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VHA HANDBOOK 1660.04(1)
Transmittal Sheet
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DEPARTMENT OF VETERANS AFFAIRS - DEPARTMENT OF DEFENSE HEALTH CARE RESOURCES SHARING AGREEMENTS

1. REASON FOR ISSUE: This Veterans Health Administration (VHA) Handbook defines tools that Department of Veterans Affairs (VA) medical facilities, Veterans Integrated Service Networks (VISN), and other organizational components utilize to develop health care resources sharing agreements with military treatment facilities (MTF) and other Department of Defense (DoD) organizational components, which include National Guard and Reserve units.

2. SUMMARY OF MAJOR CHANGES: This revised Handbook sets forth an updated process for approval of all proposed VA-DoD sharing agreements.

a. It requires that all proposed VA-DoD sharing agreements obtain VISN and VHA Central Office approval prior to signature. This change is found in paragraph 6c. Detailed instructions on Construction and Equipment, Joint Incentive Fund, and Joint Ventures were deleted and replaced with a reference to VHA Directive 1660, Health Care Resources Sharing with the Department of Defense. This change is found in paragraph 5b(2). Responsibilities of the VA TRICARE Regional Office Representatives, VISN Directors, and VA medical facility Directors were moved to VHA Directive 1660, Health Care Resources Sharing with the Department of Defense.

b. Amendment revision, dated February 13, 2018, requires VA medical facilities must adhere to the national standardized uniform payment and reimbursement schedules based upon Centers for Medicare Services (CMS) for outpatient rates and Diagnoses Related Group (DRG) charges and VA medical facilities must bill or pay for inpatient and outpatient clinical services provided to individuals referred under VA-DoD sharing agreements at the CMS rate less 20 percent, or the DRG rate less 20 percent. (See Section 7. Billing and Reimbursements).

3. RELATED ISSUES: VHA Directive 1660 and VHA Handbook 1660.06.

4. RESPONSIBLE OFFICE: The VA-DoD Medical Sharing Office (10P5) is responsible for the content of this Handbook. Questions should be directed to 202-461-4195.

5. RESCISSION: VHA Handbook 1660.04, dated October 2, 2008, is rescinded.

6. RECERTIFICATION: This VHA Handbook is scheduled for recertification on or before the last day of July 2020.

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DEPARTMENT OF VETERANS AFFAIRS - DEPARTMENT OF DEFENSE HEALTH CARE RESOURCES SHARING AGREEMENTS

1. PURPOSE:

This Veterans Health Administration (VHA) Handbook provides guidance that Department of Veterans Affairs (VA) medical facilities, Veterans Integrated Service Networks (VISN), and other organizational components follow to develop health care resources direct sharing agreements with military treatment facilities and other Department of Defense (DoD) organizational components. Components include National Guard and Reserve units. **AUTHORITY:** Title 38 United States Code (U.S.C.) 8111 and 10 U.S.C. 1104.

2. BACKGROUND:

a. Title 38 United States Code (U.S.C.) 8111, Sharing of Department of Veterans Affairs and Department of Defense Health Care Resources, provides that the Department of Veterans Affairs (VA) and DoD must facilitate the mutually beneficial coordination, use, or exchange of use of the health care resources of the two Departments. Title 38 United States Code (U.S.C.) 8111, subsection d, stipulates that the Secretaries established a Joint Incentives Program to provide incentives to implement, fund, and evaluate creative coordination and sharing initiatives at the facility, regional, and national levels.

b. The Health Executive Committee (HEC), co-chaired by the VA Under Secretary for Health and the DoD Assistant Secretary for Health Affairs, was established to institutionalize VA and DoD sharing and collaboration to ensure the efficient use of services and resources. The HEC oversees the cooperative efforts and works to remove barriers and challenges that impede collaborative efforts, assert and support mutually beneficial opportunities to improve business practices, ensure high-quality cost-effective health care services for both VA and DoD beneficiaries, and facilitate opportunities to improve resource utilization.

