

**DISBURSEMENT AGREEMENTS FOR HEALTH PROFESSIONS TRAINEES
APPOINTED UNDER 38 U.S.C. § 7406**

- 1. REASON FOR ISSUE:** This Veterans Health Administration (VHA) directive provides the policy for the use of disbursement agreements as an alternate payroll mechanism to pay salaries and fringe benefits for health professions trainees appointed under 38 U.S.C. § 7406.
- 2. SUMMARY OF MAJOR CHANGES:** This directive redirects current and new disbursement standard operating procedures (SOPs) to the VHA Office of Academic Affiliations Disbursement Procedures document. See paragraph 9 for the SOP website.
- 3. RELATED ISSUES:** VA Handbook 5005, Staffing, dated April 15, 2002; VA Handbook 5007, Pay Administration, dated April 15, 2002; VA Handbook 5011, Hours of Duty and Leave, dated April 15, 2002; VHA Handbook 1400.01, Resident Supervision, dated November 7, 2019; VHA Handbook 1400.03, Educational Relationships, dated February 16, 2016; VHA Handbook 1400.04, Supervision of Associated Health Trainees, dated March 19, 2015; VHA Handbook 1400.07, Education of Advanced Fellows, dated February 26, 2016; VHA Handbook 1400.08, Education of Associated Health Professions, dated February 26, 2016; VHA Directive 1400.09, Education of Physicians and Dentists, dated September 9, 2016; VHA Handbook 1400.10, Health Care Resources Contracting: Educational Cost Contracts, dated May 20, 2020; VHA Handbook 1400.11, Extended Educational Leave, dated April 1, 2016; and VHA Directive 1052, Appropriate and Effective Use of VHA Employee Mandatory and Required Training, dated June 29, 2018.
- 4. RESPONSIBLE OFFICE:** The Chief Academic Affiliations Officer (14AA) is responsible for the contents of this directive. Questions may be referred to 202- 461- 9490.
- 5. RESCISSIONS:** VHA Handbook 1400.05, Disbursement Agreement Procedures for Physician and Dentist residents, dated August 14, 2015, is rescinded.
- 6. RECERTIFICATION:** This VHA directive is scheduled for recertification on or before the last working day of June 2026. This VHA directive will continue to serve as national VHA policy until it is recertified or rescinded.

June 2, 2021

VHA DIRECTIVE 1400.05

**BY THE DIRECTION OF THE OFFICE OF
THE UNDER SECRETARY FOR HEALTH:**

/s/ Marjorie Bowman
Acting Assistant Under Secretary for Health for
Discovery, Education and Affiliate Networks

NOTE: All references herein to VA and VHA documents incorporate by reference subsequent VA and VHA documents on the same or similar subject matter.

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**DISBURSEMENT AGREEMENTS FOR HEALTH PROFESSIONS TRAINEES
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1. PURPOSE

This Veterans Health Administration (VHA) Directive provides the policy for the use of disbursement agreements as an alternate payroll mechanism to pay salaries and fringe benefits for health professions trainees (HPT) appointed under 38 U.S.C. § 7406. **AUTHORITY:** Title 38 U.S.C. §§ 7301(b), 7406(c).

2. BACKGROUND

a. The Department of Veterans Affairs (VA) oversees and manages health professions training in VA medical facilities through its affiliation authority (see 38 U.S.C. § 7302). VA strongly promotes cooperation and professional interaction with the nation's academic community, based on the premise that the best health care is provided in an environment of learning and inquiry.

b. In 1973, the Veterans Health Care Expansion Act, Public Law (P.L.) 93-82, authorized VA to enter into agreements with affiliated academic institutions for the central administration of health professions trainee (resident) salaries and benefits. P.L. 93-82 specifies that VA may only reimburse to the affiliate the salaries and benefits of residents when serving in VA and performing VA work. Disbursement agreements have been the predominant and preferred means of paying physician resident salaries and fringe benefits (see VA Handbook 5007, Pay Administration, Part II, Appendix E, dated April 15, 2002).

c. Except for VA-approved Advanced Fellowships and Chief Residencies, all post-graduate training programs approved for disbursement funding must be accredited by a national accrediting body approved by Office of Academic Affiliations (OAA). Only funds from OAA may be used by the VA medical facility to pay for trainee salary and benefits either directly via payroll mechanisms or indirectly through disbursement agreements. Individual VA medical facilities and Veterans Integrated Service Networks (VISNs) may not fund clinical training positions using station medical care funds without a waiver from OAA.

d. A disbursement agreement is a payroll mechanism by which VA allows a "disbursing agent" to centrally administer salary and fringe benefits payments for OAA-approved HPTs assigned to a VA medical facility. The disbursing agent may be the sponsoring institution for the training programs itself or an entity delegated by the sponsoring institution(s) to manage salary and benefit disbursements. Disbursement agreements cover payment for resident time in approved educational activities. Disbursement agreements provide a mechanism to achieve equity between salaries and benefits provided by the affiliated sponsoring institution(s) and those provided by VA. This is achieved by VA reimbursing the institution employing the trainee, through the disbursing agent, for what the institution pays the trainee in salary and benefits. Reimbursement for educational activity for VA-assigned residents is only permissible

according to the procedures outlined in the OAA Disbursement Procedures Document available at:

