

Manual M-1, Operations. Part I, Medical Administration Activities

**Chapter 34, Medical Sharing (Sections I through III
(Paragraphs 34.01 through 34.22); Appendix 34A through 34F)**

SECTION II ONLY: RESCINDED BY VHA Directive 1660.1, dated August 3, 2000

This document includes:

- Title page and Foreword for M-1, Part I, dated **May 27, 1968** (Change 107)
- Contents page for M-1, Part I, dated **July 27, 1993**
- Contents and pages for Chapter 34, dated **October 6, 1993** (Change 2)
- Text for paragraphs 34.01 through 34.02n(2)(a), dated **March 11, 1993**
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PART I
M-1
CHANGE 107

VETERANS ADMINISTRATION
DEPARTMENT OF MEDICINE AND SURGERY MANUAL

OPERATIONS



PART ONE

MEDICAL
ADMINISTRATION
ACTIVITIES

WASHINGTON, D.C. 20420

MAY 27, 1966

M-1, Part I
Change 107

Department of Medicine and Surgery
Veterans Administration
Washington, D.C. 20420

May 27, 1968

Part I, "Medical [Administration] Activities," VA Department of Medicine and Surgery
Manual M-1, "Operations," is published for the compliance of all concerned.

H. M. Engle
H. M. ENGLE, M. D.
Chief Medical Director

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May 27, 1968

M-1, Part I
Change 107

FOREWORD

VA Department of Medicine and Surgery Manual M-1, "Operations," promulgates certain policies and mandatory procedures concerning administrative management and medical [administration] operational activities of the Department of Medicine and Surgery. It is for [] application at all VA [] hospitals, domiciliaries, centers, regional office outpatient clinics, VA outpatient clinics, [] the VA prosthetic center, prosthetic distribution centers, and all Veterans Canteen Service installations.

This manual consists of [seven] parts as follows:

- Part I --- Medical [Administration] Activities
- Part II --- Prosthetic and Sensory Aids
- Part III --- [Domiciliary] Administration *Voluntary Services*
- Part IV --- Veterans Canteen Service
- [Part V --- Performance Standards
- Part VI --- Restoration Programs
- Part VII --- Building Management Service]

3/10/88 Part VIII - Management Analyst Program in 30
Parts II [through V] have been issued as complete parts. Part I is comprised of [27] chapters with titles as indicated in the table of contents. Chapters, as completed, will be issued separately as changes to this manual. Each chapter has its own title page, rescission page and table of contents.

This manual will ultimately rescind the provisions of VA Manuals M10-3, M10-6, and M10-11, [] pertinent to medical [administration] activities. All directives not in conflict with the provisions of this manual may be utilized for informational and guidance purposes only.

[]

6/1/88 IX - Staffing Guidelines

6/20/89 X - CHAMPVA Program (not added)

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*This Chapter was Reserved, but
was never written. It
never existed.*

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SECTION I. CONTRACTING FOR SCARCE MEDICAL SPECIALIST SERVICES**34.01 GENERAL**

a. **Authority.** Title 38, U.S.C. (United States Code), Section 7409, and 38 CFR (Code of Federal Regulations) 17.98, authorize the VA to enter into contracts with schools and colleges of medicine, osteopathy, dentistry, podiatry, optometry, nursing, clinics and any other group or individual capable of furnishing scarce medical specialist services in VA (Department of Veterans Affairs) facilities.

b. **Extent of Contracts.** VA healthcare facilities will only contract for scarce medical specialist services actually needed for patient care and associated activities (e.g., consultations, quality assurance activities, VA approved research, resident training and medical students). VA medical centers will pay no more than required to obtain these services.

c. **Contract Payments.** VA facilities will pay only for services actually performed at the VA health care facility, and in strict accordance with the schedule of prices/costs shown in the contract. Contract monitoring and records keeping procedures must be sufficient to ensure proper payment and allow audit verification that services were provided.

d. **Regulatory Requirements.** VA facilities will follow all applicable VAAR (Veterans Affairs Acquisition Regulation), FAR (Federal Acquisition Regulation), and administrative guidance in contracting for scarce medical specialist services, including requirements for certified cost or pricing data, and preaward audits by HHS (Department of Health and Human Services) or the DCAA (Defense Contract Audit Agency).

e. **VA Central Office Medical Sharing Committee.** The Medical Sharing Committee is responsible for advising the Medical Sharing Office on issues involving contracts and agreements submitted for VA Central Office review and for making recommendations for needed policy changes or new legislation to the Medical Sharing Office.

(1) **Chairperson.** The VA Central Office Medical Sharing Committee will be chaired by a VA Central Office physician appointed by the Associate Deputy Chief Medical Director for Clinical Programs (11).

(2) **Membership.** Membership on the committee will include representatives of:

- (a) The Medical Sharing Office,
- (b) Operations,
- (c) General Counsel,
- (d) OA&MM (Acquisition and Materiel Management),
- (e) Surgical Service,
- (f) Medical Service,
- (g) Pathology and Laboratory Medicine Service, and
- (h) Radiology Service.

(3) **Meetings.** The committee will meet at least monthly and more often as needed at the call of the chairperson. Representatives of other program offices will be invited to participate in committee meetings as needed. Medical Sharing Office staff will provide technical and administrative support to the committee. Minutes of each meeting shall be maintained by the chairperson of the committee.

f. **Conflict of Interest.** A Government employee who is employed by a contractor is prohibited from participating personally and substantially on behalf of the Government through decision, approval, disapproval, recommendation, rendering of advice, certifying for payment or otherwise in that contract. No VA employee who is an employee, officer, director, or trustee of an affiliated university, or who has a financial interest in the contract, may lawfully participate in a VA contract or any other Government contract with the university.

(1) These conflict of interest principles, derived from criminal statutes and other laws, limit the sources VA may consult in the contracting process. For example, where a university or a part thereof is a contractor or potential contractor, to avoid violating the conflict of interest laws, no one who is employed by the university shall be on the negotiation team. The contracting officer will serve as the lead negotiator. A VA employee who is not employed by the affiliated university, who does not serve as an officer, director or trustee at the university, and who has no financial interest in the contract may permissibly participate in the contracting process. VA physicians with these relationships may not take any actions on behalf of VA on a scarce medical specialist contract involving "their" university.

(2) A physician or other employee who holds academic title, but receives no remuneration or benefits of financial value from the affiliate, and who is not subject to direction by the affiliate, may be eligible to participate in the contracting process, under the direction of the contracting officer. Such an individual must request and receive a written opinion from the district counsel approving their participation in the contracting process. This written opinion must be made part of the contracting file. General VA workload projections developed independent of the contract for purposes of operating the VA facility are not "personal and substantial participation in the contract." Completion of the "Statement of Work" discussed in paragraph 34.02(d)(1) would be "personal and substantial participation in the contract."

(a) Examples of VA employees who may participate are:

1. Local VA employees who are not employees, directors, officers or trustees of or otherwise affiliated with the university.

2. A local physician holding academic title with an affiliated university who receives no remuneration or benefits of financial value from the university, who is not subject to direction by the university, and who has received a written opinion from the district counsel approving the physician's participation.

3. VA employees from other VA facilities who are not employees, directors, officers or trustees or otherwise affiliated with the university involved with the particular contract.

4. The Regional COS (Chief of Staff) (if this individual is not an employee, director, officer or trustee of or otherwise affiliated with the university involved with the particular contract).

5. An outside consultant (defined in MP-5, pt. II, ch. 2) who is not an employee, director, officer or trustee of or otherwise affiliated with the university involved with the particular contract.

(b) Regional COS's will maintain a roster of VA clinical specialists in the region who may serve as consultants to assist in the negotiation process. The roster shall set forth the affiliations of all consultants named in the roster.

(c) The Criminal Conflict of Interest Statute, 18 U.S.C. § 208; The Procurement Integrity Law, 41 U.S.C. § 423; and Employee Standards of Ethical Conduct, 5 CFR, Part 2635, and other laws and regulations apply to dealings with contractors and potential contractors by VA employees. VA employees shall consult with District or Regional Counsel or General Counsel ethics counselors prior to acting for VA at any stage in obtaining scarce medical specialist services from or on any other contracts involving institutions with which they have employment, directorship, trusteeship, or other formal relationships. Seeking legal advice also ensures that employees act with an awareness of current law.

