

## Department of Veterans Affairs (VA) Health Care Facilities

Issue Date: January 28, 1994

Authority: [32 CFR 199.6](#); 38 United States Code (USC) Section 8111; 10 USC 1104; and  
Section 201 of Public Law 102-585 (Veterans Health Care Act of 1992)

Revision: C-23, May 18, 2018

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### 1.0 DESCRIPTION

The Department of Veterans Affairs (VA) Health Care Facilities which have entered into an agreement with the Department of Defense (DoD), are authorized to provide medical care and services to eligibles under the Defense Health Agency (DHA), and to receive reimbursement on behalf of those eligibles.

### 2.0 BACKGROUND

Section 201 of Public Law 102-585 provides VA the opportunity to enter into agreements with the DoD to expand the availability of services in VA Health Care Facilities, to eligibles. The purpose is to expand VA/DoD health care resources in areas of high concentration of DoD beneficiaries by using VA Health Care Facilities' excess capacity. Agreements may be entered into only when the VA Health Care Facility Director certifies to the Secretary of Veterans Affairs that implementation will result in improved services to eligibles and will not result in denial of, nor delay in providing services to eligible veterans at that facility. (Refer to [Figure 11.2.1-1](#).)

### 3.0 POLICY

VA Health Care Facilities which are network providers will be subject to the same Utilization Management (UM) and Quality Assurance (QA) requirements applicable to other network providers. Services and reimbursement will be as authorized in the [32 CFR 199.6](#), and TRICARE manuals subject to limitations and special conditions stipulated in the respective agreements between the Assistant Secretary of Defense (Health Affairs) (ASD(HA)) and the Directors of the respective VA Health Care Facility. (See [Figure 11.2.1-1](#) and the TRICARE Operations Manual (TOM), [Chapter 4, Section 1, paragraphs 3.0](#) through [3.2](#).)

### 4.0 EXCLUSION

VA Health Care Facility services are not expected to include obstetrics, abortions, pediatrics, nor adolescent psychiatry.

**5.0 EFFECTIVE DATE**

The effective date shall be the date the Secretary of Defense for Health Affairs signs the MOU with the respective VA Health Care Facility. Only services furnished on or after the effective date will be considered for payment.

**FIGURE 11.2.1-1 MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE DEPARTMENT OF VETERANS AFFAIRS (DVA) AND THE DEPARTMENT OF DEFENSE (DoD)**

**Subject:**

Department of Defense (DoD) Managed Care Support Contractors (MCSCs) entering into Agreements with the Department of Veterans Affairs (DVA) Health Care Facilities to Provide Care for TRICARE Beneficiaries Covered by the Regional Managed Care Support Contracts.

**I. Purpose**

This Memorandum of Understanding (MOU) is to establish general requirements for agreements between a DoD regional managed care support (MCS) contractor and a VA health care facility under which the MCS contractor may include the facility in the contractor's networks.

**II. Authority**

This MOU is authorized by Section 201 of the Veterans Health Care Act of 1992, Pub. L. 102-585, 38 USC 8111, 10 USC 1104, and the MOU of February 3, 1994, between the Secretaries of Veterans Affairs and Defense.

**III. Policy**

1. Except as otherwise provided in this MOU, the agreement between the MCS contractor and the VA facility shall conform to all requirements applicable to providers under the 32 CFR 199 and to network providers under the contract between the MCS contractor and the DoD.
2. The VA facility shall be established as an authorized participating provider. VA individual providers meeting VA requirements for licensure shall be deemed to meet contractor requirements pertaining to licensure.
3. Agreements established under this MOU shall be subject to review and approval by the VA Central Office and DoD (acting through an office designated by the Assistant Secretary of Defense (Health Affairs)) and shall not become effective until completion of the VA certification requirements of Public Law 102-585, Section 202.
4. The MCS contractor shall reimburse the VA facility for hospital inpatient care and for professional services, including outpatient care in accordance with the MCS contract requirements for reimbursement of network providers, with the exception that, incentive payments used to entice providers into the network shall not be authorized.
5. The MCS contractor shall provide the VA facility with a Provider Identification Number (PIN), by provider category, to be used in billing for services provided under this agreement.
6. The VA shall advise facility employed individual providers of the dual compensation/conflict of interest provisions prohibiting VA employees from being authorized as individual providers capable of billing in their own names for services provided to beneficiaries. The Director, TRICARE Management Activity, or his designee, may authorize exceptions to this policy, on a case-by-case basis for part-time physician (M.D.) employees only who file claims for services furnished in their private, non-VA employment practice.
7. The VA facility shall be subject to the same utilization management and quality assurance requirements applicable to other network providers, including designation of a primary care provider, preauthorization for care, etc.