<https://dvagov.sharepoint.com/sites/VHAOAA/public/QuickGuides/1400.05%20SOP%20Update.pdf?cid=480bede5-e138-4997-ab02-a07e465ad290>. **NOTE:** *This is an internal website that is not available to the public.*

e. Prior to this revised directive, disbursement for payments for graduate trainees from other occupations were not authorized. A change in VA policy (VA Handbook 5005/112, Staffing, dated August 1, 2019) now allows residents from any profession to be paid through disbursement agreements, subject to approval by OAA.

3. DEFINITIONS

a. **Accreditation.** Accreditation is a status of public recognition that an accrediting agency grants to an educational institution or program that meets the agency's established standards and requirements. Accreditation represents a professional opinion that an educational program meets minimum standards of quality. **NOTE:** *Each HPT program is accredited by an accrediting agency. A table of these accrediting agencies is provided in Appendix A.*

b. **Affiliation.** For purposes of this directive, an affiliation is the relationship between VA and an educational institution or other health care facility for the primary purpose of education. **NOTE:** *VA and the affiliated training programs have a shared responsibility for the educational enterprise. An affiliation may only exist through an executed signed affiliation agreement between the affiliate and the local VA medical facility. NOTE: Other activities such as research and clinical care may also be shared, but these relationships are governed by other agreements.*

c. **Affiliation Agreement.** An affiliation agreement is the required document that enables an affiliation relationship with an institution or program. (See Chief Academic Affiliations Officer responsibilities, paragraph 5.d.). **NOTE:** *Standard templates for affiliation agreements, approved by VA Office of General Counsel (OGC), may be found at <http://www.va.gov/oa/agreements.asp>.*

d. **Continuity Clinics.** Continuity clinics provide comprehensive patient care, including health maintenance and chronic disease management, by way of a patient's long-term relationship with a practitioner or practice group. Participation in continuity clinics is a required educational experience for residents in some programs.

e. **Designated Education Officer (Associate Chief of Staff for Education).** The Designated Education Officer, also frequently known as the Associate Chief of Staff for Education, is a senior VA medical facility leader. The DEO must have a doctoral degree in a health profession, unless OAA has granted a waiver to this policy. If the GME positions at the facility number 20 or greater, the DEO position must be filled by a physician, unless OAA has granted a waiver to this requirement. The DEO position requires experience with graduate and undergraduate training programs. **NOTE:** A

national search is recommended to fill a DEO vacancy if no qualified local candidates are available. The nominee must receive concurrence from OAA. The nomination package includes the nominee's credentials, curriculum vitae, and letter of recommendation from the VA medical facility Director.

f. **Designated Institutional Official for Graduate Medical Education.** The Designated Institutional Official (DIO) is an individual acting on behalf of the affiliated educational institution who is responsible for the oversight and management of that institution's graduate medical programs. **NOTE:** *A VA medical facility that sponsors ACGME-accredited programs independently must have its own DIO, even though the responsibilities and functions overlap with those described for the VA medical facility Designated Education Officer (DEO).*

g. **Didactic Sessions.** Didactic sessions are formal, structured educational meetings for health professions trainees. Didactic sessions include lectures, seminars, conferences, journal clubs, and "grand rounds," but not clinical assignments. **NOTE:** *For the purpose of this directive, didactic sessions do not include classes taken for credit towards a degree program.*

h. **Disbursing Agent.** The disbursing agent is the entity that pays the residents' salary and fringe benefits, through a disbursement agreement, as an agent on behalf of VA. Typically, the disbursing agent is the residents' employer. **NOTE:** *In most instances, the educational affiliate and the disbursing agent are the same entity. However, there are exceptions. For example, a medical school may be the educational affiliate for GME programs while the teaching hospital of the medical school is the actual employer of the residents and is the disbursing agent. The disbursing agent may also represent a consortium of several institutions.*

i. **Disbursement Agreement.** A disbursement agreement is a payroll mechanism, and not a contract, through which VA allows a "disbursing agent", other than VA, to administer salary and fringe benefit payments as an agent on behalf of VA for HPTs performing educational activities while assigned to a VA medical facility. The disbursement agreement mechanism allows VA to reimburse the residents' employer for their incurred costs; residents are appointed as "without compensation" during their VA rotations. VA reimburses the disbursing agent for the proportionate share of resident salaries and benefits.

j. **Educational Activities.** Educational activities include all activities in which residents participate to meet educational goals or curriculum requirements. These activities may include:

(1) Inpatient and outpatient clinical duties including continuity clinics, extended care, home health, procedural rotations, and telehealth experiences.