(d) In addition, all appointments of part-time physicians who on non-VA time provide services to VA on a contractual basis will be reviewed/approved by the Regional COS in consultation with District, Regional, or General Counsel. The Regional COS may disapprove the request on own authority. Approval must be in consultation with District Regional or General Counsel. Regional COS must have verifiable documentation of approvals of these appointments to certify that there were no other options available. Such appointments should be discouraged because of the strong potential for a conflict of interest.

(e) Disciplinary action for violating the Employee Standard of Ethical Conduct regulations will not be taken against an employee who has engaged in conduct in good faith reliance upon the advice of an agency ethics official, provided that the employee, in seeking such advice, has made full disclosure of all relevant circumstances. (See § 2635.107(b) of the Standards of Ethical Conduct for Employees of the Executive Branch.) Where a requester of advice from a VA ethics officer engages in conduct in good faith reliance upon an ethics advisory opinion, the requester generally cannot be found to have knowingly violated restrictions in the Procurement Integrity Law Restriction in issue. (See 48 CFR § 3.104-8(e)(5)).

34.02 CONTRACTING PROCESS

a. **Justification for SMS Contracts.** VA facilities may only use scarce medical specialist services by contract when all of the following conditions are met:

(1) The need for the services is clearly demonstrated:

(a) The services are within the scope of the medical facility's approved mission statement.

(b) There is sufficient verifiable projected demand for the services at the VA facility.

(2) The medical facility is unable to recruit VA employee(s) to perform the services; or recruitment of employee(s) to meet those specific or limited needs would not be the most efficient use of resources.

(a) Efforts to recruit employee(s) to provide needed services have been unsuccessful, or

(b) Active recruitment of employee(s) to meet needs is not reasonable, for reasons such as salary discrepancies for the services required (including academic and research needs), or

(c) Recruitment of employee(s) would not be the most efficient use of resources (for example, when VA's need for the service is so minimal or infrequent as to make regular employment impractical or where VA's needs for the service can be satisfied more economically by contract than by employment).

(3) Services are not reasonably available from another VA facility in a timely manner.

(4) Sufficient funds are available to fund the contract.

(5) ~~The rights and privileges of permanent employees are fully protected. Where the proposed contract would convert a VA medical service (e.g., radiology service) staffed by VA employees to a medical service staffed by employees of a contractor (e.g., an affiliated medical school), the VA medical facility must first obtain the Under Secretary for Health's determination that the contract is necessary in order to provide services to eligible veterans at the VA facility that could not otherwise be provided at the facility. This determination is required by 38 U.S.C. § 8110(C)(3). Complete supporting records documenting that each of these conditions have been met must be maintained at the VA facility and summarized in the transmittal memo to VA Central Office (see par. 34.02 n).~~

b. Competitive vs. Non-competitive Contracts. Scarce Medical Specialist contracts negotiated under the authority of 38 U.S.C. § 7409, are approved for other than full and open competition only when such contracts are negotiated and awarded to the institutions affiliated with VA pursuant to 38 U.S.C. § 7302 (see VAAR 806.302-5). A number of medical schools have formed physician practice groups as separate legal entities from the affiliated medical school. These physician practice groups do not have the same legal status as the affiliated medical school under this authority. Proposed contracts with these practice groups are subject to full and open competition using competitive proposals with evaluation factors including, but not limited to, technical factors and price. However, the contracting officer must exercise extreme caution when assigning weights to all evaluation factors. Weighting factors in such a manner as to favor one source is improper and should not be subject to undue influence by clinical staff. Clinical staff shall have input into the weights of evaluation factors, but the contracting officer shall make the final determination.

c. Role of Contracting Officer

(1) The contracting officer is the VA official who is responsible for issuing solicitations; conducting or coordinating cost and price analysis; conducting or controlling all negotiations concerning cost or price, technical requirements, and other terms and conditions, and selecting the source for contract award. These activities are conducted with advice from a technical evaluation team, the COTR (Contracting Officer's Technical Representative), and other VA staff members who may be called upon to assist the contracting officer in the conduct of negotiations. In the past, individuals other than the contracting officer improperly have negotiated, or committed

to agreements with affiliated institutions without involving the contracting officer. This practice is contrary to the FAR. Authority to enter into, administer, or terminate contracts and make related determinations is that of the contracting officer based on advice from staff on the Technical Evaluation Team and the COTR.

(2) Authority to negotiate and execute scarce medical specialist contracts is vested in the contracting officer. All scarce medical specialist contracts must be negotiated and executed by the contracting officer, who must head the negotiating team. Responsibility as the contracting officer for negotiation of scarce medical specialist contracts may not be delegated to an organizational level within OA&MM lower than the Chief, Purchase and Contracting Section.

d. **Contract Negotiation.** The objective of this process is to negotiate the lowest prices possible in the best interest of the government. If the lowest bidder is not selected, the contract file maintained at the facility must include documented verifiable reasons for not selecting the lowest bidder. This documentation must be certified by the Director.

(1) The clinical service requesting the scarce medical specialist services to be contracted for should provide the contracting officer with a complete statement of work outlining requirements for scarce medical specialist services (*see par. 34.01f*). In practice, the contracting officer and requesting service may work together to develop the statement of work. Contracting officers may make known to the preferred contractor (i.e., the affiliated institution) these scarce medical specialist requirements through solicitation by negotiation. This negotiation process allows contracting officers to discuss the pricing and other factors which impact the acquisition of the required service. Through this process, scarce medical specialist contracts with affiliated institutions may be awarded without full and open competition.

(2) FAR requires the contracting officer to conduct all negotiations. The negotiation process, which includes receipt of proposals from affiliates, facilitates discussion and usually affords offerors an opportunity to revise their offers before award of contract. It is the responsibility of the contracting officer to conduct meaningful discussions with the affiliate, or in the case of full and open competitive procedures, with the offeror, prior to requesting BAFOs (best and final offers).

(3) The contracting officer controls all discussions, advises the affiliate/offeror of deficiencies in its proposal, provides an opportunity to satisfy the government's requirements, attempts to resolve any uncertainties concerning the technical proposal and other terms and conditions of the proposal, resolves any suspected mistakes by calling attention to them as specifically as possible without disclosing information concerning other offerors' proposals or the evaluation process, provides the offeror a reasonable opportunity to submit any cost or price, technical, or other revisions to its proposal that may result from the discussions. Following evaluation of the BAFOs, the contracting officer awards the contract in the case of a sole source contract or selects the source whose best and final offer is most advantageous to the government, considering price and other factors.

(4) The contracting officer may wish to assemble a negotiating team of which the contracting officer is the head. Other members may include clinical or administrative

staff in accordance with conflict of interest guidelines.

e. Profit on Non-Competitive Scarce Medical Specialist Contracts with Affiliates

In negotiating scarce medical specialist contracts with affiliates, the primary principle should be for VA to reimburse the affiliate for all direct expenses associated with the contract. During the negotiation process, the contracting officer should aggressively discourage the allowance of profit as a factor in pricing the agreement. Affiliates may attempt to include profit either directly or indirectly, as a cost element in their offers for scarce medical specialist services. They may attempt to include profit as unspecified "overhead," inflated salary estimates or in other ways. Because these contracts are non-competitive, and the medical school receives other benefits through its affiliation with VA, profit should be discouraged. The affiliate derives significant benefits from the affiliation agreement such as VA's training of residents at VA medical centers. Contracting officials should carefully scrutinize all cost or pricing data elements and should discourage any profit on contracts with affiliates. If any profit is allowed, it must be shown as a discreet item in the certified cost or pricing data.

f. Requirement for Certified Cost or Pricing Data/Analysis and Contract Audit

(1) Certified cost or pricing data are required for all contracts expected to exceed \$100,000, except in rare instances (*see FAR 15.804-2 and 15.804-3*). Contract audits are required for all negotiated contracts which exceed \$500,000, except where the information available to the contracting officer is considered adequate to determine the reasonableness of the proposed cost or price (*see FAR 15.805-5*). When contracting for scarce medical specialist services, contracting officers may exercise this exception only with prior written approval from the Director, Acquisition Policy and Review Service (95), VA Central Office in consultation with the Medical Sharing Office (181), and the General Counsel (023).