3. SCOPE:

The scope of this Handbook includes eligibility for care, preparing sharing agreements, sharing agreement process, and billing and reimbursements.

4. ELIGIBILITY:

a. Military Treatment Facilities (MTF) and other DoD organizational components may provide health care to VA beneficiaries eligible for care pursuant to 38 U.S.C. 1705 and 1710 on a referral basis under a sharing agreement. VA medical facilities may provide health care to DoD beneficiaries eligible for care under 10 U.S.C. 1071 *et seq.* on a referral basis under a sharing agreement. As a service under the Department of Homeland Security, Coast Guard active duty Service members are not covered under a VA-DoD sharing agreement. However, there is a limited exception when the Coast Guard operates as a service under the Department of the Navy pursuant to

Congressional or Presidential authorization.

b. VA-DoD beneficiaries provided care under a sharing agreement are the responsibility of the party to the agreement that is making the referral of the patient to the other party. All questions regarding eligibility and financial responsibility for care provided to these beneficiaries shall be referred and resolved by the designated officials of the referring party.

c. Some TRICARE beneficiaries may be eligible for care under both VA and TRICARE benefits. ***NOTE:*** *For more information on dual-eligibility, refer to VHA Handbook 1660.06, VA-TRICARE Network Agreements.*

5. PREPARING SHARING AGREEMENTS:

a. **Identify Points of Contact.** VA medical facilities and VISNs shall identify individuals to serve as points of contact (POC) with their DoD counterparts.

b. **Health Care Resources Sharing Opportunities.** VA medical facilities or VISNs may enter into VA-DoD sharing agreements covering health care resources. Health care resource includes hospital care, medical services, and rehabilitative services, as those terms are defined in paragraphs (5), (6), and (8), respectively, of 38 U.S.C. 1701, services under 38 U.S.C. 1782 and 1783, any other health-care service, and any health-care support or administrative resource.

(1) Sharing arrangements should never reduce services or diminish the quality of care for Veterans. Sharing agreements are meant to identify potential services where one or both Departments are paying higher purchased care costs than they would if they built in-house capacity through collaborative efforts. These opportunities include: inpatient, outpatient, and other ambulatory care services or procedures; ancillary services; telehealth care; research and development; and training. Non-clinical services areas of opportunity for sharing include, but are not limited to, staffing, laundry, and emergency management.

(a) VISNs proposing VA-DoD sharing opportunities on a local or regional basis may contact the military services or the MTFs, in coordinating with other VISNs to consider sharing through “networks” to encompass large geographic regions. ***NOTE:*** *With respect to TRICARE Regional Network activities, refer to VHA Directive 1660, Health Care Resources Sharing with the Department of Defense and VHA Handbook 1660.06, VA-TRICARE Network Agreements.*

(b) Examples of current health care resources covered in VA-DoD sharing agreements are:

1. Primary care;

2. Ambulatory surgery;

3. Orthotics;

4. Prosthetics;

5. Ophthalmology;

6. Podiatry;

7. Dialysis;

8. Audiology;

9. Otolaryngology;

10. Radiology;

11. Radiation therapy;

12. Substance abuse treatment services;

13. Post-traumatic stress disorder/Mental health services;

14. Research and development;

15. Staffing support;

16. Laundry and linen services;

17. Infectious and radioactive waste;

18. Sterilization;

19. Fire and safety;

20. Medical and surgical supplies;

21. Sanitation;

22. Transportation;

23. Use of medical equipment or existing space.

24. Laboratory services;

25. Teleradiology and telemedicine services;

26. Prosthetics and sensory aids;

27. Integration of clinics and staffs;

28. Improvement of integration at joint venture sites; and

29. Improvement in the coordination of information systems.

(2) Sharing agreements may also derive from expiring Joint Incentive Fund projects, enhanced collaboration at Joint Venture sites and Joint Construction and Equipment collaboration.

c. **Items to be Included in Sharing Agreement Discussions.** After sharing opportunities have been identified, VISN or medical facility staff shall discuss projected costs, workload capture, reimbursement, resources and any other financial performance indicators with their DoD counterparts.

d. **Acquiring or Increasing Health Care Resources.** VISNs and medical facilities may consider acquiring or increasing health care resources that exceed the needs of the facility's primary beneficiaries, provided it will serve the combined needs of both VA and DoD.