**FIGURE 11.2.1-1 MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE DEPARTMENT OF VETERANS AFFAIRS (DVA) AND THE DEPARTMENT OF DEFENSE (DoD) (CONTINUED)**

8. Eligible beneficiaries entitled to health care services under this MOU shall be defined consistent with the MCS contract requirements.
9. Beneficiaries shall be subject to copayments consistent with the MCS contract requirements.
10. For individuals with dual VA and DoD eligibility, VA will be responsible for ensuring that an individual veteran's non-discretionary VA benefits are exhausted before utilizing TRICARE benefits. With regard to individuals with dual VA and DoD eligibility, VA will be responsible for the following beneficiary care: (a) all care for mandatory/non-discretionary veterans; (b) all care for veterans for service-connected conditions; and, (c) care for any veteran that is a continuation of care for a condition previously under treatment at the VA facility.
11. VA will be responsible for obtaining information regarding possible third party health insurance coverage of the DoD beneficiary. VA will collect from the third party insurer in accordance with VA procedures and bill the balance to the MCS contractor, which will reimburse claims involving third party health insurance in accordance with established policy. In the event that VA is unable to collect from a third party insurer for health care services that would be covered by the insurer if provided by a private provider, no bill will be presented by the VA to the MCS contractor.

**IV. Administrative Responsibilities**

The Assistant Secretary of Defense for Health Affairs, in consultation with the Under Secretary for Health of the Department of Veterans Affairs, shall conduct overall program management relating to agreements between the MCS contractors and VA facilities under the authorities of this MOU.

**V. Issue Resolution**

Throughout the course of this agreement, issues involving interpretation of its provisions, unanticipated technical matters, and proposed modifications in the interests of equity can be expected. The Departments agree to work together in a collegial manner and in good faith to resolve such issues in a manner that is fair, equitable, supportive of the objectives of VA/DoD sharing law, and responsive to the needs of VA and DoD beneficiaries.

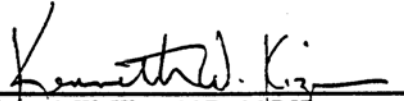
**VI. Points Of Contact**

- a. For the Department of Veterans Affairs:  
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- b. For the Department of Defense  
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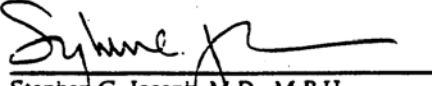
**FIGURE 11.2.1-1 MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE DEPARTMENT OF VETERANS AFFAIRS (DVA) AND THE DEPARTMENT OF DEFENSE (DoD) (CONTINUED)**

**VII. Modification Or Termination**

- c. Either the VA or DoD may propose amendments modifying this agreement at any time. Before any amendment will become effective, both parties must agree in writing to the modification. The effective date of any amendments will be the date agreed upon and specified in the agreement, or, if no date is specified, the last date upon which representative officials of both parties have agreed in writing to the amendment.
- d. This MOU terminates 1) upon expiration of the authorities of Title II of Public Law 102-585 (October 1, 1996), unless this law is extended or made permanent, or 2) may be terminated at any date upon 60 days notice in writing to the other party.

  
Kenneth W. Kizer, M.D., M.P.H.  
Under Secretary for Health  
Department of Veterans Affairs

06/29/95  
Date

  
Stephen C. Joseph, M.D., M.P.H.  
Assistant Secretary of Defense  
for Health Affairs

6/29/95  
Date

- END -