(2) All submissions to VA Central Office of non-competitive Scarce Medical Specialist contracts must contain cost comparison data to justify the base salaries of FTEE reflected in the proposed contract. Comparison sources should include local hospitals, the medical school affiliate, and published data from sources like the AAMC (Association of American Medical Colleges). Data provided to Medical Sharing Office shall include the median, and range of the base salary frequency distribution. Salary data from the affiliated medical school should include the salaries of assistant and associate professors in the clinical speciality.

(3) Offerors or contractors for solicitations anticipated to exceed \$100,000 must submit certified cost or pricing data. In addition, contracting officers must require prospective contractors to perform a price analysis and/or a cost analysis if required by FAR 15.805.1. The contracting officer is responsible for comparing the stated estimated cost against the actual cost of any previous year's contract. If the solicitation is for services not previously provided under contract, the contracting officer shall perform and document a market survey to substantiate the stated anticipated dollar threshold provided by the requesting service. The contract price must be negotiated based on the actual salary of those individuals providing the services. If the individual to provide services is not known before the contract is awarded, the median salary shall be used. If subsequent actual salaries differ from the estimates, the

contract price shall be modified accordingly. The contracting officer is authorized to approve the modification if it results in a decrease in cost. An increase in cost must be approved by the Medical Sharing Office.

(4) All proposals exceeding \$500,000 must have the required audit performed by the HHS or the DCAA, as appropriate. This audit should be requested well in advance of the need for the contract. The information in the audit should be used during the contract negotiations, to develop negotiation strategies, and to determine lowest and best of price. A copy of the audit shall be submitted with proposed contract to VA Central Office for technical/legal review and approval (*see VAAR 15.805-5*). NOTE: *The \$500,000 threshold applies to the base contract plus any option years. Thus, a contract of \$200,000 plus 2 option years at the same price would require an audit, as the total value exceeds \$500,000.*

(5) Certified cost or pricing data and contract audits are used by contracting officers to develop negotiation strategies and to determine lowest and best price. The contracting officer is required to document why a contract audit was not obtained and, if an audit was obtained, any actions taken based on audit recommendations. For non-competitive contracts, allowable costs include items such as salaries, fringe benefits, medical journals, professional dues, malpractice insurance and other direct costs. Unallowable costs include items such as general department or university overhead and other indirect costs.

(6) Finalized certified cost or pricing data, any resulting cost or price analyses, and results of audits will be included as attachments to the solicitation package submitted for review to VA Central Office (*see VAAR 15.804 - 15.805*).

g. Price Negotiation Memorandum

After the development of a negotiation strategy and actual negotiations have taken place, the contracting officer will prepare a PNM (Price Negotiation Memorandum) outlining the facts of the negotiation. A copy of the PNM will be included as an attachment to the solicitation package submitted for review to VA Central Office.

h. On-Call or Standby Services

Scarce medical specialist contract solicitations under 38 U.S.C. § 7409 may specify in Section C that prospective contractors shall be prepared to provide scarce medical specialist services on an "on-call or standby" basis. In Section B of the contract, the services provided at the VA facility by the contractor, after being called in while on "on-call or standby" may be separately listed and priced. However, the contractors hours spent on "on-call or standby" may not be included in the services priced in Section B of the contract. VA facilities will pay only for actual services performed at the VA facility and will not pay for on-call or standby time.

i. Research Services

If medical research is to be included as part of the duties of the scarce medical specialist, the solicitation must specify in the Statement of Work the type of research proposed, the amount of research time, research requirements, the status of the researcher on the project (i.e., principle investigator) and a statement that the project is approved VA research. Any research contracted for by VA under 38 U.S.C. § 7409 must be conducted in accordance with the procedures set forth in VHA manual M-3. This

information must be included in the solicitation package submitted to VA Central Office for review. Any research activities must take place at VA facilities or in VA controlled space. These activities must be spelled out in the contract and are subject to the same monitoring requirements as specified in paragraph 34.04.

j. Education and Other Services

The duties of scarce medical specialists may include services such as training and supervision of residents, and quality assurance activities provided that the contract specifies in the Statement of Work that these duties are to be performed by the contractor and includes an estimate of the amount of time the contractor will spend on these types of duties. Any education activities contracted for by VA under 38 U.S.C. § 7409 must be conducted in accordance with VHA manual M-8. This information must be included in the solicitation package submitted to VA Central Office for review. Any educational activities must take place at VA facilities or in VA controlled space. These activities must be spelled out in the contract and are subject to the same monitoring requirements as specified in paragraph 34.04.

k. Expert Witness

Contractors may not serve as "expert witnesses" in any suit against the Federal Government. Language to this effect is to be included in all contracts.

l. Deviations from the FAR and the VAAR

Requests for deviations or waivers from FAR and VAAR provisions such as the requirement in FAR clause 52.237-7 that certain contractors carry substantial medical liability insurance should be submitted in accordance with OA&MM Information Letter 90-92-5, dated September 8, 1992. Approval of the request for deviation or waiver must be obtained prior to submission of the contract proposal to VA Central Office. A copy of the approval must be attached to the package submitted for VA Central Office review.

m. Option Years

The inclusion of option years in scarce medical specialist contracts is strongly encouraged. The contracting officer has the authority to award two pre-priced 1-year options in addition to the base year for the contract in accordance with VAAR 815.7001. When an option year is awarded, a copy of the SF 30 along with a copy of the executed contract will be forwarded within 15 days to the Medical Sharing Office (181) through the Director, Field Support (13), VA Central Office. The material submitted must clearly indicate which option year is being exercised.

n. Submission of Proposed Contracts for VA Central Office Review

(1) Four complete copies of all solicitations under 38 U.S.C. § 7409 shall be submitted 75 days prior to the proposed effective date of the contract through the COS of the appropriate Regional Director to Medical Sharing Office (181). The Regional COS shall complete a review and forward solicitations to Medical Sharing Office within 5 days.

(2) The solicitation package shall contain the following items:

(a) A transmittal memorandum signed by the Director or designee containing;

(i) A certification from both the Director and COS that the contracting Officer conducted or controlled all contract negotiations and that there were no discussions between VA officials and the contractor's personnel about the contract at which the contracting officer was not present.

(ii) A statement from the Director that no person who participated in negotiating the contract on VA's behalf had any relationship with the contractor, or

(iii) A statement from the Director specifying all the relationships with the contractor which persons who participated in negotiating the contract on VA's behalf had; and

(iv) The written certification from the contracting officer required by FAR 3.104-9(c)(1)(i) for contracts or contract modifications exceeding \$100,000 that, to the best of his or her knowledge and belief, such officer has no information concerning a violation or possible violation of subsections 27(a), (b), (d), and (f) of the Office of Federal Procurement Policy Act, as implemented by the FAR, occurring during the procurement, or

(v) The written certification by the contracting officer required by FAR 3.104-9(c)(1)(ii) for contracts or contract modifications exceeding \$100,000 containing any and all information concerning a violation or possible violation of subsections 27(a), (b), (d), and (f) of the Office of Federal Procurement Policy Act, as implemented by the FAR, occurring during the procurement.

(vi) A summary of all elements of justification required to be met pursuant to subparagraph a certified by the Director and contracting officer. Mere conclusive statements are not sufficient. Information and efforts supporting conclusions must be summarized. Supporting records must be maintained at the medical facility.

(vii) A description of current and proposed workloads, current and proposed staffing, proposed clinic hours or estimated quantity of time of services and a clear description of the services required by the contract.

(b) Cost comparison data and salary data from the affiliated medical school (Non-Competitive).

(c) Certified cost or pricing data and a cost and/or price analysis for solicitations anticipated to exceed \$100,000.

