

CODING AND MARKET ANALYSES FOR PROSTHETIC LIMB AND CUSTOM ORTHOTIC DEVICE PROCUREMENT

1. SUMMARY OF MAJOR CHANGES: This Veterans Health Administration (VHA) directive:

a. Adds and updates responsibilities for the Chief Operating Officer; Executive Director, Rehabilitation and Prosthetics Services (RPS); Executive Director, Acquisitions (ACQ); Veterans Integrated Services Network Director (VISN) Directors; VISN Prosthetics Representatives (VPR); Department of Veterans Affairs (VA) medical facility Directors; VA medical facility Prosthetics and Sensory Aids Services (PSAS) or applicable service Chiefs; and VA prosthetists, orthotists, and pedorthists. (refer to paragraph 2)

b. Adds new roles for and assigns new responsibilities to the Assistant Under Secretary for Health for Patient Care Services; National Director, Orthotic, Prosthetic, and Pedorthic Clinical Services (OPPCS); National Data Management Analyst, OPPCS; Executive Director, PSAS; and VA medical facility OPPCS Chief or Supervisor. (refer to paragraph 2)

c. Includes a title change from Chief Consultant, RPS to Executive Director, RPS (refer to paragraph 2.d.); and a title change from Executive Director, Office of Procurement and Logistics to Executive Director, ACQ. (refer to paragraph 2.e.)

d. Adds a link to guidance on orthotic coding reviews for instances when there are no VA orthotists on-site titled, "List of Orthotics Healthcare Common Procedure Coding (HCPC) Codes that must be authorized by a remote VA Orthotist", available on the [VHA OPPCS Clinical Guidance and Best Practices SharePoint](#); and adds a link to VA-approved procurement and coding guidance, available on the [VHA OPPCS Coding and Independent Government Cost Estimate \(IGCE\) Guidance Table SharePoint](#). **NOTE:** *This is an internal VA website that is not available to the public.* (refer to paragraph 2)

2. RELATED ISSUES: None.

3. POLICY OWNER: The Office of Rehabilitation and Prosthetic Services (12RPS) is responsible for the contents of this directive. Questions may be addressed to 12RPS4 at VHA12RPS4OPPSAction@va.gov.

4. LOCAL DOCUMENT REQUIREMENTS: There are no local document creation requirements in this directive.

5. RESCISSIONS: VHA Directive 1045(1), Coding, Market Analyses and Contract Guidance for Prosthetic Limb and/or Custom Orthotic Device Procurement, dated May 12, 2020, is rescinded.

6. RECERTIFICATION: This VHA directive is scheduled for recertification on or before the last working day of September 2030. This VHA directive will continue to serve as national VHA policy until it is recertified or rescinded.

7. IMPLEMENTATION SCHEDULE: This directive is effective upon publication.

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

/s/ Mark A. Koeniger, MD
Acting Assistant Under Secretary for Health
for Patient Care Services, VHA

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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CODING AND MARKET ANALYSES FOR PROSTHETIC LIMB AND CUSTOM ORTHOTIC DEVICE PROCUREMENT

1. POLICY

It is Veterans Health Administration (VHA) policy that Department of Veterans Affairs (VA) health care providers and staff have the authority to develop the coding list for procurement of prosthetic limbs and custom orthotic devices from community orthotics and prosthetics (O&P) providers, using the Healthcare Common Procedure Coding System (HCPCS) and VHA-issued descriptor coding and market analysis. **NOTE:** *This directive does not require VA O&P professionals to code for off-the-shelf, over-the-counter, customizable items, and foot orthoses/inserts.* **AUTHORITY:** 38 C.F.R. §§ 17.3230, 17.3240.

2. RESPONSIBILITIES

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

b. **Chief Operating Officer.** The Chief Operating Officer is responsible for:

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

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

(3) Overseeing VISNs to ensure the effectiveness of and compliance with this directive.

c. **Assistant Under Secretary for Health for Patient Care Services.** The Assistant Under Secretary for Health for Patient Care Services is responsible for:

(1) Supporting the Office of Rehabilitation and Prosthetic Services (RPS) with implementation and oversight of this directive.

