

VHA CONTRACT BUY-OUT PROGRAM

- 1. SUMMARY OF CONTENT:** This Veteran's Health Administration (VHA) directive authorizes VHA to buy out service contracts for certain covered health care professionals in exchange for employment at rural/highly rural facilities within the Department of Veterans Affairs (VA).
- 2. RELATED ISSUES:** None.
- 3. POLICY OWNER:** The Office of Workforce Management & Consulting (106A) is responsible for the content of this directive. Questions may be addressed to VAContractBuyOutProg@va.gov.
- 4. RESCISSIONS:** VHA Memorandum 10-2023-11, Implementation of Section 902 of the PACT Act Buy-Out Service Contracts (VIEWS 9742736) is rescinded.
- 5. RECERTIFICATION:** This VHA directive is scheduled for recertification on or before the last working day of March 2029. This VHA directive will continue to serve as national VHA policy until it is recertified or rescinded.
- 6. IMPLEMENTATION SCHEDULE:** This directive is effective upon publication.

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

/s/ Steven Lieberman MD, MBA
Deputy Under Secretary for Health

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

DISTRIBUTION: Emailed to the VHA Publications Distribution List on March 7, 2024.

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VHA CONTRACT BUY-OUT PROGRAM

1. POLICY

It is Veterans Health Administration (VHA) policy that if Department of Veterans Affairs (VA) has offered employment to a covered health care professional, VA may buy out the non-VA service contract of such individual in exchange for such individual agreeing to be employed at a designated rural/highly rural VA medical facility. In exchange for a contract buy-out, a covered health care professional must agree to a period of obligated service to VA of at least 4 years. **AUTHORITY:** P.L. 117–168 § 902; 38 U.S.C. § 7401.

2. RESPONSIBILITIES

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

b. **Deputy Under Secretary for Health.** The Deputy Under Secretary for Health is responsible for supporting the Office of Workforce Management and Consulting (WMC) with implementation and oversight of this directive.

c. **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.

d. **Chief Officer, Workforce Management and Consulting.** The Chief Officer, WMC, is responsible for developing and maintaining this directive and ensuring the administration of VHA's Contract Buy-Out Program (CBOP).

e. **Contract Buy-Out Program Manager, Workforce Management and Consulting.** The CBOP Manager, WMC, is responsible for:

(1) Ensuring that the total amount limit paid by VA does not exceed the authorized CBOP fiscal year budget.

(2) Ensuring that payments made to an individual or multiple entities with which a candidate has a service obligation contract does not exceed \$3 million.

(3) Developing a Memorandum of Agreement (MOA) for signature from the VISN Director and VA medical facility Director for each CBOP participant.

(4) Notifying CBOP candidates of CBOP acceptance and providing the service agreement to each CBOP candidate for signature. **NOTE:** *Notification of candidate acceptance to CBOP and extension of the service agreement must occur after a tentative job offer has been extended to the CBOP candidate by the VA medical facility as outlined in paragraph 2.h.*

(5) Providing informational sessions to VISNs and VA medical facilities regarding CBOP, when necessary.

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

(1) Ensuring that all VA medical facilities within the VISN comply with this directive and informing leadership when barriers to compliance are identified.

(2) Ensuring that payment to an individual or multiple entities with which a candidate had a service obligation contract must not exceed \$3 million.

(3) Reviewing and signing all MOAs or service agreements developed by the CBOP Manager for CBOP candidates receiving a job offer and notice of CBOP admission within the VISN.