(1) Approval for additional resources must be obtained from the VISN Director before submission of the sharing agreement to the VA-DoD Medical Sharing Office.

(2) VA shall obtain a commensurate commitment from DoD for any increase or additional capacity secured by VA for the use and benefit of the DoD.

(3) Sharing agreements requiring additional capacity must cite the combined workload of the participating facilities.

(4) Joint procurements ("piggy-back" agreements) may be developed that take advantage of the fact that one Department has obtained favorable prices from a vendor. Consult with acquisition and legal staff prior to completing negotiations with DoD.

e. **Dental Services.**

(1) Because of VA's limited capacity to furnish dental services to Veterans, VA medical facilities planning to enter into VA-DoD dental sharing agreements shall consult with their Chief of Dental Service to determine whether there is sufficient capacity to enter into a sharing agreement. As with all VA-DoD sharing agreements, VA medical facilities may not reduce services or diminish the quality of care for Veterans.

(2) A cost analysis shall be performed locally to ensure that the proposed rate covers the VA medical facility's adjusted cost for providing such care, along with a review of pertinent local or regional American Dental Association (ADA) posted rates. The medical facility Director shall determine the amount of workload the facility can provide to DoD beneficiaries.

f. **Education and Training.**

(1) VA-DoD health care resources sharing agreements.

(a) VA-DoD health care resources sharing agreements may be developed for

military units and individuals (including Reserve and National Guard members) utilizing VA medical facilities for enhancement of competency. This includes attendance of training activities at VA medical facilities, provided no educational institution is involved, the training program is not accredited, and no academic credit is awarded.

(b) Training must be *fully* integrated in VA care.

(c) Training includes providing direct patient care, use of VA medical facility classrooms, online courses, and additional opportunities coordinated through the Employee Education System (EES).

(d) Credentialing and privileging activities of military personnel in VA medical facilities are under the direct supervision of VA staff designated by the VA medical facility Director.

(e) VA-DoD sharing agreements must include the categories of health occupations and the number of trainees in each category.

(f) No VA stipend, fee, or salary may be provided to trainees under VA-DoD sharing agreements.

(2) Satellite programs may be available for viewing by both active duty and Reserve or National Guard medical personnel who are then eligible to receive continuing education credit for licensure through EES.

(3) Training courses may also be broadcast to DoD components throughout the world. Roles of military personnel are limited to those specified in the sharing agreement.

(4) All VA-DoD sharing agreements must be submitted to the VA-DoD Medical Sharing Office for approval and inclusion in a list of active sharing agreements for tracking and reporting purposes.

(5) The Office of Academic Affiliations oversees all arrangements that involve trainees (e.g. physician residents, psychology interns, nurse anesthetists, etc.) in accredited health professional training programs leading to a degree, license, registration or certification, to include military trainees rotating to VA medical facilities or the reverse (VA trainees rotating to Military Treatment Facilities or other DoD sites) for part of their accredited training program. For more information on accredited health professional training programs, pursuant to 38 U.S.C. 7302, refer to (http://www.va.gov/oaa/agreements.asp).

g. **Meals and Quarters.** Under a separate sharing agreement, VA may furnish meals, quarters, laundry services, and/or medical wearing apparel for staff or trainees. ***NOTE:*** *A VA-DoD Health Care Resources Sharing Agreement for training must be completed with VA Form 10-1245c located at http://www.va.gov/vaforms/.*