(d) Results of audits performed by HHS or DCAA on solicitations anticipated to exceed \$500,000.

(e) The solicitation, prepared in accordance with OA&MM's uniform contract formats for SMS contracts, dated July, 1992 or subsequent formats.

(f) A price negotiation memorandum for the proposed contract.

(g) Documentation of approval of individual or class deviation(s) from standard VAAR/FAR clauses, if applicable.

o. Contract Modifications

The services specified in Sections B, C, and H of scarce medical specialist contracts may be changed by written modification. If the modification does not reflect a decrease in cost, the modification will be prepared by the contracting officer and, prior to becoming effective, shall be approved by the Under Secretary for Health, or designee.

34.03 CONTRACT REVIEW

a. Upon receipt of a proposed solicitation package, the Regional COS will be responsible for review of the solicitation to ensure that the proposed contract service is consistent with the facility mission and plan, and with the VHA (Veterans Health Administration) National Healthcare Plan. The Regional COS will complete and document this review within 5 workdays. If the Regional COS determines that the proposal does not fit the facility mission and plan, the Regional COS may return the proposal to the facility as disapproved. If the Regional COS determines that the proposal is consistent with the facility mission and plan, the proposal will be forwarded to the Medical Sharing Office (181), with any comments. Review by District Counsels prior to submission of the contract to either the Regional COS or to VA Central Office is not necessary.

b. The Medical Sharing Office (181) is responsible for coordinating contract review, correspondence preparation, and interpretation of VHA policy on scarce medical specialist contract issues.

c. The Medical Sharing Office will coordinate review of contracts with assistance from appropriate VA Central Office program offices. The Medical Sharing Office will request;

(1) A technical review from Acquisition Policy and Review Service (95B), VA Central Office, for all competitive contracts valued at or above \$50,000 and for all non-competitive contracts valued at or above \$200,000, and

(2) Of all contracts, a review by the Office of the General Counsel.

d. VA Central Office program offices will review contracts for content, clinical relevance, and pricing and will return comments and concurrences to the Medical Sharing Office. Once concurrences are received from all VA Central Office offices, the Medical Sharing Office will prepare the response back to the facility for the signature of the appropriate Regional Director (13). Any VA Central Office reviewing a contract may request information from the facility on a proposal. Any reviewing office also may request the contract be placed on the agenda for the next VA Central Office Medical Sharing Committee meeting for discussion by the full committee. The Medical Sharing Office will place contracts on the agenda for the full committee in cases where there is significant conflict between comments returned by different program offices. The VA Central Office Medical Sharing Committee shall make recommendations and resolve issues as necessary.

e. Appendix 1 contains a copy of the checklist used by reviewers in examining proposed solicitations. Contracting officers should use this checklist or subsequent checklists as updated by the Medical Sharing Office for local review prior to submitting the package for VA Central Office review. The Medical Sharing Office may be called to obtain an up-to-date copy of the checklist. Generally, VA Central Office review will be completed within 75 days. Complex agreements or those which raise matters of law or

policy may require additional time for review. VA Central Office review may result in approval, conditional approval (i.e., approval provided that the facility make specific changes to the proposed contract), or disapproval. Contracts which are conditionally approved or are disapproved will be returned to the facility with appropriate comments and recommendations. Facilities must make all recommended changes. Difficulties encountered in completing the required revisions shall be discussed with the Medical Sharing Office. The Medical Sharing Office will consult OA&MM, General Counsel and/or the program office(s) as required.

f. Only after VA Central Office approval is obtained can the proposed contract be executed by the contracting officer. A copy of all executed contracts and the contracting officer certificate if required by the Procurement Integrity Regulation (48 CFR § 3.104-9(c)(2)) shall be mailed to the Medical Sharing Office within 5 days after the award. The submission shall also contain a certification statement signed by the Director, that all revisions contained in the technical/legal review have been incorporated. If all required revisions are not made, the contract lacks the required VA Central Office approval and cannot be executed by the VA medical center. On a case-by-case basis, solicitations with significant deficiencies will be returned without approval. The Medical Sharing Office is responsible for reviewing executed contracts to ensure that required revisions have been incorporated and will report results of this review to the Medical Sharing Committee.

34.04 CONTRACT PERFORMANCE MONITORING

a. Section H of the solicitation shall contain a detailed description of the monitoring procedures used by the VA medical center to ensure contract compliance. The description must be complete enough for the VA Central Office reviewer to determine that an adequate contract monitoring process will be established. These procedures must be able to demonstrate through time and attendance logs, surgical room records, minutes of meetings, sign-in/sign-out sheets or other appropriate records, that services called for under the contract have been received by the VA medical center. This description shall also identify the VA official(s) by title, responsible for verifying contract compliance. After contract award, any incidents of contractor noncompliance as evidenced by the monitoring procedures shall be forwarded immediately to the contracting officer.

b. Contract performance monitoring is the responsibility of the VA medical center. The proposed contract should also include a description, in writing, of the facility's record-keeping procedure as it relates to the contract. Documentation of services performed should be reviewed in order to certify payment. The medical center should perform periodic spot checks and document with the using service to ensure that records are monitored, and tracking procedures are followed. The using service must furnish a statement in writing to the contracting officer at close out of the contract to include a summary of contractor actions and a statement that all requirements of the contract were fulfilled as agreed.

c. A summary evaluation of contractor performance, based upon the compliance or noncompliance of contract requirements as evidenced under the monitoring procedure, shall be forwarded by the monitoring official to the contracting officer prior to exercising any option year. The contracting officer shall forward a copy of the summary evaluation to the Medical Sharing Office with the copy of the Supplemental Agreement and Section B of the contract within 5 days of exercising the option.

d. Conflict of interest provisions apply to contract monitoring (*see par. 34.01f*). A government employee who is also employed by a contractor may not certify bills for payment. This should be done by a knowledgeable individual who is not an employee, officer, director, or trustee of the contractor and who does not have a financial interest in the contract.

SECTION II. SHARING SPECIALIZED MEDICAL RESOURCES, FACILITIES, EQUIPMENT AND PERSONNEL

34.05 SHARING PROGRAM TERMINOLOGY

Some of the terms defined in the following paragraph are not discussed in the Section, however they are included as they impact on sharing, or are alternate methods of accomplishing sharing.

a. **Specialized Medical Resources.** Medical resources (equipment, space, or personnel), which, because of cost, limited availability, or unusual nature, are either unique in the medical community or are subject to maximum utilization only through mutual use.

b. **Sharing Agreement.** A written agreement between a VA (Department of Veterans Affairs) health care facility and other health care facilities (including organ banks, blood banks, or similar institutions), research centers, and medical schools, to buy, sell, or exchange the use of specialized medical resources. The terms "sharing agreement" and "contract" are used interchangeably in this Manual Section.

c. **Sharing.** Generalized term for the relationship created by mutual use and exchange of use contracts.

d. **Mutual Use Contract.** When one health care facility either purchases or sells the use of specialized medical resources under a sharing agreement with another health care facility.

e. **Exchange of Use Contract.** When two health care facilities provide each other specialized medical resources under a single contract.

f. **Health Care Facility.** When referring to non-VA facilities, this term includes hospitals (public or private), clinics, medical schools, blood banks, organ banks or other similar establishments, as well as research centers.

g. **Clinic.** An organized medical facility where a group of medical personnel provides health care to patients.

h. **Research Center.** An institution (or part of an institution), whose primary function is research, training of specialists, and demonstrations. In connection with these activities, it provides specialized, high quality diagnostic and treatment services for inpatients and outpatients.

i. **Period of Contract.** A fixed time duration of an agreement which has beginning and ending dates.

j. **Modifications.** Changes to contracts, such as deletions or additions of medical services, procedures, prices, treatment, etc.

**SECTION III. GUIDANCE ON REQUESTS FOR INTERIM CONTRACT AUTHORITY
UNDER 38 U.S.C. § 8153 AND 38 U.S.C. § 7409****34.17 PURPOSE**

This section establishes procedures for requesting interim contract authority to procure or to provide the use of specialized medical resources or to procure scarce medical specialist services.