(4) Informing CBOP participants they are in breach of the service agreement upon notification by the VA medical facility Director of a CBOP participant's breach in service. **NOTE:** *Waiver or suspension requests must be submitted by the CBOP participant to the VA medical facility Director no later than 90 calendar days after the date the CBOP participant is notified that they are in breach of their service agreement; see paragraph 9 for additional information.*

(5) In collaboration with the VISN Chief Financial Officer (CFO), reviewing and approving or denying waiver and suspension requests provided by the VA medical facility Director. **NOTE:** *Waiver requests must be initiated and followed as outlined in VA Financial Policy Volume XII, Debt Management, Chapters 3 Employee Debt, 11 Committee on Waivers and Compromises (COWC), 11A, Waiver Requests and Processing (COWC) and 11B, Compromise of Debt (COWC). The VISN Director does not make the final determination on waiver requests. For further information on waiver and suspension requests, see paragraph 9.*

(6) Notifying CBOP participants that have submitted a waiver or suspension request of approval or denial of the request. **NOTE:** *Waivers and suspensions can be denied. See paragraph 9.b. and VA Financial Policy Volume XII, Chapters 11A and 11B.*

g. **Veterans Integrated Service Network Director Chief Financial Officer.** The VISN CFO is responsible for:

(1) Reviewing and signing all MOAs developed by the CBOP Manager, WMC for CBOP candidates receiving a job offer and notice of CBOP admission at VA medical facilities within the VISN.

(2) Collaborating with the VISN Director to review and approve or deny all waiver and suspension requests provided by the VA medical facility Director. **NOTE:** *Waiver requests must be initiated and followed as outlined in VA Financial Policy Volume XII, Chapters 11A and 11B. Additional information is available in paragraph 9.*

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

(1) Ensuring overall VA medical facility compliance with this directive and that appropriate corrective action is taken if non-compliance is identified.

(2) Implementing the contents of this directive at the VA medical facility and affiliated Community-Based Outpatient Clinics (CBOCs).

(3) Ensuring that payment to an individual or multiple entities with which a CBOP candidate had a service obligation contract does not exceed \$3 million.

(4) Ensuring all pre-employment actions have been completed for a CBOP candidate and notifying the CBOP Manager, WMC through appropriate Human Resources channels when a tentative job offer has been extended to the CBOP candidate.

(5) Acquiring a copy of the CBOP participant's employment contract (or other employment verification source document) and documentation of the contingent balance of the contract buy out (CBO) amount for VHA to pay; see paragraph 5 for additional information. **NOTE:** *Eligibility for CBOP must be verified and authorized by WMC Workforce Recruitment and Retention Service (WRRS) before the CBOP candidate is informed of CBOP authorization and acceptance and receives a final job offer.*

(6) Reviewing and signing all MOAs developed by the CBOP Manager, WMC for CBOP candidates receiving a job offer and notice of CBOP admission at the VA medical facility.

(7) Notifying the VISN Director when a CBOP participant is in breach of their CBOP service agreement. **NOTE:** *Waiver or suspension requests must be submitted by the CBOP participant to the VA medical facility Director no later than 90 calendar days after the date the CBOP participant is notified that they are in breach of their service agreement; see paragraph 9 for additional information.*

(8) Reviewing and approving or denying all waiver and suspension requests submitted by CBOP participants at the VA medical facility and providing the waiver or suspension request to the VISN Director for review and approval or denial. **NOTE:** *For further information on waiver and suspension requests, see paragraph 9.*

(9) Ensuring the VA medical facility has procedures in place to provide accurate and expeditious CBO payment within 90 days after the CBOP participant enters duty with VA.

3. ELIGIBILITY

a. To be eligible for CBOP, a candidate must:

(1) Be eligible for permanent full-time employment to VHA at the time of appointment.

(2) Possess an active, current, full and unrestricted license and appropriate credential(s) for clinical practice in the United States (U.S.) (and territories) as a Physician, Certified Registered Nurse Anesthetist, Physician Assistant or Certified Nurse Practitioner. See VHA Directive 1100.20, Credentialing of Health Care Providers, VA Handbook 5005 Staffing, Part II Appointments, and 38 U.S.C. 7402 Qualifications of appointees.

(3) Be a U.S. citizen.

(4) Receive and accept a tentative job offer provided by a rural/highly rural VA medical facility.