(2) Didactic sessions, including lectures, seminars, conferences, journal clubs and "grand rounds" but not clinical assignments. **NOTE:** *For the purpose of this directive, didactic sessions do not include classes taken for credit towards a degree program.*

- (3) Clinical simulations.
- (4) Research.
- (5) Literature searches.
- (6) Assigned independent study.
- (7) Attendance at relevant committee meetings (e.g., quality improvement or pharmacy committees).
- (8) Participation in root cause analysis or other quality improvement teams.
- (9) Scholarly activities undertaken as part of an accredited training program.
- (10) Approved educational details.

k. **Educational Detail.** An educational detail is a VA-authorized and reimbursed training experience that is required by an accrediting body for a training program but is not available at the VA medical facility; therefore, trainees must be sent to another location for this training experience. Educational details may not be served at training institutions already affiliated with the sponsor. Educational details may be hosted at another VA medical facility, another Federal site, or another US institution.

l. **Educational Program Letter of Agreement.** An educational Program Letter of Agreement (PLA) is a document executed between VA and a specific educational program after an affiliation agreement has been executed. **NOTE:** *The PLA describes specific terms of the agreement such as naming faculty, educational objectives, rotation sites and periods, and policies and procedures for resident education. For certain accrediting bodies (e.g., Accreditation Council for Graduate Medical Education (ACGME)), a PLA is required between the program and its rotation sites. If required by an accrediting body, the PLA must conform to the standards of that accrediting body. Before a PLA can be executed an affiliation agreement between VA and the sponsoring institution must be in place. The PLA may not substitute for an affiliation agreement or a disbursement agreement. PLAs may not conflict with, add to, or amend the terms of an affiliation agreement. PLAs may not address liability between the parties and may not cover financial arrangements or payments between the parties or for/from trainees, such as those covered in a disbursement agreement. PLAs are local agreements; neither OAA nor OGC need to approve an educational PLA if they conform to the standards of the accrediting body and do not contain terms noted above.*

m. **Needs and Excess Report.** A needs and excess report is a quarterly report from the VA medical facility to the OAA through which VA medical facilities report a need for additional funds or an excess of funds in a trainee program.

n. **Participating Site.** A participating site is an organization providing educational experiences or educational assignments and rotations for trainees. Examples of

participating sites include: a university; a medical school; a teaching hospital, including its ambulatory clinics and related facilities; a private medical practice or group practice; a nursing home or rehabilitation facility; a school of public health; a health department; a federally qualified health center; a public health agency or other non-profit organization; a Federal, state or local governmental entity; an organized health care delivery system; a health maintenance organization (HMO); a medical examiner's office; a consortium; or an educational foundation. VA commonly serves as a participating site for graduate medical education programs.

o. **Residency or Training Program Director.** The residency or training program director ("Program Director"), sometimes denoted as the Director of Training, is the individual acting on behalf of the educational affiliate to oversee and manage a specific training program including educational requirements, curriculum, resident progress and discipline, and program accreditation. This individual manages the training program across all affiliated sites. The program director may or may not be based at the VA medical facility. **NOTE:** *If based at VA, the Program Director will typically also perform the role of the VA medical facility Residency Program Site Director (See paragraph 5.p. for VA medical facility Residency Program Site Director responsibilities).*

p. **Residents.** Residents are trainees in post-graduate specialty or subspecialty training programs. These include individuals in graduate medical education programs (including interns or fellows), dental, pharmacy, nursing, physician assistant, optometry, podiatry, psychology, physical therapy, and other associated health education programs. Individuals in their first post-graduate year (PGY-1) of training may also be referred as interns. The term resident may also include trainees assuming the title "Chief Resident". **NOTE:** *For the purpose of this policy, individuals in non-accredited programs, such as VA Advanced Fellows and Chief Residents-Post-Training, and trainees (referred to as interns) in American Psychological Association (APA) sponsored programs who have not yet completed pre-graduate training may be considered residents. OAA may classify additional pre-graduate trainees as residents for the purpose of this policy (See paragraph 5.r. for VA medical facility Chief Resident responsibilities).*

q. **Scholarly Activities.** Scholarly activities include educational experiences that may involve any of the following or similar types of experiences:

- (1) Active participation in journal clubs, local academic conferences, tumor boards or regional or national professional and scientific meetings.
- (2) Activities resulting in presentations to meetings or publications in journals.
- (3) VA-related quality improvement and safety related projects and activities.
- (4) Other activities as approved by OAA.

r. **Sponsoring Institution.** A sponsoring institution is the organization (or entity) that assumes the ultimate financial and academic responsibility for a program of

graduate medical education consistent with ACGME requirements. This term is primarily used in graduate medical education. A sponsoring institution is the entity in whose name programs are accredited. **NOTE:** *Unless the VA is the sponsoring institution, the sponsoring institution and the VA must have an affiliation agreement to permit clinical training at VA.*

s. **Trainee Position.** A trainee position is a VA-approved and funded full time equivalent (FTE) position that may be filled by a resident or multiple residents on a rotating basis.

