

June 14, 2005

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, established the MCCF.

d. Pub. L. 105-65, VA, Housing and Urban Development (HUD), and Independent Agencies Appropriations Act of 1998, provided for the transfer of collections in the fund to the Medical Care Appropriation and for the funds to remain available until expended. These funds are authorized to be used for any purpose that the Medical Care account can be used for and expands Medical Care authority to cover the expenses incurred in the billing and collection of services provided in the law.

e. Pub. L. 108-7, Consolidated Appropriations Resolution, 2003, directed that balances in the Health Services Improvement Fund (HSIF) (5358) be transferred to the Medical Care Collections Fund (5287.1).

f. Pub. L. 108-422, The Veterans Health Programs Improvement Act of 2004, directed balances in the Nursing Home Revolving Fund (4013) be transferred to the Capital Asset Fund

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and proceeds from a disposal of property subject to an enhanced-use lease be deposited in the Capital Asset Fund (5459).

g. Pub. L. 108-447, Consolidated Appropriations Act, 2005, Administrative Provisions, Section 115, directed receipts which would otherwise be credited to the Extended Care Revolving Fund (4032), the Medical Facilities Revolving Fund (4138), the Special Therapeutic and Rehabilitation Fund (4048), the Health Services Improvement Fund (5287.1), and the Parking Revolving Fund (4538), shall be deposited into the Medical Care Collections Fund, and shall be transferred to "Medical Services," to remain available until expended, to carry out the purposes of "Medical Services."

3. POLICY: It is VHA policy that effective October 1, 2004, no funds are to be deposited into the Extended Care Revolving Fund (4032), the Medical Facilities Revolving Fund (4138), the Special Therapeutic and Rehabilitation Fund (4048), the Health Services Improvement Fund (5287.1), or the Parking Revolving Fund (4538).

4. ACTION

a. **Financial Management Services (FMS) and the Financial Services Center (FSC).** FMS and FSC, are responsible for:

(1) Coordinating the closure of any open Fiscal Year (FY) 2004 obligations and receivables, as part of the deactivation of the following particular funds: of the Extended Care Revolving Fund (4032), the Medical Facilities Revolving Fund (4138), the Special Therapeutic and Rehabilitation Fund (4048), the Health Services Improvement Fund (5287.1), and the Parking Revolving Fund (4538).

(2) Reclassifying these open document numbers into the Medical Services fund, 36X0160, from the newly established funds as described in subparagraph 4b(1).

b. **Veterans Integrated Services Network (VISN) Chief Financial Officer (CFO).** Each VISN CFO is responsible for ensuring:

(1) Monies previously collected in these revolving funds are now to be collected in the Medical Care Collections Fund. These new deposit accounts, effective on October 1, 2004, are:

(a) **528701** – Pharmacy Co-payments (formerly 5287.1).

(b) **528703** – First-Party Other Co-payments (All inpatient/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).

(2) Refunds from accounts no longer used include 5358.1 and all previous 5287 point accounts.

(3) All fund accounts are used to receive revenue income only. The funds collected as fund account revenue roll up into Medical Care Collections Fund (5287X1).

(4) Reimbursements for ineligible treatment will be deposited in the Medical Services Fund (36X0160).

(5) Transfer of funds from MCCF (5287X1) to Medical Services (0160X4) must be completed in VHA Central Office. Each field station is allocated in no-year Medical Services funds their collection of funds based on their total collections, adjusted for refunds, into MCCF. The funds are made available to the VISNs on a monthly basis. The monthly allocation is in arrears, as the monthly allocation represents the previous month's collections. The MCCF collections in the last month of the fiscal year will be transferred to Medical Services, and then allocated in the same manner during the first quarter of the subsequent fiscal year.

(6) The Parking Fund has the funding to cover all of the open obligations that remain there. This fund will remain open until all obligations are expended. No new obligations for construction can occur using this fund. For FY 2005 and beyond, construction for parking must come from either the Major or Minor Construction Funds or from the Medical Facilities Fund appropriately based on dollar amounts.

5. REFERENCES

- a. Pub. L. 99-272.
- b. Pub. L. 101-508.
- c. Pub. L. 105-33.
- d. Pub. L. 105-65.
- e. Pub. L. 108-7.
- f. Pub L. 108-442.

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g. Pub L. 108-447.

6. FOLLOW-UP RESPONSIBILITY: The VHA Chief Financial Officer (17) is responsible for the contents of this Directive. Questions may be directed to 202-273-7010.

7. RECISSIONS: None. This VHA Directive expires June 30, 2010.

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Under Secretary for Health

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