

**DISBURSEMENT AGREEMENT FOR RESIDENT SALARIES AND FRINGE  
BENEFITS FOR PAYMENT IN ADVANCE**

The \_\_\_\_\_, as Sponsoring Institution,  
and \_\_\_\_\_, as payroll disbursing agent  
and the \_\_\_\_\_, of the Department of  
Veterans Affairs located in \_\_\_\_\_, do hereby mutually  
agree to the following:

**1. QUALIFICATIONS**

Each resident appointed to the affiliated residency program must meet the requirements established by the Department of Veterans Affairs (VA) and by the sponsoring institution and program.

**2. RESPONSIBILITIES**

During the period of the VA residency training, all residents will be subject to VA policies and procedures and the regulations of the medical staff bylaws for the VA facility if appropriate.

**3. VA ASSIGNMENTS AND EDUCATIONAL ACTIVITIES**

a. Prior to the beginning of the position allocation cycle (e.g., September or earlier), the VA Designated Education Officer (DEO) and the Designated Institutional Official (DIO) of the sponsoring institution will conduct a joint planning process to determine the number and distribution of VA resident positions within their OAA approved base allocation. The outcome of the process will be a mutually agreed upon plan for the number and distribution of resident positions that will have assigned educational activities at VA for the coming academic year.

b. After the number of residents for the upcoming academic year has been determined (e.g. the GME the National Resident Matching Program “Match”), each Affiliate Program Director, in collaboration with the VA Site Director, will prepare the schedules of educational activities based upon VA Medical Center’s capacity to train, the number of available and allocated resident positions, and the results of recruitment to those positions. The updated schedules will be communicated to the DEO and the DIO.

c. The performance of resident educational activities at the VA facility will be guided by the monthly or other rotational schedules prepared by the Program Director. All accrediting body requirements regarding duty hours for the residents’ professions or specialties regarding duty hours must be met for programs accredited by their respective accrediting bodies (e.g. the Accreditation Council for Graduate Medical Education (ACGME)).

d. The VA facility will maintain educational activity records that accurately document resident participation by program name and VA-approved PGY level. The basic document for comparison to submitted invoices will be a summary document prepared by each VA Site Director of actual participation in assigned educational activities by program and days in approved activities by PGY level (names of residents need not be included in the summary document).

#### 4. CIVIL SUITS

This agreement does not limit or otherwise affect the rights of residents as provided in Title 38 United States Code (U.S.C.) 7316.

#### 5. TERMINATION

This agreement remains in force unless terminated at the request of either party after 90-days notice in writing. If this agreement is so terminated, VA is liable only for the payment provisions of this agreement for services rendered prior to the effective date of termination. It is the expectation that both VA and the Affiliate monitor this expiration for this agreement and seek renewal timely fashion to avoid any lapse in the agreement.

#### 6. RATE AND COST DETERMINATION AND CHANGES

a. In the preparation of the Disbursement Agreement Rate Schedule, current salary and benefit rates by PGY level will be requested by the VAMC DEO from the disbursing agent for the purpose of establishing the VA-approved rates. These rates are used by VA to determine the reimbursement to the disbursing agent based on a daily, or per diem rate. Documentation supporting the salary and fringe benefit rates must be submitted to the DEO along with the rate schedule. The disbursing agent, through this agreement, attests that the salaries are true and actual costs, that the methodology for estimating the average benefits costs is sound, and that the benefit costs do not exceed the actual overall benefits costs paid by the disbursing agent. New rates must be updated and approved on an annual basis, prior to the beginning of the Academic Year. Rate Schedules may be updated as needed at any time during an Academic Year; any modification or amendment of the Disbursement Agreement Rate Schedule must be submitted to OAA for review and approval before being implemented. Increases or decreases will be retroactive to effective date of such changes provided they do not cross appropriation years and are approved by the OAA Chief Financial Officer.

b. The calculation of allowable reimbursement is determined by the monthly or rotational educational activity records and the per diem rates of reimbursement for the PGY level of residents assigned to, and participating in, educational activities at VA.

(1) The Federal Insurance Contributions Act (FICA) rate is determined based upon whether the disbursing agent pays such tax. If the resident is exempt from such taxes the reimbursement must reflect an amount that excludes such payment by the disbursing agent.

(2) The basis for calculation of the per diem rate is the sum of the annual salary plus benefits for a particular PGY level, divided by the difference between the days in a year (365 or 366 during leap years) and the allowed annual leave (vacation) days paid by the sponsoring institution. The maximum number of annual leave days permitted for this calculation is 28 days. No other leave or absences may be used in the determination of the per diem rate. For example, if the annual salary and benefits totals \$70,000 and the paid leave is 21 days, the per diem rate is  $\$70,000/(365-21) = \$203.48$ .