6. SHARING AGREEMENTS PROCESS:

VA and DoD medical facilities must follow a prescribed process for approval of proposed sharing agreements. ***NOTE:*** A flowchart of the sharing agreement process can be found in Appendix A.

a. **Entering into a Sharing Agreement.** VA and DoD medical facility leadership may decide to enter into a sharing agreement for clinical and non-clinical services in areas where cost efficiencies can be gained, or where there is demand for services not otherwise available at the medical facility (see paragraph 6.b.).

b. **Completing VA Form 10-1245c, VA/Department of Defense Sharing Agreement.**

(1) When VA and DoD medical facility leadership decide to enter into a sharing agreement, VA Form 10-1245c, VA/Department of Defense Sharing Agreement, must be completed. ***NOTE:*** *VA Form 10-1245c can be found at: http://www.va.gov/vaforms/.*

(2) Sharing agreements shall detail what type of resources will be shared. Agreements start on Block 9 of VA Form 10-1245c, and may be continued on an addendum, depending on the nature and length of a sharing agreement description.

(3) Sharing agreements may be written for up to 5 years.

(4) Sharing agreements shall include any special arrangements, such as transportation and meals.

(5) Sharing agreements should be developed to anticipate the possibility of additional resources (such as additional disciplines) being furnished if other capacity is determined available. However, additions to the existing sharing agreement must be processed as amendments (see paragraph 6e).

c. **Review and Approval.**

(1) VA medical facilities shall contact their VISN Coordinator for review of the proposed sharing agreement. Subsequent to VISN review, all sharing agreements shall be submitted to the VA-DoD Medical Sharing Office and VHA's Office of Operations and Management for review and approval. The VA-DoD Medical Sharing Office and VHA's Office of Operations and Management provide review results by email. ***NOTE:*** *The VA-DoD Medical Sharing Office will determine the need for legal review of all sharing agreements by the VA Office of General Counsel on a case-by-case basis. All sharing agreements must have undergone legal review at the facility or VISN level prior to being submitted for review and approval.*

(2) Upon VACO approval, proposed sharing agreements shall be signed by local VA-DoD leadership. The sharing agreement is then scanned and submitted electronically only to the Outlook addressee, "*VA/DoD Sharing Agreements*." VHA officials responsible for implementing the sharing agreements shall sign national VA-DoD sharing agreements. The VA-DoD Medical Sharing Office will provide VISNs with copies of all numbered local agreements affecting their respective regions.

(3) In accordance with 38 U.S.C. § 8111, the VA-DoD Medical Sharing Office must provide a review response of any proposed sharing agreement within 45 days of receipt. If action is not forthcoming at the end of the 45-day period, the sharing agreement may be executed by local leadership on the 46th day.

d. **Renewals.** The same procedures described for initial sharing agreements shall also be followed for renewing sharing agreements. Renewals may be written for up to 5 years. Renewals retain the same number with an additional or changed suffix. For example, 2002-FRS-0023 becomes 2002-FRS-0023A.

e. **Amendments.** The same procedures described for initial sharing agreements must be followed for amending sharing agreements. Amendments retain the same number with an additional or changed suffix. For example, 2002-FRS-0023 becomes 2002-FRS-0023A.

7. BILLING AND REIMBURSEMENTS:

a. VA medical facilities must adhere to the national standardized uniform payment and reimbursement schedules based upon Centers for Medicare Services (CMS) for outpatient rates and Diagnoses Related Group (DRG) charges. ***Note**: As VA / DoD clinical sharing partners are incorporated into the Financial Appendix of the Supplement to the VA / DoD Resource Sharing Guidelines processes, the financial appendix will supersede all other local, direct clinical sharing agreements' billing and payment methodology; no additional local negotiations will be permitted for healthcare resources sharing.*

(1) Indirect Medical Education (IDME) cannot be included as a cost. VA medical facilities receive separate funding for education support through the Veterans Equitable Resource Allocation (VERA) system.