4. POLICY

It is VHA policy that educational programs are executed according to accreditation standards, best practices and principles of sound fiscal stewardship. Under 38 U.S.C. § 7406, VHA has authority to execute disbursement agreements with sponsoring institutions to pay salaries and benefits for health professions trainees. This directive provides the parameters under which fiscal oversight is undertaken for processes associated with disbursement agreements.

5. RESPONSIBILITIES

a. **Under Secretary for Health.** The Under Secretary for Health is responsible for ensuring overall VHA compliance with this directive.

b. **Assistant Under Secretary for Health for Operations.** The Assistant Under Secretary for Health for Operations is responsible for:

(1) Communicating the contents of this directive to each of the Veterans Integrated Services Networks (VISNs).

(2) Assisting VISN Directors to resolve implementation and compliance challenges in all VA medical facilities within that VISN.

(3) Providing oversight of VISNs to ensure compliance with this directive and its effectiveness.

c. **Assistant Under Secretary for Health for Discovery, Education and Affiliate Networks.** The Assistant Under Secretary for Health for Discovery, Education and Affiliate Networks is responsible for supporting the Office of Academic Affiliations with oversight of this directive.

d. **Chief Officer, Office of Academic Affiliations.** The Chief Officer of Academic Affiliations is responsible for:

(1) Establishing policy for disbursement agreements.

(2) Approving and signing all affiliation agreements that will use disbursement agreements as a payroll mechanism. **NOTE:** *Affiliation agreements must be signed*

before a disbursement agreement is executed. Institutions whose residents rotate at VA medical facilities must have an executed signed affiliation agreement with the VA medical facility in place before rotations commence. An OAA approved Affiliation Agreement must be in effect before a Disbursement Agreement can be instituted.

(3) Approving new disbursement agreements and annual rate changes.

(4) Overseeing the results of field internal reviews of educational activity tracking, invoice reconciliation and fiscal processes, and collaborating with the Compliance and Business Integrity Office on resulting necessary actions. **NOTE:** For further information, see OAA Disbursement Procedures Document, available at <https://dvagov.sharepoint.com/sites/VHAOAA/public/QuickGuides/1400.05%20SOP%20Update.pdf?cid=480bede5-e138-4997-ab02-a07e465ad290>. This is an internal VA website that is not available to the public.

(5) Collaborating with VA medical facilities to ensure Independent Review Team (IRT) results are reviewed by VA medical facility senior leadership and the local ICO as appropriate to the findings and risk level.

e. **Director, Office of Compliance and Business Integrity.** The Director of the Office of Compliance and Business Integrity (CBI) is responsible for collaborating and consulting with OAA on the following:

(1) Overseeing the aggregated results of national reviews of disbursement-related educational activity tracking and fiscal processes, including invoice reconciliation and disbursement payments.

(2) Reviewing the aggregated results of VA medical facility independent Review Team (IRT) reports, to ensure appropriate procedures and documentation.

(3) Notifying VISNs and VA medical facilities of noncompliance with this policy.

f. **Veterans Integrated Service Network Director.** The VISN Director is responsible for:

(1) Overseeing compliance with this policy by each VA medical facility in the VISN and informing OAA when barriers to compliance are identified.

(2) Ensuring the VISN Integrity and Compliance Officer (ICO) coordinates with or supports the facility ICO to oversee the VA medical facility ReDPro review process.

(3) Ensuring that VA medical facility ICOs within the VISN report incidents of noncompliance with this directive to the VISN ICO.

g. **Veterans Integrated Service Network Integrity and Compliance Officer or Chief Medical Officer.** The VISN ICO or Chief Medical Officer (CMO) is Overseeing VA medical facility IRT process if and when appropriate to do so (i.e., when disbursement agreements are identified as VA top risks, either locally or nationally). If the VISN ICO is

not involved in these oversight processes, another VISN senior leader such as the VISN CMO must have oversight responsibility. These responsibilities include:

(1) Submitting completed facility ReDPro checklist results to the national CBI Office in a timely manner.

(2) Briefing VISN leadership when noncompliance with requirements is identified by the VA medical facility oversight process and the IRT.

(3) Collaborating with VA medical facility ICOs on the oversight of corrective actions to resolve areas of noncompliance.

h. **VA Medical Facility Director**. The medical facility Director is responsible for:

(1) Ensuring through the VA medical facility COS and VA medical facility DEO that procedures are in place to fulfill the requirements of this directive including processes such as the assignment of IRT members and duties, the tracking of resident activity, and the reconciliation of invoices.

(2) Providing oversight through the VA medical facility COS to ensure compliance with this directive.

(3) Concurring with the VA medical facility COS's appointment of the VA medical facility DEO.

(4) Appointing an IRT to conduct periodic reviews and VA medical facility-level self-assessments of disbursement agreements.

