

VA-DoD Health Care Resource Sharing Rates-Billing Guidance Outpatient Services

This guidance further implements the Memorandum of Agreement (MOA) signed by the Assistant Secretary of Defense (Health Affairs) and Under Secretary for Health, Department of Veterans Affairs. The MOA is attached.

1. **Rates - Clinical.** Military Treatment Facility (MTF) business offices and VA medical facilities will bill outpatient clinical services provided under VA/DoD Sharing Agreements at the CHAMPUS Maximum Allowable Charge (CMAC) less 10 percent. Billing facilities will only bill the net amount after the 10 percent discount. Paying facilities will pay the net amounts billed in full. Rates may be located at http://www.tricare.osd.mil/ebc/rm_home/ubo_documents_rates_tables_cmac.cfm
2. **Exceptions.** Joint ventures may negotiate rates less than CMAC less 10 percent, adjusting the rates to reflect the value of non-monetary contributions such as shared space or staff. Joint ventures and exempt co-located facilities are limited to those shown on the attached list. The VA/DoD Financial Management Work Group (FMWG) will consider adding other facilities to the list of facilities that may negotiate local rates without requesting a waiver to this billing policy based on the receipt and approval of appropriate justification. Interested facilities should submit their requests with justification using the same process as described in paragraph 6. No other MTFs/VAs are authorized to negotiate local clinical rates unless approved by the waiver process.
3. **Rates - Pharmacy.** There will be no adjustments to pharmacy rates. This applies to both the prescription and any service charges.
4. **Inpatient Billing.** Inpatient billing, including Spinal Cord Injury (SCI)/Traumatic Brain Injury (TBI) billing, will begin upon DoD's implementation of itemized inpatient billing. The effective date for implementing inpatient billing will be provided in separate guidance.
5. **Billing Period.** The new CMAC rates will be gradually phased in through September 30, 2003. Until systems have been fully automated, there may be manual billing adjustments. There will be no back billing for services provided

under existing agreements prior to September 30, 2003 (i.e., prior bills will not be adjusted to reflect the new CMAC rates).


6. Waivers:

- a. Requests for waivers above or below the discount rate will contain the following information:
 - (1) VA Facility Name and Location
 - (2) VA POC: (Name, phone #, email)
 - (3) MTF Name and Location
 - (4) MTF POC: (Name, phone #, email)
 - (5) Date of request
 - (6) Description of waiver and the proposed alternative rate
 - (7) Reason for waiver request
 - (8) Benefits derived: Include significant tangible and intangible factors
 - (9) Impact if waiver is disapproved
 - (10) Calculations used to determine desired discount. Include data source
 - (11) Facility Director/Commander signatures of both facilities
- b. Once waivers are completed:
 - (1) VA facilities will forward waivers through their VISN Director to the Medical Sharing Office (176). The Medical Sharing Office has 5 business days to review and forward the waiver to the VA/DoD Financial Management Work Group (FMWG).
 - (2) MTFs will forward waivers through their appropriate intermediate headquarters and their Service Surgeon General to the Office of the Assistant Secretary of Defense (Health Affairs) for review. The Office of the Assistant Secretary of Defense (Health Affairs) has 5 business days to review and forward the waiver to the VA/DoD FMWG.
- c. The FMWG will review and will request facilities to provide additional supporting information if necessary. The VA/DoD FMWG will provide a decision within 30 calendar days of receipt of all pertinent information.

7. Report. The VA/DoD FMWG will review implementation of the national standardized rate and prepare a report to assess its impact on VA/DoD sharing agreements and to assess the outcomes of the waiver process. The VA/DoD FMWG will submit the report to the VA/DoD Health Executive Council by November 14, 2004, and annually thereafter. The report will include the following:


- a. The number of sharing agreements using the new national standardized rate.
- b. The total dollar level of direct sharing between VA and DoD as compared to the prior fiscal year.
- c. An analysis of the impact of the national standardized rate.

- d. Impact of the waiver process to include:
- (1) VA Facility Name and Location:
 - (2) MTF Name and Location:
 - (3) Summary of reasons for waiver requests.
 - (4) Analysis: Comment on success or concerns with the waiver.
- e. Based on the analyses conducted above, a statement about whether the policy or waiver process should be revised.
8. Termination of Agreements. VA medical facilities or MTFs may terminate the discount sharing agreements after giving at least 30 days notice. The reason for the termination will be sent to the VA/DoD FMWG through either the VA or Service VA Office.
9. Questions. VA medical facilities should contact the Medical Sharing Office at (202) 273-8406. MTFs should go through their Service VA Office.
10. Guidance Review. This guidance will be reviewed annually by the VA/DoD FMWG and updated as needed.



William Winkenworder, Jr., M.D.
Assistant Secretary of Defense, Health Affairs
Department of Defense

10/21/03
Date



Robert H. Roswell, M.D.
Under Secretary for Health
Department of Veterans Affairs

10-24-03
Date

VA/DOD Joint Ventures and Exempt Co-Located Facilities

Joint Ventures:

Location: Las Vegas, Nevada (Nellis AFB)

Mike O'Callaghan Federal Hospital house both Air Force and VA inpatient services. VA Outpatient Clinic is located off the base.