34.18 POLICY

Interim contract authority was established to enable VA (Department of Veterans Affairs) medical centers to procure or to provide needed specialized medical resources and to procure scarce medical specialist services in emergency situations. An example of such an emergency is a VA medical center needing a radiologist due to a sudden resignation or illness of a staff radiologist. Neither inadequate planning nor late submissions of proposed contracts by a VA medical center constitutes a valid emergency. Interim contract authorities are limited in duration to 90 days or less.

34.19 MEDICAL SHARING OFFICE RESPONSIBILITIES

a. All proposed scarce medical specialist services and specialized medical resources contracts must be approved by VHA (Veterans Health Administration) Medical Sharing Office before award [see 48 CFR (Code of Federal regulations) § 801.602-70 (a)(4)(vi) and (vii) and 815.7001 (c)]. In an approved class deviation from these regulations, the Medical Sharing Office (166), may approve "interim contracts" prior to obtaining the full-legal and full-technical reviews required by the regulations. Following the execution of all interim contracts, a copy of the interim contract must be sent to the Medical Sharing Office (166), for legal, technical and program review in compliance with the cited regulations.

b. The Medical Sharing Office (166), requires 75 days for the legal and technical review of proposed contracts for Specialized Medical Resources under 38 U.S.C. (United States Code) § 8153 and Scarce Medical Specialist Services under 38 U.S.C. § 7409. Medical centers with contracts scheduled to expire must submit new proposals in enough time to preclude the necessity to request interim contract authority.

34.20 NEW CONTRACTS

a. All new contracts under the 48 CFR should contain FAR (Federal Acquisition Regulations) 52.217-8, "Option to Extend Services." Under this provision, medical centers may extend the existing contract not to exceed 6 months while they complete negotiations and seek VA Central Office approval of a new contract. Medical centers should exercise this option to the maximum term before submitting a request for interim contract authority.

b. If a contract was executed without including FAR 52.217-8, the new proposed contract must be submitted to the Medical Sharing Office (166), 75 days before the existing contract expires. VA Central Office will review interim contract authority requests using the same staffing, workload and salary guidelines as for long-term final

contracts under these authorities. New prices may not be implemented under an interim contract authority if the services have recently been provided under a contract. Should negotiations fail and current pricing is not available during the interim period, exceptions to this policy are subject to approval of the VA Central Office Medical Sharing Committee and may be granted on a case-by-case basis with proper justification.

c. Should an existing contract expire prior to submission of the proposed new contract, the VA medical center Director may request interim authority from the Medical Sharing Office (166). The appropriate Director of Field Support (13) will be notified of the pending request.

34.21 INTERIM CONTRACTS

a. The terms and renewals of interim contract authorities are strictly limited. Interim contract authorities are approved for 30 to 90 days. Additional interim contract authority may be granted on an exception basis. Cumulative interim contract authorities that extend beyond 180 days must be approved by the AsCMD (Associate Chief Medical Director) for Operations based on adequate justification from the facility. In addition, when negotiating with affiliated institutions, and an agreement cannot be reached within the initial 180 day interim period, then the contract shall be competitively bid unless there is compelling justification from the facility and subject to the approval of the VA Central Office Medical Sharing Committee.

b. When executing an interim contract authority, the contractor must be informed in writing that this is an interim measure for providing services. If the resources have not recently been provided under a contract, the contractor should also be told in writing that costs paid do not constitute acceptance of that price for any contract/interim contract authority currently being negotiated. Each facility is responsible for developing a price negotiation memorandum which complies with FAR Part 15.8 and VAAR (VA Acquisition Regulations) Part 815.808.

c. Interim Contract Authorities under 38 U.S.C. § 7409 are subject to Full and Open Competition. The only exception to this rule is when proposed contracts are negotiated and awarded to the institutions affiliated with VA (See VAAR 806.302-5). Receipt of interim contract authority only permits the contracting officer to contract for a limited time period without the normal central office review and approval. All FAR and VAAR requirements apply to the proposed interim contract, including contract performance monitoring, certified cost or pricing data, and conflict of interest provisions.

34.22 REQUESTS FOR INTERIM CONTRACTS

a. Requests for Interim Contract Authority shall be made on a memorandum signed by the VA medical center Director. The following information will be provided:

- (1) Authority (38 U.S.C. § 8153 or § 7409);
- (2) Facility Name;
- (3) Date of request;
- (4) Type of services;
- (5) Quantity of services (i.e., 1 FTEE (Full-time Employee Equivalent), 3 procedures, 17 days, etc.);

- (6) Description of services (requirements);
 - (7) Length of authority requested (number of days/months);
 - (8) Contractor name and whether this is a competitive or sole source procurement;
 - (9) Extension of existing contract/interim contract authority or new requirement. If this is an extension of an existing contract, indicate the Medical Sharing Office contract control number, i.e., SM# 93/???
 - (10) Unit cost/procedure or time and total estimated cost. If more than one service is requested, provide estimated costs for each;
 - (11) VA medical center contact person (name/FTS number/FAX number);
 - (12) Number of times interim contract authority has been requested for these services during the current and immediate past fiscal year. (Indicate the date(s) of your last request and approval).
- b. All requests for Interim Contract Authority will be submitted to the Medical Sharing Office (166) via facsimile at (202) 535-7566. Facilities will be notified of the approval/disapproval of a request via facsimile. This will provide approval/disapproval signatures for the official contract file.

Contracts for SMSS (Scarce Medical Specialist Services)

CHECKLIST FOR PROPOSED SMSS CONTRACTS

(DATE) 1993 Edition

FOR USE BY VA CONTRACTING OFFICERS, REGIONAL CHIEFS OF STAFF
AND VA CENTRAL OFFICE REVIEWERS

Type of VA Central Office Review Required

(Competitive Contracts)

- // Legal, technical and clinical review of a proposed competitive contract by appropriate VA Central Office staff offices prior to advertising and competition.
- // Review of prices by appropriate VA Central Office clinical rogram offices of a proposed competitive contract (the contract has previously received legal, technical and clinical review at VA Central Office).

(Non-Competitive Contracts)

- // Legal, technical and clinical review of a proposed non-competitive contract by appropriate VA Central Office staff offices.

Mandatory Contract Requirements

1. In the letter of transmittal and justification to the Medical Sharing Office (166), did the VA medical center Director:

Yes No

- // // a. Provide certification from both the Director and Chief of Staff that the contracting officer conducted or controlled all contract negotiations and that there were no discussions between VA officials and the contractor's personnel about the contract at which the contracting officer was not present.
- // // b. Provide a statement specifying that no person who participated in negotiating the contract on VA's behalf had any relationship with the contractor, or
- // // c. Provide a statement specifying all the relationships with the contractor which persons who participated in negotiating the contract on VA's behalf had; and

CHECKLIST FOR REVIEWERS--continued

Yes No

- // // d. The written certification from the contracting officer required by FAR (Federal Acquisition Regulations) 3.104-9(c)(1)(i) for contracts or contract modifications exceeding \$100,000 that, to the best of his or her knowledge and belief, such officer has no information concerning a violation or possible violation of subsections 27(a), (b), (d), and (f) of the Office of Federal Procurement Policy Act, as implemented by the FAR, occurring during the procurement, or
- // // e. The written certification by the contracting officer required by FAR 3.104-9(c)(1)(ii) for contracts or contract modifications exceeding \$100,000 containing any and all information concerning a violation or possible violation of subsections 27(a), (b), (d), and (f) of the Office of Federal Procurement Policy Act, as implemented by the FAR, occurring during the procurement.
- // // f. Certify that contract physicians and/or other specialist to perform scarce medical specialist services cannot be hired using conventional employment practices or would not be the most efficient use of resources.
- // // g. Describe the VA medical center effort to recruit the staff members described in the proposed contract.
- // // h. Clearly describe the services required, including a description of current caseload, current staffing (employee or contract) and other pertinent information.
- // // i. Certify that the quantity of services to be purchased and prices to be paid are reasonable.
- // // j. Certify that effective controls are in place to monitor contractor's performance.
- // // k. Certify for Anesthesiology and Radiology contracts that the FTEE (Full-time Employee Equivalent) required falls within established guidelines (when issued by VA Central Office), or justify an exception.