(5) Involving the VA medical facility ICO to provide oversight to the IRT review process if and when appropriate to do so (i.e., when disbursement agreement processing is identified as one of VA's top local or national risks.). **NOTE:** *A medical facility director may continue to use the ICO to provide oversight to the IRT review process if there are local circumstances that warrant continued ICO involvement. In the absence of ICO involvement, another VA medical facility senior leader such as the VA medical facility Associate Director should provide oversight to the IRT.*

(5) Ensuring that appropriate resources including staffing are allocated for the proper functioning of education offices and the disbursement process.

i. **VA Medical Facility Chief of Staff**. The VA medical facility COS is responsible for:

(1) Overseeing, directly and in collaboration with the VA medical facility DEO, all the VA medical facility health professions training programs.

(2) Appointing, supervising or serving as the DEO. **NOTE:** *Depending on the size of the VA medical facility, the VA medical facility COS can occasionally serve as the DEO.*

NOTE: When there is a vacancy in the DEO role, the VA medical facility COS must appoint an Acting DEO within 1 month of the vacancy and notify OAA of the interim appointment. Use of the "acting or interim" designation for a DEO for longer than 6 months must be authorized by OAA.

(3) Resolving any conflicts of interest in the disbursement process, with the DEO and the VA medical facility ICO.

j. **VA Medical Facility Associate Director for Patient Care Services.** The VA medical facility Associate Director for Patient Care Services (ADPCS) is responsible for collaborating with the DEO in managing disbursement issues involving trainees whose occupations or professions fall under the purview of the ADPCS.

k. **VA Medical Facility Integrity and Compliance Officer.** The VA medical facility ICO is Overseeing the IRT process if and when appropriate to do so (i.e., when disbursement agreements are identified as VA top risks, either locally or nationally). If the VA medical facility ICO is not involved in these oversight processes, another VA medical facility senior leader such as the Associate Director must have oversight responsibility. If the VA medical facility ICO is involved, responsibilities include:

(1) Monitoring key compliance risks within the facility which include providing oversight of the IRT review process.

a. Reviewing the checklist submission from the IRT, identifying any missing, incomplete or otherwise insufficient evidence, and finalizing the oversight response for submission to the national Office of Compliance and Business Integrity as outlined in the OAA standard operating procedure for the process.

<https://dvagov.sharepoint.com/sites/VHAOAA/public/QuickGuides/1400.05%20SOP%20Update.pdf?cid=480bede5-e138-4997-ab02-a07e465ad290>. **NOTE:** This is an internal website that is not available to the public. The VA medical facility ICO must not be a member of the IRT because the ICO's role is to provide oversight and an independent second level review.

(2) Providing the official submission on behalf of the VA medical facility. **NOTE:** The VA medical facility ICO's submission is the official submission on behalf of the VA medical facility.

(3) Participating in the above responsibilities as determined by the VA facility medical center director when there are circumstances that warrant continued oversight by the VA medical facility ICO.

(4) Providing guidance to the VA medical facility COS and DEO who resolve any potential conflicts of interest identified in the disbursement process.

(5) Briefing the VISN ICO when noncompliance with requirements is identified by the VA medical facility oversight process.

I. VA Medical Facility Associate Chief of Staff for Education, Designated Education Officer. The VA medical facility Associate Chief of Staff for Education, also referred to as the Designated Education Officer (DEO) has oversight of all health professions trainees and their training programs at the VA medical facility. The DEO reports to the VA medical facility Chief of Staff and is responsible for:

(1) Serving as the VA medical facility lead point of contact for all issues related to all health professions trainees and their training programs, including residents on a disbursement agreement.

(2) Ensuring that affiliation agreements, and PLAs (if required), are current and in place for all sponsoring institutions and participating sites.

(3) Oversight of all disbursement agreements, including the following responsibilities:

(a) Conducting planning and oversight in collaboration with the Designated Institutional Officer (DIO) of the affiliated Sponsoring Institution, or other institutional official, to determine the appropriate rotation blocks, number and distribution of clinical training positions, as well as broad guidance for resident leave and other absences for rotations at the VA medical facility during the academic year.

(b) Conferring with the affiliate program directors and site directors to agree upon a time interval in which notice must be provided, and agreed upon, prior to a reassignment of a resident from a VA rotation.

(c) Ensuring that if a resident is reassigned from a VA rotation, if necessary, the affiliate institution provides a replacement resident.

(d) Ensuring that all educational and other activities meet the criteria for reimbursement.

(e) Establishing and implementing procedures at the VA medical facility for:

1. Educational activity record keeping.

2. Obtaining and filing updated rate schedules with OAA.

3. Monitoring accurate and appropriate resident participation in assigned educational activities.

4. Reconciliation of VA educational activity records with invoices submitted by the disbursing agent.

5. Timely payment of invoices, in collaboration with fiscal service personnel.

6. In collaboration with the sponsoring institution, monitoring and reconciliation of leave taken by each resident to ensure leave limits are not exceeded. **NOTE:** For

detailed procedures, see the OAA Disbursement Procedures Document, available at <https://dvagov.sharepoint.com/sites/VHAOAA/public/QuickGuides/1400.05%20SOP%20Update.pdf?cid=480bede5-e138-4997-ab02-a07e465ad290>. This is an internal website that is not available to the public.