Location: Albuquerque, New Mexico

Albuquerque VAMC and Kirtland AFB Clinic are adjacent with Air Force inpatient services in VAMC

Location: El Paso, Texas (Ft. Bliss)

William Beaumont Army Medical Center and adjacent VAMROC with VA inpatient services in Beaumont Hospital

Location: Honolulu, Hawaii (Tripler Army Medical Center)

Tripler Army Medical Center and adjacent VAMROC with VA inpatient services in Tripler Hospital

Location: Anchorage, Alaska (Elmendorf AFB)

Elmendorf Air Force Hospital and VAMROC with VA inpatient services in Elmendorf Hospital

Location: Fairfield, California (Travis AFB)

David Grant Medical Center and VA Fairfield Outpatient Clinic with VA inpatient Services in David Grant Hospital

Location: Key West, Florida

Naval Medical Clinic with VA Outpatient Clinic.

Exempt Co-Located Facilities:

Ft Knox, Tennessee – VA Outpatient Clinic

Naval Hospital, Guam – VA Outpatient Clinic

Keesler Medical Center, Mississippi – VA Outpatient Clinic



VA/DoD Health Executive Council
Memorandum of Agreement
Health Care Resource Sharing
Reimbursement Methodology

This document establishes the reimbursement methodology for direct sharing of health care resources between facilities of the Department of Veterans Affairs (VA) and the Department of Defense (DoD). It replaces reimbursement guidelines issued in 1983 and 1989. This document pertains to direct sharing agreements only, not to agreements between the VA and TRICARE Managed Care Support Contractors.

1 BACKGROUND

During previous agreements between VA and DoD, flexibility was given to establish locally developed rates for medical sharing agreements. This resulted in the proliferation of rate setting mechanisms, introduced unnecessary complexity in the billing process and called in question the financial efficacy of such agreements. Facilities focused their attention on the negotiation of rates rather than collaborating together. Once the rates were set, they were often not reviewed for several years.

The Financial Management Work Group, under the direction of the VA/DoD Health Executive Council, proposed a national rate structure be implemented that is regionally adjusted, and discounted to encourage further resource sharing. Use of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) Maximum Allowable Charge rate structure will ensure that rates are regionally adjusted, updated yearly, and are easily accessible via website.

2. AUTHORITY

- A. Department of Veterans Affairs and Department of Defense Health Resources Sharing and Emergency Operations Act (38 U.S.C. 8111)

3. POLICY

- A. Both the VA and DoD will use CHAMPUS Maximum Allowable Charge (CMAC) rates less 10% as the reimbursement methodology for health care reimbursement between medical facilities, for institutional and professional charges. The discount rate will be reviewed annually to maximize resource sharing levels.
- B. The two Departments will use this reimbursement methodology for all clinical services and specialty programs such as spinal cord injury, traumatic brain injury and

blind rehabilitation, but will not use these rates for non-clinical services such as laundry and food service, which should be negotiated independently.

- C. The two Departments will use this reimbursement methodology for joint venture agreements where a discrete episode of clinical care is provided that can be assigned ICD9, CPT or DRG codes. Joint ventures and co-located facilities are allowed flexibility to account for unique circumstances involving shared space, staffing or other arrangements. Joint ventures and co-located facilities may adjust the discount percentage to reflect the value of these non-monetary contributions. It is recommended that non-clinical services agreements are negotiated separately (e.g. laundry, food service, etc.). The VA/DoD Financial Management Workgroup is available to answer questions regarding the rate structure and adjustments.
- D. The two Departments will be allowed to charge for outlier days as currently allowed under CMAC business rules. The Departments will not bill for Graduate Medical Education or Capital Expense Equipment.
- E. This reimbursement methodology will apply to both existing and new agreements. Existing agreements will be modified to reflect this policy change.
- F. A CMAC billing guide will be developed to assist facilities in preparing claims under this methodology.
- G. As required by law, reimbursements will be credited to the facility that provided the services.
- H. The implementation will be phased in to coordinate with DoD's introduction of itemized billing within the Military Health System.

4. REVIEW

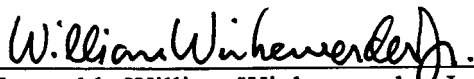
Each Department will monitor the VA/DoD sharing agreements and track reimbursements to ensure that they are in accordance with the guidelines set forth in this Memorandum of Agreement. This MOA will be reviewed annually and may be amended by mutual consent of both Departments.

5. WAIVER PROCESS

Although waivers are generally discouraged, there are two scenarios under which a waiver from the standardized rate may be requested: 1) if the standardized rate does not cover marginal costs or 2) if the standardized rate is higher than local market rates and both parties desire a larger discount from CMAC. In either instance, documentation must be provided to the VA/DoD Financial Management Work Group co-chairs for determination. Both co-chairs must agree for a waiver to be granted.

6. EFFECTIVE DATE

Outpatient billing using CMAC less 10% will begin in the first quarter of fiscal year 2003. It is anticipated that inpatient care will be billed using this methodology during the third quarter of fiscal year 2003, as DoD implements itemized inpatient billing. This memorandum may be amended by mutual consent of the participating entities. Either party upon 60 days notice in writing may terminate of the agreement.



Honorable William Winkenwerder, Jr., M.D.
Assistant Secretary for Health Affairs
Department of Defense



Honorable Robert H. Roswell, M.D.
Under Secretary for Health
Department of Veterans Affairs