(2) Supporting the development of mitigation or corrective actions to address noncompliance with this directive.

d. **Executive Director, Rehabilitation and Prosthetics Services.** The Executive Director, RPS (or designee) is responsible for:

(1) Providing oversight to ensure that the policy standards specified by this directive are being implemented as intended and ensuring corrective action is taken when noncompliance is identified.

(2) Ensuring that the National Director, Orthotic, Prosthetic, and Pedorthic Clinical Services (OPPCS) collaborates with the Prosthetic and Sensory Aids Services (PSAS)

and Acquisitions (ACQ) national program offices to develop and oversee coding and market analyses processes for VHA prosthetic limb and custom orthotic device prescription, provision, and procurement. **NOTE:** Refer to the public-facing [VHA OPPCS website](#) for definitions and examples of “prosthetic devices” and “orthotic devices” that VA is authorized to provide.

(3) Ensuring that collaborative offices within RPS have the necessary resources to fulfill their responsibilities to implement this directive.

(4) Authorizing appointments of RPS representatives to the VHA National Orthotic, Prosthetic, and Pedorthic (OP&P) Market Analysis and Research Council (MARC) and the VHA National Orthotic & Prosthetic Coding Guidance Council (CGC).

e. **Executive Director, Acquisitions.** The Executive Director, ACQ is responsible for:

(1) Appointing ACQ representatives to the VHA National OP&P MARC.

(2) Ensuring that the Network Contracting Offices (NCO) utilize the nationally produced Independent Government Cost Estimate (IGCE) from the VHA National OP&P MARC, when available, over locally produced IGCE or historical pricing.

(3) Ensuring that NCOs utilize Healthcare Common Procedure Coding (HCPC) lists developed by VA orthotists and prosthetists for procurement of custom orthotic and prosthetic devices for individual Veterans and provide delivery date information to PSAS to use in accordance with paragraph 3.b.(2).

f. **National Director, Orthotic, Prosthetic, and Pedorthic Clinical Services.** The National Director, OPPCS is responsible for:

(1) Ensuring the availability of the necessary reporting tools within the OPPCS data portal to allow OPPCS field leadership to monitor OPPCS field staff in compliance with the practices and procedures outlined in this directive.

(2) Collaborating with the PSAS and ACQ national program offices to develop and oversee coding and market analyses processes for VHA prosthetic limb and custom orthotic device prescription, provision, and procurement.

g. **National Data Management Analyst, Orthotic, Prosthetic, and Pedorthic Clinical Services.** The National Data Management Analyst, OPPCS is responsible for ensuring functionality of the [VHA OPPCS SharePoint](#) and the O&P workflow management and reporting system (i.e., FLOW) to support the OPPCS related elements in this directive. **NOTE:** This is an internal VA website that is not available to the public.

h. **Executive Director, Prosthetics and Sensory Aids Services.** The Executive Director, PSAS is responsible for:

(1) Ensuring that prescribed prosthetic items are procured or authorized according to existing authorities. **NOTE:** Refer to VHA Directive 1173, Prosthetic and Sensory Aids Service, dated March 27, 2023, for further information on regulatory authorities and processes governing PSAS benefits, devices, and equipment.

(2) Maintaining a budget process and an electronic health record (EHR) system code set to support the procurement of prosthetic items including artificial limbs and orthotic devices in accordance with VHA Directive 1048, Prosthetic and Sensory Aids Service Specific Purpose Funding, dated March 17, 2020.

i. **Veterans Integrated Services Network Director.** The VISN Director is responsible for:

(1) Ensuring that all VA medical facilities within the VISN comply with this directive and informing the Assistant Under Secretary for Health for Patient Care Services and the Chief Operating Officer when barriers to compliance are identified.

(2) Overseeing corrective actions to address noncompliance at the VISN and VA medical facilities within the VISN.