(f) Ensuring initial and annual training of VA medical facility staff involved in disbursement agreement procedures. Training includes trainee activity tracking, invoice reconciliation, and accurate reimbursement for educational activity.

(g) Confirming that the salaries and benefits cost of residents provided by the disbursing agent for determining the daily rates are appropriate.

(h) Obtaining annual rate changes from the disbursing agent and communicating these to appropriate parties, including the VA medical facility Chief Fiscal Officer (CFO) and Chief of Human Resources, and securing approval of the rate changes from the VHA Chief Academic Affiliations Officer in OAA.

(i) Collaborating with the VA medical facility CFO in the administration of disbursement agreements and related fiscal matters.

(j) Obtaining OAA approval for all educational details and other offsite educational activities.

(k) Ensuring that all residents paid through disbursement agreements, including non-citizens, have VA appointments in a Without Compensation status.

(l) Resolving and managing actual or potential conflicts of interest involving staff associated with the disbursement process, with the VA medical facility ICO and VA medical facility COS.

(m) Directly supervising Education Office staff in the completion of functions of the Education office.

m. **VA Medical Facility Disbursement Coordinator.** The Disbursement Coordinator at the VA medical facility is responsible for:

(1) Receiving the invoices from the affiliate institution.

(2) Assisting with reconciliation procedures, in collaboration with the VA medical facility DEO.

(3) Receiving applicable resident education activity records from all clinical services.

(4) Communicating with services to ensure accurate documentation of education activity records, including both the allowable and reimbursable leave status of residents.

(5) Comparing education activity records with the scheduled educational activity.

(6) Determining FTE positions and PGY levels of residents assigned to VA.

(7) Determining J1 Visa status for residents assigned to VA who are not US citizens.

NOTE: *The processes that fall under the VA medical facility Discernment Coordinator are already within the disbursement procedures and do not require additional FTE support. This is a functional description and describes a set of responsibilities that will be assigned to one individual already in the education service. OAA provides guidance regarding staffing based on the number of trainees at each facility and adherence to this policy may necessitate additional FTE if the education service has inadequate staffing to perform these functions.*

n. **Chair, VA Medical Facility Independent Review Team.** The Chair, IRT is responsible for:

(1) Reviewing annually the presence and accuracy of disbursement procedures including resident activity tracking, invoice reconciliation, and payment disbursements. The IRT uses the ReDPro checklist to perform an initial screening to assess whether all components of the disbursement process are being performed accurately.

(2) Gathering documentation from the VA medical facility DEO and the VA medical facility education office staff. The IRT may interview key participants. The IRT also performs a random sampling of education activity records, invoices and payments to determine the accuracy of those processes.

(3) Reporting the IRT's conclusions and recommendations to the VA medical facility ICO and senior leadership. **NOTE:** *The IRT is appointed by the VA medical facility Director. The team members of the IRT must not be directly involved in the day to day operations or oversight of disbursement procedures.*

o. **VA Medical Facility Chief Fiscal Officer.** The VA medical facility CFO is responsible:

(1) Ensuring processes are created, monitored and conducted for the accurate and timely payment of invoices according to the terms of the disbursement agreement.

(2) Collaborating with the DEO and the Education service on the implementation and administration of disbursement agreements.

(3) Verifying appropriate funding is received and properly assigned in Fiscal Control Points according to Need and Excess Code or Service Line.

(4) Affirming that the salaries and benefits costs have been reviewed and verified by the DEO to determine the Disbursement Rate Schedule and that the Disbursement Rate Schedule is in effect for the current academic year (July 1st – June 30th), (updated at least annually) and has been approved by OAA.

(5) Ensuring and follow appropriate processes for the estimation, reconciliation, certification, and payment of invoices.

p. **VA Medical Facility Residency Program Site Director**. The VA medical facility Residency Program Site Director is responsible for:

(1) Developing and implementing the specialty-specific training program at the facility. **NOTE:** *The VA medical facility Residency Program Site Director is privileged in the same specialty/sub-specialty or discipline as the trainees in the program.*

(2) Ensuring that trainees are oriented to the training site, including expectations, schedules, relevant policies, and educational activities.

(3) In collaboration with the sponsoring institution's Residency or Training Program Director, approving leave for VA-assigned residents.

(4) Certifying residents' educational activity records.

(5) Providing certified educational activity records to the VA medical facility DEO.

(6) Communicating regularly with the VA medical facility DEO and the affiliated Residency or Training Program Director regarding changes in resident educational activity schedules.

(7) Conducting, in collaboration with the Residency or Training Program Director, an annual appraisal of educational activities and opportunities related to the VA medical facility's base allocation, and communicating the results to the VA medical facility DEO.

q. **VA Medical Facility Supervising Practitioner**. The VA medical facility supervising practitioners (sometimes referred to as attending or faculty) are licensed independent professionals, including physicians, dentists, optometrists, chiropractors, psychologists, and podiatrists who are appointed, credentialed and privileged by VA, and are authorized by the affiliated training program to supervise the affiliated program's trainees training at VA medical facilities. Alternatively, for VA trainees in VA sponsored programs, VA medical facility supervising practitioners are authorized by VA to supervise VA trainees. The supervising practitioner is responsible for:

(1) Ensuring that trainees are providing care within their level of training.