(5) Sign an MOA or service agreement to participate in CBOP.

(6) Remain a VA employee for the duration of CBOP service agreement period.

b. A CBOP candidate may receive other incentives, such as recruitment and relocation incentives, under VA Handbook 5007, Pay Administration, Part VI, Chapter 2, dated October 2, 2020, in addition to the CBOP award. Any service obligation periods incurred due to other authorized incentives may be served concurrently.

4. AVAILABILITY OF CONTRACT BUY-OUT AWARDS

a. Payment of any amount for buy-out of a service contract for a CBOP participant must be made directly to the participant or entity with which the CBOP participant has a service obligation.

b. The total amount limit paid by VA must not exceed the authorized CBOP fiscal year budget. Payment to an individual or multiple entities with which a candidate had a service obligation contract must not exceed \$3 million per individual CBOP candidate.

c. A CBOP participant must agree to be employed with VA no less than 4 years at a designated rural/highly rural VA medical facility.

5. REQUEST FOR CONTRACT BUY-OUT PROGRAM PARTICIPATION

a. The Job Opportunity Announcement (JOA) or other valid public advertisement for a vacancy intended for CBOP candidates must include a statement that indicates the candidate may be authorized to participate in CBOP as an offered recruitment incentive. A CBOP candidate must meet all employment eligibility requirements and be tentatively selected for the authorized vacancy.

b. After tentative selection, CBOP candidates must provide proof of their employment contract, or other source documents, to verify eligibility for CBOP and be reviewed by WMC WRRS.

6. AUTHORIZATION FOR SELECTED CONTRACT BUY-OUT PROGRAM PARTICIPANTS

a. **General.** In deciding which CBOP participants to authorize, VA considers candidates licensed or registered in one of the targeted occupations (i.e., Physician, Certified Registered Nurse Anesthetist, Physician Assistant or Certified Nurse Practitioner).

b. **Notification of Approval.** VA notifies the candidate in writing that their CBOP participation is accepted and authorized once the CBOP candidate has signed a service agreement and the MOA is signed by the CBOP candidate, VA medical facility Director, VISN CFO, VISN Director and CBOP Manager, WMC.

7. OBLIGATED SERVICE

a. **General.** Each CBOP participant is obligated to provide service as a VA employee in full-time clinical practice in the candidate's licensed or credentialed specialty in, and assignment at, a rural/highly rural VA medical facility.

b. Beginning of Service.

(1) **Date of Employment.** A CBOP participant's obligated service begins on the first day of VA employment in a clinical occupation for which the participant is licensed or credentialed.

(2) **Notification.** VA confirms the duty location and service obligation period for the CBOP participant at the time of selection.

c. **Duration of Service.** A CBOP participant must serve as a full-time VA health care provider in VHA for at least 4 years from the first day of employment.

d. **Location for Service.** CBOP participants are assigned to a rural/highly rural VA medical facility to carry out their service obligation according to the CBOP participant's MOA.

e. **Non-Pay Status.** Service in a non-pay status does not count toward satisfying the service obligation. Any time in a non-pay status postpones the service obligation to VA and extends the period of obligated service by an equal amount of time.

f. **Creditability of Advanced Clinical Training.** No period of advanced clinical training may be authorized and credited toward satisfying the period of obligated service incurred under CBOP.

8. FAILURE TO COMPLETE TERMS OF PARTICIPATION AND LIABILITY

a. If a CBOP participant fails for any reason to complete the period of obligated service of the program, the U.S. is entitled to recover from the individual an amount equal to the total amount paid under paragraph 4.b. to buy out the non-VA service contract for the individual; multiplied by a fraction:

(1) The numerator of which is the total number of months in the period of obligated service of the CBOP participant minus the number of months served by the individual; and

(2) The denominator of which is the total number of months in the period of obligated service of the CBOP participant.

b. **Exception.** In the case that the CBOP candidate does not obtain or fails to maintain employment as an employee of VA due to staffing changes approved by the Under Secretary for Health, the CBOP candidate is exempt from liability.

