Disbursement Agreement Process:  
GME & Fiscal Operations

PURPOSE  
The goal of this quick guide is to assist your facility in better understanding the Disbursement Agreement process.

POLICY  
VHA Handbook 1400.05 – DISBURSEMENT AGREEMENT PROCEDURES FOR PHYSICIAN AND DENTIST RESIDENTS

PROCESS  
There are two ways a resident position can be funded by the VA, via a direct paid stipend or a disbursement agreement.

- **Direct paid stipends**: are paid from OAA to the VA Medical Center. The VA Medical Center then directly pays the resident as a VA employee.

- **Disbursement agreements (DA)**: The resident receives pay and benefits from the Disbursing Agent. The Disbursing Agent/Sponsoring Institution provides the VAMC with an invoice specifying the resident effort for the billable time period. The VAMC then pays the invoices from the Affiliate/Sponsoring Institution. OAA transfers funds paid to the VA Medical Center to pay for these costs.

DA’s are a binding contract between the VA and their Sponsoring Institution and Disbursing Agent. This contract covers the financial provisions for graduate medical and dental residents during their time at the VA.

- **Sponsoring Institution** – the institution which sponsors the residents that rotate through your VA Medical Center.

- **Disbursing Agent** – the agent that actually “writes the check” or directly pays the resident.

*Note: The Sponsoring Institution and disbursing agent may or may not be the same entity.*

If you are completing a first-time agreement, you will need to meet with your affiliate or sponsoring institution and review the DA. We highly encourage you to share the DA policy (1 400.05) with your affiliate and provide them with the DA Arrears and DA Advance templates. Together you can decide which DA is the right fit for this partnership.
Make sure that your affiliate is clear on what items can or cannot be reimbursed by the disbursement agreement:

Reimbursable Items:
- Stipend
- PGY level salaries for medical residents
- FICA
- Health Insurance
- Other
- Insurance
- Worker’s Comp
- Unemployment
- Disability Insurance
- Retirement

Non-reimbursable Items:
- Administrative Cost
- Email Services
- Administrative Support
- In-service exams
- Accreditation body fee’s (including per-resident assessments, program and institutional accreditation fees)
- Cost of attendance, including registration for and travel to, medical meetings and special education courses
- National Resident Matching Program participation charge
- Pagers, cell phones, Blackberries, or other electronic communication devices
- Purchase of education materials (books, tapes, DVDs and software)
- Resident licensure fees
- Other indirect costs of resident education

Once you have completed your DA and have it signed by the Sponsoring Institution, Disbursing Agent, and Medical Center Director. You will upload the DA for review and signature from OAA’s Chief Financial Officer at OAA Support Center.

When you log in, click on: **GME DISBURSEMENT AGREEMENTS UPLOADS**

You will find very helpful and detailed instructions on how to proceed under: **CLICK HERE FOR FULL INSTRUCTIONS**
Remember that you are required to have an approved Disbursement Agreement prior to the on-boarding of any residents. Note that a DA is valid for ten years. DEO’s are responsible to periodically review the dates of all current DA’s and ensure that an active DA is on file with OAA at all times.

Once you have secured your DA, you will need to tackle obtaining Rate Schedules. See our Rate Schedule Quick for assistance!