(2) Other cost estimation methods may be used for types of services not covered by CMS, such as space, laundry, and staff support.

(3) Building depreciation, interest on net capital investment, and VHA Central Office overhead must be excluded from cost estimates.

(4) Laboratory services shall be evaluated using variable technical costs, and each laboratory test should be based on the facility's cost to provide the service. Cost per tests could vary on a discount of the CMS based on business case analysis.

(5) VA medical facilities Directors are responsible for ensuring that:

(a) Each sharing agreement is a valid business arrangement; and

(b) Costs in providing services are covered so that these services do not constitute a subsidy to DoD.

(6) Documentation of the cost analysis, which must include a description of

elements included to develop adjusted costs, must be included in the sharing agreement's file.

(7) In some cases, sharing agreements are established without reimbursement for "in kind" services, such as Pre-Separation Physicals (Benefits Delivery at Discharge). The reasons reimbursement is not included in the Business Case Analysis must be stated.

b. VA medical facilities must bill or pay for inpatient and outpatient clinical services provided to individuals referred under VA-DoD sharing agreements at the CMS rate less 20 percent, or the DRG rate less 20 percent. As VA / DoD clinical sharing partners are incorporated into the Financial Appendix of the Supplement to the VA / DoD Resource Sharing Guidelines processes, the financial appendix will supersede all other local, direct clinical sharing agreements' billing and payment methodology; no additional local negotiations will be permitted for healthcare resources sharing. ***NOTE:*** *Rates are located at http://www.tricare.mil/ocfo/mcfs/ubo/mhs_rates/cmac.cfm.*

(1) Billing facilities must only bill the net amount after the 20 percent discount.

(2) Paying facilities will pay the net amounts billed in full.

c. The CMS Health Insurance Claim Form 1500, or Universal Billing (UB) 04s, must be used for billing, generally on a monthly basis.

(1) Quarterly billing is allowable for sharing agreements involving low volume or costs. In sharing agreements where each agency provides some service to the other, each facility must render the other a bill for the gross amount; the facility billing the lesser amount pays the difference. Fourth quarter billing can be separated into the first 2 months to allow for processing and inclusion of funds into the appropriate fiscal year of expenditures, and then in September to be reconciled in October.

(2) The medical facility Director shall ensure that both reimbursements earned and costs incurred are recorded in the gross amounts, before calculating the difference and the net payment due.

(3) Charges or payments need to be directed to the DoD component entering into the sharing agreement.

(4) VA patient workload performed in an MTF must be captured into the Veterans Health Information System and Technology Architecture (VistA) for workload capture and financial performance indicators.

NOTE: *Billing guidance is provided by the VHA Office of Community Care by request.*

d. The following revenue source codes apply to VA-DoD sharing agreements:

(1) **8014.** Non-medical sharing agreements; e.g., laundry, space, fire and police

protection.

(2) **8017.** Sharing agreements for inpatient services; e.g., services that involve an overnight stay.

(3) **8018.** Sharing agreements for outpatient services; e.g., laboratory, physicals, etc.

e. VA medical facilities must initially absorb the cost of providing reimbursable services for sharing agreements except in Joint Incentive Fund (JIF) Projects. JIF projects should culminate with the establishment of a sharing agreement that describes how the project will be sustained after the project ends. ***NOTE:*** *Complete information on developing and submitting JIF proposals can be found at http://tricare.mil/DVPCO/default.cfm.*

8. REFERENCES:

a. VHA Handbook 1100.19, Credentialing and Privileging.

b. DoD Instruction 6010.23, DoD and Department of Veterans Affairs (VA) Health Care Resource Sharing Program.

c. VA-DoD Medical Sharing Office Web site: http://vaww.dodcoordination.va.gov/.

VA SHARING AGREEMENTS PROCESS FLOW DIAGRAM