Workload, Budget, Accounting, Productivity, and Allocation Methodology. Provide recommendations to resolve any identified barriers, roadblocks or other issues that must be addressed prior to full implementation of Plan. Each organization demonstrated in the JV proposal that they are willing to make necessary investment to resolve interoperability issues to facilitate effective management and operations specifically addressing data/information systems and various types of data exchange, e.g. financial including billing, clinical, logistics, workload, etc. Both VA and JV partner have active Compliance and Business Integrity programs which specify how:

a. Employees in both facilities have received training on, and are familiar with, their respective employer's compliance program and its impact on their overall employment and daily job functions.

b. Partners will make best use of similarities in their programs and fulfill requirements regarding innate differences in regulatory underpinnings and operations of the two facilities. Address shared requirements in billing accuracy, coding accuracy, clinical documentation accuracy, and business ethics.

c. The two compliance programs would continue to act independently.

d. Representatives from each facility's compliance program could meet to discuss compliance issues and trends and to gauge future compliance promotion, training and monitoring based on such trends.

e. If construction occurs, after a new hospital or other facility is operational, a more formalized Joint Compliance and Business Integrity Task Force might be formed to monitor issues that may arise out of the new clinical and administrative environment that is established.

**15.** JV Proposal outlines an **IM/IT Operational Plan**, with a timeline, milestones and activities. The IM/IT Plan describes how VA and its JV partner will have an integrated approach, which includes:

- a. The establishment of data sharing strategies, data/information integration or exchange, and mandatory compliance with all applicable statutes, regulations, policies, procedures, and practices regarding confidentiality, data management, data and IT security, and protection and disclosure for VA and the JV partner organization(s). (See VA Directive and Handbook 6500 Information Security Program)
- b. The existing/planned infrastructure to permit interoperability and patient identity management, in compliance with published HHS standards.
- c. The development of capabilities similar to the Federal Health Information Exchange System (FHIE) and any successor system supporting medical records, including medical images (as appropriate).
- d. The existing/planned network and system capabilities to comply with information assurance, Privacy Act adherence, and all other applicable Federal/state technology laws and regulations.
- e. The support for costs to create and sustain needed IT capabilities, including human resources, and determination of equipment modernization and infrastructure requirements and systems operations needs.
- f. Recommendations to resolve any identified barriers, roadblocks or other issues that must be addressed prior to full implementation of Plan.

**16.** JV Proposal outlines an **Administrative Operational Plan**, with a timeline, milestones and activities.

- a. Describe how VA and its JV partner will have an integrated approach in the following areas: Security, Force Protection, Acquisition, Procurement, Logistics, and Facilities areas.
- b. Provide recommendations to resolve any identified barriers, roadblocks or other issues that must be addressed prior to full implementation of Plan.

## ADDITIONAL BACKGROUND

### 1. Historical Factors.

a. In 1972, the Secretary of Defense approved a military medical facilities modernization program. Planning addressed opportunities for utilizing excess capacity in VA and other federal medical facilities in the same localities.

b. In 1982, the Congress enacted Public Law 97-174 (codified as 38 U.S.C. § 5011, now § 8111), the Veterans Administration and Department of Defense Health Resources Sharing and Emergency Operations Act, to promote greater sharing of health care resources between VA and DoD, which operated the two largest federal direct health care delivery systems. The act was intended to remove obstacles to resource sharing and give medical facilities incentives to share resources. VA and DoD established local sharing agreements for health and support services and a number of national initiatives.

c. In a few locations, VA and DoD have pursued opportunities to a higher degree and achieved a level of integration of many hospital services and administrative processes as “joint ventures.” JVs date back to 1986, when VA and Air Force headquarters approved a proposal for what became the New Mexico Regional Federal Medical Center in Albuquerque, New Mexico.<sup>1</sup> Eight JVs are currently operational.

d. As VHA has transitioned from an inpatient hospital-based system of care to a more effective system rooted in ambulatory and primary care, sharing agreements with DoD, academic affiliates, and other organizations have become an important component of the VA health care delivery system. High-levels of sharing and collaboration between organizations with long-standing working relationships at local levels may develop into significant proposals for JVs.