(2) Providing appropriate supervision of trainees providing clinical care.

(3) Assisting the VA medical facility Residency Program Site Director in tracking trainee educational activity.

r. **VA Medical Facility Chief Resident**. The VA medical facility Chief Resident is a senior resident in the training program. Chief residents are designated by the VA medical facility Residency Program Site Director or the Training Program Director. The VA medical facility Chief Resident is responsible for completing advanced

administrative and educational requirements necessary for the operation of the residency program. **NOTE:** VA medical facility Chief residents fall into one of three categories (see paragraph 7 for VA Medical Facility Chief Resident categories).

6. REQUIREMENTS FOR TRAINEE ACTIVITY DISBURSEMENTS

- a. Educational activity at a VA medical facility must be planned in advance of an academic year for proper budgeting of disbursement funding.
- b. Residents must be officially appointed to VA before activities are reimbursed.
- c. An affiliation agreement between the sponsoring institution and the VA medical facility must be in place prior to the execution of a disbursement agreement.
- d. A valid disbursement agreement between VA and a disbursing agent must be in place before disbursement may occur.
- e. A valid signed affiliation agreement must be in place before residents may rotate to VA medical facilities and begin educational activities.
- f. VA will only reimburse at the rates of the most current rate schedule on file with OAA, based on the approved daily rate, which takes into account the resident's salary, benefits, annual leave days and PGY level. Residents may not be paid through other mechanisms or agreements unless they are working outside of their training program as a Physician Resident Provider or Licensed Independent Practitioner.
- g. The Disbursement Rate Schedule is the only mechanism by which the daily rates for reimbursement are approved by OAA. The Schedule contains the rates that the VA medical facility uses to reimburse the disbursing agent. Calculations also are based on VA's proportionate share of a rotation and the number of reimbursable days within a rotation.
- h. The VA medical facility must resolve potential conflicts of interest for personnel involved in the education activity tracking and disbursement processes. The parties responsible for resolving conflicts of interest include the VA medical facility Integrity and Compliance Officer, the VA medical facility COS, and the VA medical facility DEO. Should a resolution not be achieved locally, the DEO must contact the Office of General Counsel (OGC) Ethics Specialty Team for guidance. **NOTE:** For more information, see https://www.va.gov/OGC/docs/Ethics/VA_Ethics_Officials_Contacts.pdf.
- i. Affiliate invoicing and reimbursement is based on resident rotation schedules and other sanctioned educational activities as reconciled against official VA resident activity records. VA activity records are the sole approved source for validating invoices. Affiliate records may only be used to corroborate VA records and must never be used as the primary source of information.
- j. Reimbursement is for specific-authorized educational activity and approved costs.

k. Reimbursement may be made only for activity taking place at VA medical facilities unless offsite activities are specifically authorized by the OAA Chief Academic Affiliations Officer.

l. VA will reimburse for call or call related activity, either on or off-site, only when specifically authorized in the disbursement standard operating procedures. For more information, see <https://dvagov.sharepoint.com/sites/VHAOAA/public/QuickGuides/1400.05%20SOP%20Update.pdf?cid=480bede5-e138-4997-ab02-a07e465ad290>. **NOTE:** *This is an internal website that is not available to the public.*

m. Costs not reimbursable through disbursement agreements may be paid through educational cost contracts or other types of agreements. Educational cost contracts and other types of agreements are paid from VA medical facility funds and not OAA specific purpose funds (See VHA Directive 1400.10, Health Care Resources Contracting: Educational Costs of Physician and Dentist Resident Training, dated May 20, 2020).

n. Moonlighting (clinical activities outside the training program for additional payment) at VA locations is permissible for all residents; this includes residents who have not yet completed their core residencies and those who have completed core residency (fellows). Payment for moonlighting may not be through disbursement mechanisms and is funded through facility funds, not OAA funds.

o. Invoicing by the disbursing agent and payment via disbursement must follow specific VA fiscal procedures as outlined in the Procedures Document, at <https://dvagov.sharepoint.com/sites/VHAOAA/public/QuickGuides/1400.05%20SOP%20Update.pdf?cid=480bede5-e138-4997-ab02-a07e465ad290>. **NOTE:** *This is an internal website that is not available to the public.*

p. Regular reviews of VA educational activity tracking and fiscal processes must be performed by the Internal Review Team using appropriate procedures and documented for national review.