(3) Overseeing the HCPCS and VHA-issued coding list development process for individual prosthetic limb, custom orthotic, and pedorthic device prescriptions within the VISN.

j. **Veterans Integrated Services Network Prosthetics Representative.** **NOTE:** Depending on the organizational structure, the responsibilities listed in paragraph 2.j.(3) – (5) may be fulfilled by the VA medical facility Director. The VISN Prosthetics Representative (VPR) is responsible for:

(1) Ensuring that purchase card holders utilize the “List of Orthotics HCPC Codes that must be authorized by a remote VA Orthotist” available on the [VHA OPPCS Clinical Guidance and Best Practices SharePoint](#). **NOTE:** This is an internal VA website that is not available to the public.

(2) Ensuring that PSAS staff are appropriately utilizing national software systems (e.g., Advanced Prosthetics Acquisition Tool (APAT), Forecast of Opportunities and Requirements Center for Excellence (FORCE), FLOW) and available national guidance (e.g., Business Practice Guidelines (BPG), IGCE) for processing OP&P purchases including documentation of delivery dates within 5 business days of the actual delivery for OP&P related products delivered by community OP&P providers.

(3) Ensuring that relevant staff are trained and competent in the most current, VA-approved coding and procurement guidance (refer to the [VHA OPPCS Coding and IGCE Guidance Table SharePoint](#)). **NOTE:** This is an internal VA website that is not available to the public. This includes support for local supervisors to provide VA clinical O&P staff, purchasing agents, and prosthetic representatives the permission, time, and resources to attend local, regional, and national training on these topics.

(4) Providing guidance and oversight of appropriate labor mapping for designated subordinate staff.

(5) Authorizing the participation of subordinate credentialed VA orthotists and prosthetists to participate as members of the VHA National OP&P MARC and the VHA National Orthotic & Prosthetic CGC, when applicable.

k. **VA Medical Facility Director.** *NOTE: Depending on the organizational structure, the responsibilities listed in paragraph 2.k.(3) – (4) may be fulfilled by the VPR.* The VA medical facility Director is responsible for:

(1) Ensuring overall VA medical facility compliance with this directive and taking corrective action if noncompliance is identified.

(2) Ensuring all VA medical facility prescribers of orthotic, prosthetic, and pedorthic devices utilize appropriate national consult templates (e.g., FLOW, Oracle Health).

(3) Ensuring all relevant VA medical facility staff are trained and competent in the most current, VA-approved coding and procurement guidance (refer to the [VHA OPPCS Coding and IGCE Guidance Table SharePoint](#)). *NOTE: This is an internal VA website that is not available to the public.* This includes support for local supervisors to provide VA clinical O&P staff the permission, time, and resources to attend local, regional, and national training on these topics.

(4) Authorizing the participation of subordinate credentialed VA orthotists and prosthetists as members of the VHA National OP&P MARC and VHA National Orthotic & Prosthetic CGC, when applicable.

l. **VA Medical Facility Prosthetic and Sensory Aids Service or Applicable Service Chief.** Depending on organizational structure, the VA medical facility PSAS or applicable service Chief is responsible for:

(1) Facilitating efficient coding practice by ensuring, whenever possible, that credentialed VA prosthetists, orthotists, or pedorthists participate in related multidisciplinary specialty clinics at the time of patient evaluation and prescription of prostheses and complex custom orthotic devices.

(2) Assisting other VA medical facilities with efficient coding practice by assigning VA medical facility credentialed VA prosthetists, orthotists, or pedorthists, when clinical capacity allows, to remotely cover multidisciplinary specialty clinics at other VA medical facilities that do not have a staff prosthetist or orthotist.

m. **VA Medical Facility Orthotic, Prosthetic, and Pedorthic Clinical Services Chief or Supervisor.** The VA medical facility OPPCS Chief or Supervisor is responsible for:

(1) Providing guidance and oversight of appropriate labor mapping for designated subordinate VA medical facility staff.

(2) Ensuring that VA medical facility OPPCS site staff complete the necessary training related to comply with this directive (refer to paragraph 4).