2. Does the proposed contract:

Yes No

- // // a. Incorporate the latest standardized formats.
- // // b. Have in Section C a clear acceptable statement of work, including:

CHECKLIST FOR CONTRACT REVIEWERS--continued

Yes No

- // // (1) The requirement that all work be performed at the VA medical center.
- // // (2) A description of any educational activities.
- // // (3) A description of any research activities.
- // // c. Have in Section H a clear, acceptable contract monitoring procedure, which can document the contractor's attendance and performance of all required activities (clinical, education and research) including the VA official responsible for verifying contract compliance.
- // // d. Include FAR Clause 52.237-7, Indemnification and Medical Liability Insurance. This FAR clause and VA policy require that contractors obtain their own malpractice insurance at the rate of \$1 million per occurrence for physicians and dentists on scarce medical specialist services contracts. For all other scarce medical specialists, such as nurses, physical therapists, etc., the amount of coverage should be consistent with local practice.
- // // e. Include documentation of approval of individual or class deviation(s), if applicable.

3. For proposed contracts using other than full and open competition, did the VA medical center:

- // // a. Ensure that the proposed contract is with an affiliated institution and not a practice group or similar entity distinct from the affiliate.
- // // b. Include a copy of the certified cost or pricing data, and the cost and/or price analysis, for proposed contracts over \$100,000. When the individuals who are to provide services are known, cost or pricing data must be based on the salaries and benefits of those individuals. When individuals to provide services are not known, cost comparison data must be provided.
- // // c. Include a copy of the DCAA or HHS audit for all proposed contracts above \$500,000.
- // // d. Include a copy of the price negotiation memorandum for the proposed contract.

CHECKLIST
Specialized Medical Resources Sharing Agreement
FOR COMPLETION BY THE VA CONTRACTING OFFICER

I. Type of Review Requested

a. (Competitive Contracts)

___ Legal, technical and clinical review of a proposed competitive sharing agreement by appropriate VA Central Office staff offices prior to advertising and competition.

___ Review of prices by appropriate VA Central Office clinical program office(s) of a proposed competitive contract (the sharing agreement has previously received legal, technical and clinical review at VA Central Office).

b. (Non-Competitive Sharing Agreements)

___ Legal, technical and clinical review of a proposed non-competitive sharing agreement by appropriate VA Central Office program offices.

c. (Modification to Approved Sharing Agreement)

___ Legal or clinical review to proposed modification(s) to an approved sharing agreement.

II. Mandatory Sharing Agreement Requirements

a. In the letter of transmittal to the Medical Sharing Office (166), did the VA facility Director include:

YES ___ NO ___ (1) A statement explaining how in relation to cost, limited availability or unusual nature, the medical resource is either unique in the medical community or is subject to maximum utilization only through sharing, and that other alternative sources existing within a geographic area were considered?

YES ___ NO ___ (2) A clear description of the resources use of which is to be procured or provided?

YES ___ NO ___ (3) Justification of the need for the services; a statement explaining how the proposed agreement would obviate the need for a similar resource to be provided in the VA facility (VA purchase only)?

- YES ___ NO ___ (4) Statement of methodology used to determine the cost of those resources and certification that the quantity of the resources and prices to be paid are reasonable?
- YES ___ NO ___ (5) Total cost of the resources the use of which will be bought by VA (mutual use/purchase or exchange of use agreements)?
- YES ___ NO ___ (6) The calculated cost for resources the use of which is to be sold by VA (mutual use/provide or exchange of use agreements)?
- YES ___ NO ___ (7) Full name and address of the contractor?
- YES ___ NO ___ (8) A statement declaring that the contractor operates a health care facility, medical school, or research center?
-
- YES ___ NO ___ (9) Certification that effective controls are in place to monitor contractor performance.
- YES ___ NO ___ (10) Certification that effective controls are in place to monitor contractor performance?
- YES ___ NO ___ (11) Written certification from both the Director and Chief of Staff that the contracting officer conducted or controlled all contract negotiations and that there were no discussions between VA officials and the contractor's personnel about the contract at which the contracting officer was not present?
- YES ___ NO ___ (12) A statement specifying that no person who participated in negotiating the contract on VA's behalf had any relationship with the contractor, or
- YES ___ NO ___ (13) A statement specifying all the relationships with the contractor which persons who participated in negotiating the contract on VA's behalf had, and
-
- YES ___ NO ___ (14) The written certification from the contracting officer required by FAR 3.104-9(c)(1)(i) for contracts or contract modifications exceeding \$100,000 that, to the best of his or her knowledge and belief, such officer has no information concerning a violation or possible violation of subsections 27(a), (b), (d), and (f) of the Office of Federal Procurement Policy Act, as implemented by the FAR, occurring during the procurement, or
- YES ___ NO ___ (15) The written certification by the contracting officer required by FAR 3.104-9(c)(1)(ii) for contracts or contract modifications exceeding \$100,000 containing any and all information concerning a violation or possible violation of subsections 27(a), (b), (d), and (f) of the Office of Federal Procurement Policy Act, as implemented by the FAR, occurring during the procurement?

YES ___ NO ___ (16) In proposed contracts to procure the services of health care professional(s), certification that these personnel cannot be hired using conventional employment practices or would not be the most effective use of resources, and

YES ___ NO ___ (17) A description of the VA health care facility efforts to recruit the staff members?

b. Does the submission package include:

YES ___ NO ___ An original and four copies of the proposed sharing agreement (if more than one service is being shared, an additional copy of the agreement for each service utilized)?

c. Does the submission package include: (If not applicable, indicate N/A)

YES ___ NO ___ (1) Approval of justification for use of other than full and open competition? (FAR 6.303-1 and 6.303-2; VAAR 806.304)

YES ___ NO ___ (2) Certified cost or pricing data (for non-competitively negotiated contracts expected to exceed \$100,000)? (FAR 15.804-2 and 15.804-3)

YES ___ NO ___ (3) Cost or price analysis (provided by the Contracting Officer)?

YES ___ NO ___ (4) Price Negotiation Memorandum? (FAR 15.808; VAAR 815.808)

YES ___ NO ___ (5) A copy of DCAA or DHHS audits for proposed non-competitively negotiated contracts in excess of \$500,000? (FAR 15.805-5; VAAR 815.505-5)

YES ___ NO ___ (6) Documentation of approval of individual or class deviation(s)? (VAAR 801.403 and 801.404)

d. Does the proposed sharing agreement:

YES ___ NO ___ (1) Incorporate the latest standardized formats developed by VA Central Office (95B)?

YES ___ NO ___ (2) Include a completed Section B (indicating all resources to be shared and prices/costs)?

YES ___ NO ___ (3) Include a completed Section C (a clear and specific statement of work)?

YES ___ NO ___

(4) Include a completed Section H, containing a detailed description of the monitoring procedures used by the VA facility to ensure contract compliance?

YES ___ NO ___

(5) Include FAR Clause 52.237-7 (Indemnification and Medical Liability Insurance, Sept. 1989)?

YES ___ NO ___

(6) Include FAR Clause 52.217-8 (Option to Extend Services, Sept. 1989)?

YES ___ NO ___

(7) Include FAR Clause 52.203-8 (Requirement for Certificate of Procurement Integrity) in all solicitations expected to exceed \$100,000? The certification must be completed by the offerer.