(3) Non-duty days as required by duty-hour restrictions, federal holidays and weekends with no clinical assignments when assigned to VA, (based upon the proportion of time assigned and actually spent in VA educational activities), and other VA-approved absences, are reimbursable as allowed by current VA policy.

(4) Salaries and benefits of residents paid by sources other than the Disbursing Agent (e.g., Department of Defense or visiting residents) are not eligible for salary or benefit reimbursement.

c. Neither the Sponsoring Institution nor Disbursing Agent will be reimbursed under this disbursement agreement for any administrative or overhead costs related to resident education.

## **7. SCHEDULE OF ASSIGNMENTS.**

Prior to the beginning of the academic year, the Sponsoring Institution or Disbursing Agent provides a document showing the planned number of residents assigned to VA for the ensuing academic year by quarter and estimated total cost. The purpose for the document is for the planning of scheduled resident assignments and costs by program and PGY level. **NOTE:** *No resident names need to be listed on this document.* The planned assignment of VA activities cannot exceed the number of positions agreed to for reimbursement by the VA facility.

## **8. FISCAL PROCEDURES**

a. The VA facility will establish an estimated fiscal obligation in advance of each month or each quarter, based on the schedule of resident assignments provided by the affiliate and approved by the VA facility.

b. The disbursing agent will submit a monthly (or quarterly) invoice, using the VA Electronic Invoice Processing Platform.

c. For each training program, in advance of submitting a final invoice, the disbursing agent will provide to the VA DEO a 'pre-invoice' for reconciliation containing the following information:

(1) The number of residents by PGY level, the number of days per month spent in VA-assignments based upon the percent (%) of VA-assigned educational activities for those residents during the month or rotation. **NOTE:** *Individual resident determinations may but need not be shown on the 'pre-invoice'; however, if individual residents are not provided, the basis for these calculations must be available in order to understand or resolve any discrepancies with VA records.*

(2) The aggregate number of days times the per diem rate (specified on the invoice) by each PGY level by program equals the subtotal amount being charged for the training program (sum of all PGY subtotals for a given program), and the total charge (sum of all program subtotals).

d. The VA facility will reconcile the 'pre-invoice' against VA educational activity records. The final reconciled invoice submitted for payment does not need to contain the names or other identifiers of individual residents. The reconciled 'pre-invoice' must be kept on file at the VA as documentation and verification of accurate billing amounts and payments.

e. Alternatively, the DEO or education office may calculate the amount to be paid based on the educational activity, reimbursable days, and rate schedules to generate a payable amount. This amount is submitted to the Disbursing Agent as the basis for the generation of an invoice from the Disbursing Agent. The disbursing agent may compare that amount provided by the education office with their calculated receivable amount to determine any discrepancies. If any discrepancies are noted between the two amounts, the disbursing agent will confer with the DEO to arrive at a resolution.

Note: VA educational activity records are the sole determinant of whether VA activities were performed as billed. VA records are the controlling documentation, and unsubstantiated claims will not be paid.

## 9. PAYMENTS

a. **Timing of Payments.** The timing of payments to the affiliate for this agreement is payments in **advance**.

### b. Provisions for Payment in Advance

(1) VA agrees to advance \_\_\_\_\_, (specify percentage) to the \_\_\_\_\_ prior to each quarter, up to a maximum of 80%, of the estimated charges for the calendar quarter, between the first and the 10th day of each calendar quarter (July 1-10, October 1-10, January 1-10, and April 1-10).

(2) Payment in Advance is contingent upon the Sponsoring Institution or Disbursing Agent submitting to VA a summary schedule of educational activity assignments for VA residents on or before June 1<sup>st</sup> (as noted in Section 7: Schedule of Assignments). The schedule must be approved by the VA facility Chief of Staff in collaboration with the DEO and will form the basis for the quarterly estimated advance payments.

(3) The actual charges incurred to be billed will be determined by the VA after receipt of a properly prepared invoice or 'pre-invoice' and reconciliation with VA educational activity records. VA will pay the difference between actual charges and the amount paid in advance for the quarter. If monies advanced by VA are more than the actual charges incurred, the difference shall be credited or refunded to VA within 30 days after reconciliation of the invoices for each quarter.