(3) Ensuring that only appropriately credentialed VA prosthetists, orthotists, or pedorthists develop an appropriate coding list within 2 business days from receipt of the prescriptions for artificial limbs. **NOTE:** *Coding lists include, as appropriate, use of national VHA National Orthotic & Prosthetic CGC guidance, Centers for Medicare and Medicaid Services (CMS) assigned HCPCS, or VHA-issued codes for prosthetic limb and custom orthotic devices.*

(4) Ensuring appropriate code usage for not otherwise classified (NOC) orthotic and prosthetic limb components in all environments where VA provides or pays for O&P items at the VA medical facility. **NOTE:** *VA may procure commercially available O&P products that are not formally categorized by current CMS HCPCS coding and processes. VHA may develop a VHA-based coding system to classify new commercially available technology for procurement.*

n. **VA Prosthetists, Orthotists, and Pedorthists.** VA prosthetists, orthotists, and pedorthists are responsible for:

(1) Developing final coding within 2 business days from date of prescription for artificial limbs. **NOTE:** *While contract vendors may provide proposed coding for consideration, they must not determine final coding for any prosthetic limb or custom orthotic device prescriptions, as the determination of final coding is a governmental responsibility. Further, contract vendors are prohibited from trialing or testing unprescribed components, devices, or treatments on Veterans without the express permission from both the Veteran and VA.*

(2) Submitting, when applicable, product coding review requests, to the VHA National Orthotic & Prosthetic CGC, for development of coding guidance when needed (i.e., use of NOC codes).

(3) Selecting and uploading applicable IGCE guidance in the current O&P workflow management system (e.g., FLOW).

(4) Developing coding lists for prescriptions involving artificial limbs and complex custom orthotic devices using an approved national workflow management software platform (e.g., FLOW, Oracle Health) no more than 2 business days after the prescription.

3. OVERSIGHT AND ACCOUNTABILITY

a. **Internal Controls.** The internal controls in this directive are oversight responsibilities as outlined in paragraph 2 for the Executive Director, RPS; Executive Director, ACQ; National Director, OPPCS; Executive Director, PSAS; VISN Director; VPR; VA medical facility Director; VA medical facility PSAS or applicable service Chief; and the VA medical facility OPPCS Chief or Supervisor; resulting in systematic data

collection and reporting for timeliness of coding and documentation of delivery date of artificial limbs and complex custom orthoses provided by community O&P providers.

b. **Metrics.** The metrics in this directive that assess the policy or program effectiveness are:

(1) **Timeliness of Coding.** Coding must be developed no more than 2 business days after the prescription, in at least 75% of cases.

(2) **Timeliness of Delivery Date Documentation.** Procurement staff from PSAS and NCO who are responsible for the purchase order must collaborate to ensure documentation of the delivery date of artificial limbs and complex custom orthotics delivered by community OP&P providers within 5 business days of the actual delivery, using only approved national software systems (e.g., FLOW) and following national guidance (e.g., BPG, IGCE), in at least 75% of cases.

4. TRAINING

All VA health care providers, VPRs, and procurement staff who are involved in the prescription, procurement, or provision of prosthetic limbs and custom orthotic devices should be trained on the process of orthotic, prosthetic, and pedorthic coding; coding requirements; and pricing of orthotic, prosthetic, and pedorthic goods and services as outlined in this directive. Staff working at VA medical facilities operating FLOW3 should take the following Talent Management System (TMS) courses listed below, based on their role. The [VHA OPPCS FLOW SharePoint](#) is periodically updated with new iterations to FLOW and accompanying training. **NOTE:** *Per VHA Directive 1052, Appropriate and Effective Use of VHA Employee Mandatory and Required Training, dated June 29, 2018, required TMS courses for health professions trainees (HPT) may only include VHA Mandatory Training for Trainees (TMS ID 3185966) or VHA Mandatory Training for Trainees –Refresher (TMS ID 3192008). All required training for HPTs must be inserted into these Mandatory Training for Trainees (MTT) courses.*

a. The following training is **recommended** for all prescribing VA health care providers of OP&P related devices: Introduction to FLOW3 (TMS VA 42599) or subsequent training.

b. The following training is **recommended** for all OPPCS staff: Introduction to FLOW3 (TMS VA 42599) or subsequent training.

c. The following training is **recommended** for all PSAS staff involved in procuring prostheses or orthoses:

(1) Introduction to FLOW3 (TMS VA 42599) or subsequent training.