July 14, 1993

M-1, Part I
 Chapter 34
 Change 1
 APPENDIX 34C

 Department of Veterans Affairs		SHARING MEDICAL RESOURCES REPORT <small>(38 U.S.C. 5053) REPORTS CONTROL SYMBOL 10-0040</small>		DATE
TO	Director for Operations Director, Emergency Management and Resource Sharing (10B/EMS) Department of Veterans Affairs Washington, DC 20420	NAME OF VA MEDICAL CENTER		STATION NO. (1 digit)
		SIGNATURE OF DIRECTOR		MLD DIST NO
NAME AND ADDRESS OF EACH FACILITY THAT HAS SHARING AGREEMENTS WITH YOUR MEDICAL CENTER - INCLUDE MEDICAL DISTRICT RENEWED AGREEMENTS				
1a. SHARING CONTRACTOR NAME		NO. OF UNITS	TOTAL COST	AVERAGE COST
1b. RESOURCES PURCHASED BY THE VA				
			TOTAL:	
1c. RESOURCES FURNISHED BY THE VA				
			TOTAL:	
2a. SHARING CONTRACTOR NAME				
2b. RESOURCES PURCHASED BY THE VA				
			TOTAL:	
2c. RESOURCES FURNISHED BY THE VA				
			TOTAL:	
IF YOU HAVE MORE THAN TWO SHARING AGREEMENTS, PLEASE COMPLETE ON PLAIN PAPER				

VA FORM 10-1245
 OCT 1990

EXISTING STOCKS OF VA FORM 10-1245, APR 1987,
 WILL BE USED

U.S. Government Printing Office 1992-313-106/52338

SERVICE CATEGORIES

Sharing of Specialized Medical Resources Contracts

SERVICE CODE	TYPE OF SERVICE/RESOURCE PURCHASED OR SOLD
1.0	Negative Report/No Sharing Activities
ACADEMIC AFFAIRS	
14.1	Medical Library Services
14.2	Medline Services
MEDICAL RESEARCH	
15.1	Research
15.2	Research - Animal Support
DENTISTRY	
16.1	Dentistry - General
16.2	Dentistry - Endodontics
16.3	Dentistry - Oral Surgery
16.4	Dentistry - Orthodontics
16.5	Dentistry - Periodontics
EXTENDED CARE	
17.1	Extended Care
MISCELLANEOUS	
90.1	Sterile Processing/Surgical/Trays, etc.
90.2	Ambulance (Including Air Ambulance)
90.3	Biomedical Engineering
90.4	Specialized Medical Space
MEDICAL SERVICE	
111.1	Allergy and Immunology
111.2	Cardiology - Including Angioplasty (PTCA), Intensive Care-Cardiac and Cardiac Catheterization
111.3	Dermatology
111.4	Endocrinology/Metabolism
111.5	Gastroenterology
111.6	Pulmonary Medicine (Including Respiratory Medicine)
111.7	Renal Medicine (Kidney)
111.8	General Medicine (Including Intensive Care Medicine)
111.9	Infectious Diseases/AIDS
111.11	Rheumatology
111.12	Hematology/Oncology

SURGERY

112.1	Anesthesiology
112.2	Cardiopulmonary Perfusion
112.3	Cardiothoracic Surgery
112.4	Gynecology
112.5	Lithotripsy
112.6	Neurosurgery
112.7	Ophthalmology
112.8	Orthopedics
112.9	Otolaryngology
112.11	General Surgery
112.12	Urology
112.13	Renal Transplant
112.14	Liver Transplant
112.15	Heart Transplant
112.16	Bone Marrow Transplant
112.17	Special Surgery (Including Mohs' Technique)
112.18	Plastic Surgery

PATHOLOGY

13.1	Pathology - Clinical Laboratory (Including Chemistry, Hematology, Immunology and Serology, Microbiology, Urinalysis, General Pathology)
113.2	Pathology - Anatomic C Laboratory (Including Cytology, Cytogenetics, Surgical, Electron Microscopy)
113.3	Blood Bank
113.4	Toxicology/Drug Monitor
113.5	Immunocytochemistry

RADIOLOGY

114.1	Radiation Therapy
114.2	Diagnostic Radiology (Including CT Scans, Neurovascular Radiology, General Radiology, Special Procedures, and Medical Physics)
114.3	Mammography
114.4	Magnetic Resonance Imaging
114.5	Ultrasound

NUCLEAR MEDICINE

115.1	Nuclear Medicine (Including Scans, Non-imaging Studies, Radiation Safety and Radiopharmaceuticals)
115.2	Radionuclide Therapy
115.3	Radioimmunoassays
115.4	PET Scans

MENTAL HEALTH & BEHAVIORAL SCIENCES

- 116.1 Psychiatry
- 116.2 Psychology

REHABILITATION MEDICINE

- 117.1 Occupational Therapy
- 117.2 Physical Therapy
- 117.3 Physiatry
- 117.4 Rehabilitation Medicine

NURSING

- 118.1 Nursing

PHARMACY

- 119.1 Pharmacy

DIETETICS

- 120.1 Dietetics

PROSTHETICS & SENSORY AIDS

- 121.1 Prosthetics

SOCIAL WORK

- 122.1 Social Work

OPTOMETRY

- 123.1 Optometry

BLIND REHABILITATION

- 124.1 Blind Rehabilitation

AUDIOLOGY & SPEECH PATHOLOGY

- 125.1 Audiology
- 125.2 Speech Pathology

NEUROLOGY

- 126.1 Neurology

SPINAL CORD INJURY

- 127.1 Spinal Cord Injury

PODIATRY

128.1 Podiatry

ENVIRONMENTAL MANAGEMENT

129.1 Hospital Laundry
129.2 Incineration of Contaminated Medical Waste

July 14, 1993

M-1, Part I
Chapter 34
Change 1
APPENDIX 34E

**COST ANALYSIS
SPECIALIZED MEDICAL RESOURCES SHARING AGREEMENT**

VA MEDICAL CENTER _____ CONTRACT WITH _____

(1) VA Purchase _____ (2) VA Provide _____ (3) Exchange of Use _____

Cost Element	Data Sheet Reference	Unit Cost
--------------	----------------------	-----------

I. Direct Costs

A. Staffing Item 1b \$ _____

B. Supplies Item 1c \$ _____

II. Indirect Costs

A. Equipment

1. Depreciation Item 2a \$ _____

2. Service Contract(s) Item 2b \$ _____

3. Maintenance and Repair Item 2c \$ _____

4. Subtotal \$ _____

B. Engineering/Building Management Item 2d \$ _____

TOTAL DIRECT AND INDIRECT COSTS:
(Total I + II, above) \$ _____

III. VA Central Office Administrative Costs Item 4 \$ _____

TOTAL UNIT COST PER PROCEDURE Item 5 \$ _____

GRAND TOTAL: Item 6 \$ _____
(Total Unit Cost x Number of Procedures)

COST ANALYSIS WORK SHEET
Specialized Medical Resources Sharing Agreement

This work sheet is provided to assist you in the completion of the cost analysis sheet which must be submitted with the proposed sharing agreement. All computations are for unit costs. Complete all items on this form prior to completing the cost analysis sheet (app. 34E).

1. Direct Costs

a. Workload Projection (number of units/procedures):

(1) VA Medical Center: _____

(2) Sharing Institution _____

b. Detailed Staffing Expenses: (FTEE requirements for 1 full year)

Position	Salary	Fringe Benefits	Special Pay	Total
(1)				\$ _____
(2)				\$ _____
(3)				\$ _____
Total Estimated Staffing Expense (1 year)				\$ _____
Unit Cost/Staffing				
<u>Total staffing expense</u> =				\$ _____
<u>Total number of units</u>				

c. Supplies

Total Supplies _____ \$ _____

Unit Cost: $\frac{\text{Total supply expense}}{\text{Total number of units}}$ = \$ _____

2. Indirect Costs

a. Equipment Depreciation (Straight Line Method; for equipment costing \$5,000 or more at purchase)

$\frac{\text{Acquisition Cost}}{\text{Life Expectancy}}$ = Annual Depreciation is \$ _____

Equipment Depreciation per Unit: $\frac{\text{Annual Depreciation}}{\text{Total Number of Units}}$ = \$ _____

(Use AHA (American Hospital Association) or CMR (Consolidated Memorandum Receipt) Schedules.)

b. Service Contract (Equipment)

Cost Per Unit:

$$\frac{\text{Cost of Service Contract}}{\text{Total Number of Units}} = \$ \underline{\hspace{2cm}}$$

c. Maintenance and Repair (Equipment)

Cost Per Unit:

$$\frac{\text{Total Cost Equipment Maintenance and/or Repair}}{\text{Total \# of Units}} = \$ \underline{\hspace{2cm}}$$

d. Building Management/Engineering (including cleaning of space, utilities, etc.), (per square foot). Include only costs directly related to the *functional area*:

$$\frac{\text{Square Feet of Functional Area}}{\text{Total Facility Square Feet}} \times \text{Total Facility Building Management and Engineering Cost} = \text{Functional Building Management and Engineering Cost} = \$ \underline{\hspace{2cm}}$$

Per Unit: $\frac{\text{Functional Building Mgt./Engineering Cost}}{\text{Total Number of Units}} = \$ \underline{\hspace{2cm}}$

3. Total Direct and Indirect Costs: $\$ \underline{\hspace{2cm}}$
 (Total of 1b+1c+2a+2b+2c+2d)

4. VA Central Office Administrative Costs

Percentage Factor

Building Depreciation 1.0%

VA Central Office Medical Administrative Expense 1.1%

Interest Expense (interest on net capital investment) 10.0%

NOTE: A 10 percent average rate on Total Interest Bearing Debt is used for this analysis.