### 2. Present Framework.

a. Collaboration. In 2002, the VA/DoD Joint Executive Council (JEC) was established to provide senior leadership for coordination and resource sharing between VA and DoD and achieve shared goals through mutual support of both common and unique mission requirements, provide the best value for the beneficiaries and the taxpayer through increased coordination, and establish clear policies and guidelines for enhanced partnerships, resource sharing, decision-making, and accountability. The JEC submits Annual Reports to Congress and the Secretaries of Defense and Veterans Affairs, as required by law.<sup>2</sup>

b. “Health care resource sharing” is a legal term defined at 38 U.S.C. § 8152, for

---

<sup>1</sup> Functional Process Improvement (FPI) Report for Department of Defense (DoD) / Department of Veterans Affairs (VA) Joint Ventures, Nov. 11, 1994, Version 1.2, BPR 1255047-005-001, p. ES-1.

<sup>2</sup> VA/DoD Joint Executive Council FY 2006 Annual Report, p. 1, This report meets the reporting requirements of Public Law 97-174 and Public Law 108-136 codified at 38 U.S.C. 320 and 8111(f).

other than VA/DoD sharing, and at 38 U.S.C. § 8111(g) for VA/DoD sharing. Resource sharing may include the following types of services: general and specialized patient care, education and training, research health care support, and health care administration. In the case of VA and DoD sharing, both Departments provide these services to the other under the auspices of direct sharing agreements, primarily at the local level involving reimbursements or the exchange of services. In FY 2006, 157 VA Medical Centers were involved in direct sharing agreements with most Military Treatment Facilities (MTFs) and 125 Reserve Units for a total of 504 direct sharing agreements that covered 2,090 unique services.<sup>3</sup>

c. Historically, VA partnerships with the Nation's academic community have significantly enhanced the quality of health care provided to veterans. In FY 2005, through relationships with 107 of the 126 U.S. medical schools, VA trained some 31,000 medical residents and fellows and 17,000 medical students. In addition, as a partner in 5,000 associated health programs across the country, VA trained nearly 40,000 additional health care personnel in more than 40 separate disciplines.<sup>4</sup>

d. The focus of VA's research and development efforts is on clinical and system improvements designed to enhance the health and well-being of veterans. In 2005, more than 10,000 research projects benefiting all Americans were being performed at VA medical centers. At that time, VA was also providing about \$800 million per year in research support, and VA scientists were receiving another \$800 million from other Federal agencies and non-VA sources.<sup>5</sup>

e. Highly-integrated sharing and collaboration at local levels have developed into significant proposals for JVs.

f. Current JVs as of FY 2007. VA and DoD recognize eight JVs:

(1) New Mexico VA Health Care System / 377th Medical Group, Kirtland Air Force Base (AFB), Albuquerque, NM.

(2) Alaska VA Healthcare System and Regional Office / 3rd Medical Group, Elmendorf AFB, Anchorage, AK.

(3) El Paso VA Health Care System / William Beaumont Army Medical Center (AMC), El Paso, TX.

(4) VA Northern California Health Care System / David Grant USAF Medical Center, Fairfield, CA.

(5) VA Pacific Islands Health Care System / Tripler AMC, Honolulu, HI.

---

<sup>3</sup> VA/DoD Joint Executive Council FY 2006 Annual Report, Section 4 – Health Care Resource Sharing, p. 24.

<sup>4</sup> VA Strategic Plan FY 2006-2011, p. 74.

<sup>5</sup> VA Strategic Plan FY 2006-2011, pp. 72-73.

(6) VA Outpatient Clinic / Navy Branch Health Clinic, Key West, FL.

(7) Mike O'Callaghan Federal Hospital (MOFH), Las Vegas, NV (VA Southern Nevada Healthcare System (VASNHS) and Nellis AFB, 99<sup>th</sup> Medical Group are JV partners).

(8) North Chicago VA Medical Center (VAMC) / Naval Health Clinic Great Lakes, IL (Establishing a federal health care facility by consolidating all North Chicago and Great Lakes health care resources. The 8-year, 3-phased approach began in 2002 with activation of phase III scheduled for the Fall of 2010).