(2) FLOW3 Training for Purchasing and Contracting Staff (TMS VA 42597).

d. The following training is **recommended** for ACQ staff involved in procuring prostheses or orthoses:

(1) Introduction to FLOW3 (TMS VA 42599) or subsequent training.

(2) FLOW3 Training for Purchasing and Contracting Staff (TMS VA 42597).

e. The following training is **recommended** for all VPRs:

(1) Introduction to FLOW3 (TMS VA 42599) or subsequent training.

(2) FLOW3 Training for Purchasing and Contracting Staff (TMS VA 42597).

f. The following training is **recommended** for all VA orthotists, prosthetists, and pedorthists:

(1) Introduction to FLOW3 (TMS VA 42599) or subsequent training.

(2) FLOW3 Training for Clinical Staff (TMS VA 42595).

(3) FLOW3 Training for Prosthetists (TMS VA 42596).

5. BACKGROUND

a. The procurement of a prosthetic limb or custom orthotic device begins with the development of the prescription. Upon receipt of the prescription by VA clinical O&P staff, descriptor coding is required. Coding is necessary to classify prostheses and orthoses relative to their componentry, both for construction and functionality. This is done for numerous purposes including broad categorization of function, pricing, and population utilization. Historically, VHA has utilized CMS HCPCS. However, there has been a lack of formalized process and oversight to guide VA's use of codes in certain instances (e.g., when new technologies become commercially available). VA's use of CMS HCPCS codes has created additional problems in the areas of emerging technology when CMS has either not assigned codes or when CMS has assigned codes that result in reimbursement that does not cover the cost of the device. Furthermore, these issues have contributed to a lack of consistency of pricing and reimbursement across the VHA network. This directive continues to address these concerns with established processes and systems for coding, market analysis, and contract guidance for prosthetic limb and custom orthotic device procurement.

b. The VA Office of the Inspector General (OIG) released [OIG Report # 16-01913-223, Use of Not Otherwise Classified \(NOC\) Codes for Prosthetic Limb Components](#), on August 27, 2018. The VA OIG made five recommendations from their findings. As a result, VHA created an action plan to address the recommendations, which led to the formation of two national councils, the VHA National Orthotic & Prosthetic CGC and the VHA National OP&P MARC in 2019. These councils continue to function to provide national coding and procurement guidance to VHA field staff, standardizing processes VHA-wide, adding efficiency and reducing variance in both coding and procurement for orthotic, prosthetic, and pedorthic devices. In addition, VHA also collaborated with the VA Office of General Counsel (OGC) Procurement Law Group and the VA Office of Acquisition, Logistics, and Construction to develop and communicate the methods used

to develop and implement processes and procedures for issuing pricing guidance for prosthetic items classified using an NOC code.

6. RECORDS MANAGEMENT

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

7. REFERENCES

- a. 38 C.F.R. §§ 17.3230, 17.3240.
- b. VHA Directive 1048, Prosthetic and Sensory Aids Service Specific Purpose Funding, dated March 17, 2020.
- c. VHA Directive 1052, Appropriate and Effective Use of VHA Employee Mandatory and Required Training, dated June 29, 2018.
- d. VHA Directive 1173, Prosthetic and Sensory Aids Service, dated March 27, 2023.
- e. VA [OIG Report #16-01913-223, Use of Not Otherwise Classified Codes for Prosthetic Limb Components](#), dated August 27, 2018.
- f. VHA Intranet: [VHA OPPCS FLOW SharePoint](#). **NOTE:** *This is an internal VA website that is not available to the public.*
- g. VHA Intranet: [VHA OPPCS Clinical Guidance and Best Practices SharePoint](#). **NOTE:** *This is an internal VA website that is not available to the public.*
- h. VHA Intranet: [VHA OPPCS SharePoint](#). **NOTE:** *This is an internal VA website that is not available to the public.*
- i. VHA Intranet: [VHA OPPCS Coding and IGCE Guidance Table SharePoint](#). **NOTE:** *This is an internal VA website that is not available to the public.*
- j. [VHA OPPCS website](#).