c. **Taxable Benefit.** A CBO, as defined in paragraph 12, is not considered a taxable benefit or event for the covered health care professional.

d. **Debt.** Any amount calculated pursuant to paragraph 8.a. above will be established by VA as a debt and collected in accordance with 31 U.S.C. § 3711(a), Volume XII, VA Financial Policy, the Federal Claims Collection Standards (31 C.F.R. §§ 900.1 - 904.4) and VA's Standards for Collection, Compromise, Suspension or Termination of Collection Effort, and Referral of Civil Claims for Money or Property (38 C.F.R. §§ 1.900 - 1.970).

9. CANCELLATION, WAIVER OR SUSPENSION OF OBLIGATION

a. **General.** A CBOP participant who received CBO through fraudulent or misrepresented actions on the part of the participant or any party having an interest in the payout is liable for the total amount of the CBO.

b. **Waivers or Suspensions.**

(1) **Waiver or Suspension of Service Obligation.** A CBOP participant may seek a waiver or suspension of the obligated service incurred under CBOP by submitting a written request to VA setting forth the basis, circumstances and causes which support the requested action. Requests for waivers or suspensions must be submitted to VA no later than 90 calendar days after the date VA notifies the CBOP participant that they are in breach of their service agreement. A CBOP participant seeking a waiver or suspension must comply with requests for additional information from VA no later than 30 calendar days after the date of any such request.

(2) **Waiver of CBOP Debt.** A waiver of a CBOP debt is a permanent release by VA of the obligation to repay CBO funds that have already been paid to, or on behalf of, the CBOP participant after VA has established a debt in accordance with paragraph 8.d

above.

(a) Compromise, waiver or termination of any CBOP debt created in cases involving fraud or misrepresentation on the part of the debtor can only be adjudicated by the Department of Justice (DOJ) in the first instance in accordance with 31 C.F.R. § 900.3(a); however, that regulation does not preclude VHA's disposition of the claim under its own statutes and regulations once DOJ concludes that criminal prosecution or other DOJ action against the debtor is not warranted. In such a case, VA has the authority to waive further debt collection where collection would be against equity and good conscience and not in the best interest of the United States. See 5 U.S.C. § 5584; 38 C.F.R. § 1.963a.

(b) For debts created due to breach of service agreement submitted for waiver or compromise, refer to the following chapters in VA Financial Policy Volume XII, Debt Management located at <https://department.va.gov/administrations-and-offices/management/finance/financial-policy/#toc> **Volume XII Debt Management:**

1. Volume XII, Chapter 3 – Employee Debt
2. Volume XII, Chapter 11 - Committee on Waivers and Compromises (COWC).
3. Volume XII, Chapter 11A - Waiver Requests and Processing (COWC).
4. Volume XII, Chapter 11B - Compromise of Debt (COWC).

5. In accordance with VA Financial Policy Volume XII, Chapter 11, the Assistant Secretary for Human Resources and Administration/Operations, Security and Preparedness has jurisdiction over waiver and compromise requests arising out of breach of service agreements.

(c) Any question(s) regarding debt requirements can be directed to VHAFinancial.Policy@va.gov.

(3) **Suspension of Service Obligation.** VA may approve an initial request for the suspension of a CBOP participant's service obligation for a period of up to 1 year from suspension approval date. A suspension may be extended for 1 additional year, after which time the participant will be in breach of their service agreement. If a suspension of a CBOP participant's service obligation is approved, VA will temporarily delay the enforcement of service agreement requirements, however, the amount of service obligation time remaining will remain unchanged and will not be reduced during the period of suspension.