Total: 12.1%

Total Direct/Indirect Costs (Number 3. x Percentage Factor) = $\$ \underline{\hspace{2cm}}$

5. Total Unit Cost/Procedure: $\$ \underline{\hspace{2cm}}$
 (Total 3 + 4)

6. Grand Total: $\$ \underline{\hspace{2cm}}$
 Total Unit Cost x Number of Procedures)

August 3, 2000

ENHANCED HEALTH CARE RESOURCES SHARING AUTHORITY - SELLING

1. PURPOSE: This Veterans Health Administration (VHA) Directive further implements provisions of Public Law (Pub. L.) 104-262, "The Veterans Health Care Eligibility Reform Act of 1996," which significantly expands the Department of Veterans Affairs (VA) health care resources sharing authority in Title 38 United States Code (U.S.C.) Sections 8151 through 8153.

2. SUMMARY OF CHANGES: Expansion of Pub. L. 104-62 and VA health care resource sharing authority requires definition of new guidelines. Veterans Integrated Service Network (VISN) and medical center Directors are responsible for compliance with the requirements outlined in this Directive, for meeting all requirements of law and policy, for meeting all labor management responsibilities, for the establishment of appropriate and legally sound contract terms, for making sound business decisions, for ensuring that staff are properly trained and are fully capable of exercising any delegated authority, for ensuring adequate documentation of the contracting process, and for contract and performance monitoring.

3. RELATED ISSUES: VHA Handbook 1660.1.

4. RESPONSIBLE OFFICE: The VHA Chief Financial Officer (17) is responsible for the contents of this Directive.

5. RESCISSIONS: M 1, Part 1, Chapter 34, Section II, is rescinded.

6. RECERTIFICATION: This document is scheduled for recertification on or before the last working day of August 2005.



Thomas L. Garthwaite, M.D.
Acting Under Secretary for Health

Distribution: **RPC: 0005**
FD

Printing Date: 8/00

October 6, 1993

1. Transmitted is a change to Department of Veterans Affairs, Veterans Health Administration Manual M-1, "Operations," Part I, "Medical Administration Activities," Chapter 34, "Medical Sharing," Section III, "Guidance on Requests for Interim Contract Authority Under 38 U.S.C. § 8153 and 38 U.S.C. § 7409."

2. Principal change is the addition of Section III, "Guidance on Requests for Interim Contract Authority Under 38 U.S.C. § 8153 and 38 U.S.C. § 7409." This includes:

- a. Paragraph 34.20: Defines mandates for new contracts.
- b. Paragraph 34.21: Defines mandates for interim contracts.

3. Filing Instructions

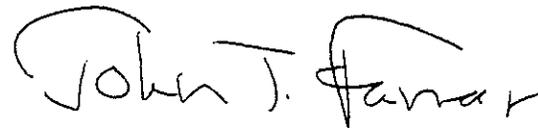
Remove pages

34-i through 34-ii ✓

Insert pages

34-i through 34-ii ✓
34-29 through 34-31 ✓

4. RESCISSIONS: None.



John T. Farrar, M.D.
Acting Under Secretary for Health

Distribution: RPC 1137
FD

Printing Date: 10/93

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DIRECTOR'S MANAGEMENT
STAFF (SOLE)
(310) 4115

July 14, 1993

1. Transmitted is a change to Department of Veterans Affairs, Veterans Health Administration Manual M-1, "Operations," Part I, "Medical Administration Activities," Chapter 34, "Medical Sharing," Section II, "Sharing Specialized Medical Resources, Facilities, Equipment and Personnel."

2. Principal change is the addition of Section II, "Sharing Specialized Medical Resources, Facilities, Equipment and Personnel." This includes:

- a. Expanded requirements for justification of contracts.
- b. Clarification of the role of the contracting officer in negotiations.
- c. New paragraph on conflict of interest.
- d. New policy on research and education services in contracts.
- e. Requirements for cost or pricing analyses or audit.
- f. Expanded requirements for submission of contracts for VA Central Office review.
- g. New paragraph on requirements for contract performance monitoring.
- h. New policy and guidance on the Annual Sharing Program Report to Congress.
- i. Deletion of subparagraph 34.03(f), and renumbering of paragraph 34.03.

3. Filing Instructions

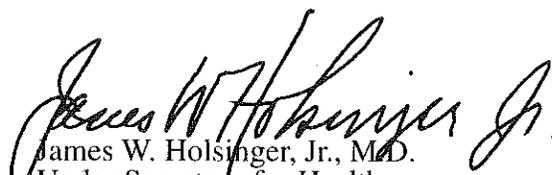
Remove pages

34-i through 34-ii ✓
34-9 through 34-11 ✓
34A-1 through 34A-4

Insert pages

34-i through 34-iii ✓
34-9 through 34-28 ✓
34A-1 through 34F-2

4. **RESCISSIONS:** VHA Directive 10-92-114, and Program Guide G-12, M-1, Part I, are rescinded. Partial rescission of M-1, Part I, Chapter 1, delete Section I.


James W. Holsinger, Jr., M.D.
Under Secretary for Health

Distribution: RPC 1137
FD

Printing Date: 7/93

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March 11, 1993

1. Transmitted is new chapter to Department of Veterans Affairs, Veterans Health Administration Manual M-1, "Operations," Part I, "Medical Administration," Chapter 34, "Medical Sharing," Section I, "Contracting for Scarce Medical Specialist Services."
2. The purpose of this new chapter is to remove section II from M-1, part I, chapter 1, and creating chapter 34 with projected plans of placing all the sharing issues into its own chapter.
3. Principal issues are:
 - a. Paragraph 34.01f: New paragraph on conflict of interest.
 - b. Paragraph 34.02: Clarification of the role of the contracting officer in negotiations.
 - c. Paragraph 34.02c: Expanded requirements for justification of contracts.
 - d. Paragraph 34.02f: Requirements for cost or pricing analyses or audit.
 - e. Paragraph 34.02h: New policy on payment for on-call or standby services.
 - f. Paragraph 34.02i-j: New policy on research, education or other services in contracts.
 - g. Paragraph 34.02n: Expanded requirements for submission of contracts for VA Central Office review.
 - i. Paragraph 34.04: New paragraph on requirements for contract performance monitoring.

3. Filing Instructions

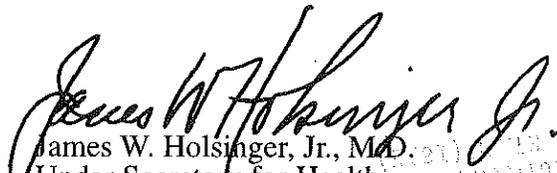
Remove pages

v through vi

Insert pages

v through vi
34-i through 34-13
34A-1 through 34A-3

4. **RESCISSIONS:** Partial rescission of M-1, part I, chapter 1, delete Section II, Contracting for Scarce Medial Specialist Services. VHA Directive 10-92-079 is rescinded.


James W. Holsinger, Jr., M.D.
Under Secretary for Health

Distribution: RPC: 1137 is assigned

Printing Date: 3/93

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