(4) Although billing and payment may occur quarterly, resident activity by program, must be tracked and certified on a monthly basis. Residents on "full" VA assignments for the month will have their salaries and benefits reimbursed based upon the days in the month or assigned rotation (if less than 1 month), less non-reimbursable days taken during the rotation, multiplied by the appropriate, approved per diem rate by PGY level. Reimbursable days for educational activities for split rotations are calculated by multiplying the total number of days (including half days) in a rotation by VA's contribution percentage of the possible workdays, less the number of non-reimbursable days taken during the rotation. This results in the total number of reimbursable days. This product is then multiplied by the per diem rate for a particular PGY level to determine reimbursement for the month.

(5) Annual leave is incorporated into the per diem rate and thus cannot be billed separately.

(6) The \_\_\_\_\_ will withhold from the salary checks of all residents all required federal, state, and local income taxes, if any, and any other salary deductions required or authorized by law or regulation. Such withholding services will include preparation and submission of all required reports, and the forwarding of monies withheld to the appropriate taxing or other collecting agency.

## 10. LEAVE

a. **Annual Leave.** Annual leave for residents, as determined by the Sponsoring Institution or Disbursing Agent, is incorporated into the per diem rate and therefore is not reimbursable. VA-assigned residents may take annual leave provided the leave has been approved in advance by the Program Director and the VA Site Director (if during VA assignments).

b. **Sick Leave.** Sick leave will be governed by the policy at the Sponsoring Institution or Disbursing Agent, whoever sets the policy for sick leave, but must not exceed 15 days per academic year per resident. Approved sick leave taken during a VA assignment may be reimbursable. VA uses a sick leave pool to determine the number of sick leave days reimbursable. The sick leave pool is the total number of days of sick leave permitted by the sponsoring institution or disbursing agent per resident per academic year, multiplied by the number of resident FTEs assigned to VA. As each resident takes sick leave while assigned to VA, the days are subtracted from the pool. VA will continue to reimburse for sick leave so long as a balance remains in the sick leave pool. It is the responsibility of the Disbursing Agent or Sponsoring Institution to determine whether a resident has exceeded their sick leave for the year. Resident sick leave days do not accrue from year to year and the sick leave pool balance is renewed each academic year. Unused sick leave is non-reimbursable. Sick leave may include family leave, bereavement, or maternity leave if allowed by the policy at Sponsoring Institution or Disbursing Agent. If a Disbursing Agent or Sponsoring Institution uses a Personal Time Off system (PTO) and aggregates annual and sick leave, they must separate the two types of leave (subject to the AL and SL limits) and inform VA of days assigned to each category so that a sick pool may be created.

c. **Military Leave.** Residents who are members of the United States National Guard or a reserve component of the armed forces may be granted military leave, not to exceed 15 calendar days per year, for the performance of active military duty. Military leave is not reimbursable.

d. **Examination Leave.** Residents are allowed leave to undergo examinations for in-training, state medical licensure, and U.S. specialty boards. The amount of authorized examination leave cannot exceed the time actually required for taking the examination and for travel to and from the place of examination. Examination leave is not reimbursable.

e. **Authorized Absence for Educational Purposes.** As part of their expected scholarly activities, and provided attendance could be reasonably considered to enhance the provision of care to veterans, residents may be permitted to attend a national or local meeting using "authorized absence" (i.e., approved in writing by the VA Site Director and DEO) for no more than 5 days per academic year. Leave for conferences must be shared among VA and the affiliate based on the proportion of FTEs residents spend at VA. Authorized absences for educational purposes may be reimbursable; the cost of travel to educational meetings however is not reimbursable.

**11. TERM OF AGREEMENT**

This agreement shall be effective \_\_\_\_\_. **NOTE:** *The effective date of this agreement cannot be prior to the signature dates of the disbursing agent, sponsoring institution and the VA facility.*

This disbursement agreement will expire when the Academic Affiliation Agreement with the Sponsoring Institution expires, or no later than 10 years from the Effective Date of this document, whichever is soonest. This disbursement agreement will expire on \_\_\_\_\_. (Please review the associated Sponsoring Institution’s Affiliation Agreement expiration date and enter that date or a date not greater than 10 years from the effective date of this agreement)

**12. AUTHORITY**

This agreement is entered into under the authority of Title 38 United States Code Section 7406(c) added by Public Law 93-82 Section 206.

Signature:

Date: \_\_\_\_\_

Name & Title:

Responsible Official, Sponsoring Institution

Signature:

Date: \_\_\_\_\_

Name & Title:

Responsible Official, Disbursing Agent  
(if different from Sponsoring Institution)

Signature:

Date: \_\_\_\_\_

Name:

Director, VA Medical Facility

Signature:

Date: \_\_\_\_\_

Name:

Chief Academic Affiliations Officer,  
Office of Academic Affiliations