(4) **Suspension of Debt Collection.** Where VA has established a CBOP debt, any request to suspend debt collection will be processed in accordance with 31 U.S.C. § 3711(a), Volume XII, Chapter 12, VA Financial Policy – Suspension of Debt Collection, and 38 C.F.R. § 1.941.

c. **Eligibility to Reapply for Award.** Previous CBOP participants who breached a

service agreement or similar agreement in such CBOP are not eligible to apply for CBO. This includes participants who previously applied for, and received, a waiver under this section.

10. TRAINING

There are no formal training requirements associated with this directive.

11. RECORDS MANAGEMENT

All records regardless of format (for example, paper, electronic, electronic systems) created by 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.

12. DEFINITIONS

a. **Contract Buy-Out.** A contract buy-out is the authority to buy out service contracts for certain health care professionals in exchange for employment at a rural or highly rural VA medical facility.

b. **Covered Health Care Professional.** For purposes of this directive, a covered health care professional is a Physician, Certified Registered Nurse Anesthetist, Physician Assistant or Certified Nurse Practitioner offered employment with VA regardless of the authority under which such employment is offered.

c. **Highly Rural.** A highly-rural area refers to sparsely populated areas – less than 10% of the working population commutes to any community larger than an urbanized cluster, which is typically a town of no more than 2,500 people.

d. **Obligated Service.** Obligated service is the period of time during which, as a requirement of the service agreement, the CBOP participant must be employed by VA in a full-time clinical occupation.

e. **Rural Area.** A rural area refers to land areas not defined as urban or highly rural.

f. **Rural/Highly Rural.** For the purposes of this directive, rural/highly rural refers to VA medical facilities and associated CBOCs with rural or highly rural designations as defined by the Rural-Urban Commuting Areas (RUCA) coding system developed by the Department of Agriculture and the Department of Health and Human Services that qualify for CBOP participation and candidacy.

g. **Service Agreement.** A service agreement is a signed legal document between VA and CBOP candidate that specifies the obligations of VA and the candidate upon acceptance to CBOP. A service agreement must be consistent with P.L. 117–168 § 902 for CBOP agreements and must include:

(1) A Service Agreement (including rural/highly rural duty location of appointment or assignment).

(2) Acknowledgement of monetary balance amount contractually owed to the CBOP participant's current employment contract with a health care system, hospital or private practice.

(3) Agreement to perform the full clinical scope of practice and full term of obligated service.

(4) Agreement to maintain employment eligibility requirements commensurate with VA criteria for the duration of the CBOP service obligation. Disqualification of employment at any point during the CBOP service obligation may constitute a breach of contract and be subject to restitution or punitive action.

h. **Urban Area.** An urban area refers to Census tracts with at least 30% of the population residing in an urbanized area as defined by the Census Bureau.

i. **Waiver.** A waiver, for the purposes of this directive, refer to a decision that conditions exist which should result in cancellation, forgiveness, or non-recovery of a debt owed, including interest and other late payment charges assessed on such debt under applicable statutes and implementing regulations. See 38 C.F.R § 1.981(f), ; VA Financial Policy Volume XII, Debt Management, Chapter 11, Waiver Requests and Processing – COWC, § 1103.

13. REFERENCES

- a. P.L. 117–168 § 902.
- b. 31 U.S.C. § 3711(a).
- c. 38 U.S.C. § 7401.
- d. 38 U.S.C. § 7402
- e. 5 U.S.C. § 5584.
- f. 31 C.F.R. §§ 900.1 – 904.4.
- g. 38 C.F.R §§ 1.900 - 1.970.
- h. 38 C.F.R. § 1.963a.
- i. VA Handbook 5005, Staffing, Part II, Chapter 3, dated April 6, 2020.
- j. VA Handbook 5007, Pay Administration, Part XI, Chapter 2, dated October 2, 2020.

k. VHA Directive 1100.20, Credentialing of Health Care Providers, dated September 15, 2021.

l. VA Financial Policy Volume XII, Debt Management, Chapters 3, 11, 11A, 11B, and 12. https://department.va.gov/administrations-and-offices/management/finance/financial-policy/#toc_Volume_XII_Debt_Management.