7. VA MEDICAL FACILITY CHIEF RESIDENT CATEGORIES

a. **Chief Resident–in–Training.** A Chief Resident–in–Training is a Chief resident who is currently enrolled and in the last year of an accredited residency program, but who has not yet completed the full academic program. These Chief residents must not be privileged to work independently in the specialty in which they are training. **NOTE:** *The VA does not reimburse additional salary amounts in excess of the PGY-rate schedule for Chief-Residents in Training.*

b. **Chief Resident – Post Training.** A Chief Resident – Post-Training is a Chief resident who has completed their accredited core residency program, but is engaged in an additional, *non-accredited* year of training and responsibility. These Chief Residents have completed their primary training for board eligibility or are already board-certified and may be privileged as licensed independent practitioners in the discipline of their completed specialty-training program. **NOTE:** *Chief residents that*

are post training may be paid for their appropriate PGY year or other limited increment.

c. **Chief Resident in Quality and Patient Safety.** The Chief Resident in Quality and Patient Safety (CRQS) is a *non-accredited*, post-residency position which also includes surgical gap year residents. CRQs (other than surgical gap year residents) must have completed their primary residency training for initial board eligibility and qualify for credentialing and privileging as licensed independent practitioners (LIPs) in their specialty. The CRQS is both a teaching and a learning role, which must be distinguished from the more traditional administrative role of chief residents. VHA has CRQS positions in General Surgery, Surgical Gap, Radiology, Internal Medicine, Family Medicine, Physical Medicine and Rehabilitation, Psychiatry and Anesthesia. As the CRQS position may require the individual to act as a supervising practitioner with supervisory patient care responsibilities, the CRQS cannot hold a J-1 visa; the requirements of the J-1 visa preclude the holder from functioning in such a capacity. *The CRQS residents may be paid a salary increment limited to 30% of salary in the affiliate's pay table for the respective PGY level.*

8. TRAINING

Training on the new procedures enumerated in this directive is mandatory and will be provided by the Office of Academic Affiliations.

9. RECORDS MANAGEMENT

All records regardless of format (e.g., paper, electronic, electronic systems) created by this directive shall be managed as required by the National Archives and Records Management approved records schedules found in VHA Records Control Schedule 10-1. Questions regarding any aspect of records management should be addressed to the appropriate Records Officer.

10. REFERENCES

- a. 38 U.S.C. §§ 7302, 7406(c).
- b. P.L. 93-82.
- c. VA Handbook 5005, Staffing, dated August 1, 2019.
- d. VA Handbook 5007, Pay Administration, dated April 15, 2002.
- e. VA Form 1358, Estimated Miscellaneous Obligation or Change in Obligation.
- f. VHA Directive 1400.01, Supervision of Physician, Dental, Optometry, Chiropractic, and Podiatry Residents, dated November 7, 2019.
- g. VHA Directive 1400.10, Health Care Resources Contracting: Educational Costs of Physician and Dentist Resident Training, dated May 20, 2020.

h. VHA Handbook 1100.19, Credentialing and Privileging, dated October 15, 2012.

i. VAOPCADV 21-98, Office of General Counsel Opinion, "Paying residents through disbursement agreements for service outside a VA facility," August 28, 1998.

j. OAA Disbursement Procedures Document:

<https://dvagov.sharepoint.com/sites/VHAOAA/public/QuickGuides/1400.05%20SOP%20Update.pdf?cid=480bede5-e138-4997-ab02-a07e465ad290>. **NOTE:** *This is an internal website that is not available to the public.*

k. OAA: www.va.gov/oa.

l. OAA. Payment In Advance:

http://www.va.gov/oa/docs/da_payment_in_advance.doc. **NOTE:** *This is a linked document that is internal and not available to the public.*

m. OAA. Payment in Arrears:

http://www.va.gov/oa/docs/da_payment_in_arrears.doc. **NOTE:** *This is a linked document that is internal and not available to the public.*

n. OAA. Rates Schedule Template:

<http://www.va.gov/oa/docs/ratescheduletemplate.xls>. **NOTE:** *This is a linked document that is internal and not available to the public.*

HEALTH CARE OCCUPATION ACCREDITING BODIES

The following are the nationally recognized accrediting bodies for the oversight of training programs for specific occupations.

Trainee Program	Accrediting Agency
Audiology	Accreditation Commission on Audiology Education (ACAE)
Dental	Commission on Dental Education (CODA)
Nutrition and Dietetics	Accreditation Council for Education in Nutrition and Dietetics (ACEND)
Occupational Therapy	American Occupational Therapy Association (AOTA)
Optometry	Accreditation Council on Optometric Education (ACOE)
Pastoral	Accreditation Council for Pastoral Education (ACPE)
Podiatry	Council on Podiatric Medical Education (CPME)
Pharmacy	American Society of Health System Pharmacists (ASHP)
Physical Therapy	American Board of Physical Therapy Residency and Fellowship Education (ABPTRFE)
Physician	Accreditation Council for Graduate Medical Education (ACGME); Commission on Osteopathic College Accreditation (COCA)
Physician Assistants	Accreditation Review Commission on Education for the Physician Assistant (ARC-PA)
Psychology	American Psychological Association Commission on Accreditation – APA CoA