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THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

16 May 2000

MEMORANDUM FOR: SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE

SUBJECT: Use of Health Care Facilities of the Department of Veterans Affairs under TRICARE and the Supplemental Health Care Program

This memorandum is to reaffirm and clarify DoD policy on the use of health care facilities of the Department of Veterans Affairs (VA) under TRICARE Prime, TRICARE Extra, and TRICARE Standard options and under the Supplemental Health Care Program (SHCP). It is DoD policy to include VA facilities under both TRICARE and the SHCP in all instances where it is to the mutual benefit of both Departments under the established DoD policies and procedures for these health care delivery programs. The evolving Military Health System health care delivery strategy, focused on developing an integrated health care delivery system, with standardized processes and simplified network development has resulted in some misunderstandings for Military Treatment Facilities (MTFs), managed care support (MCS) contractors and VA facilities, particularly with regard to previously established arrangements with VA. The purpose of this memorandum is to correct any misunderstandings by specifically restating current DoD policies with regard to obtaining health care services from VA facilities.

Inclusion of VA facilities as providers under the Supplemental Health Care Program.

The OASD(HA) Policy Memorandum, "Policy for Inclusion of Department of Veterans Affairs Facilities as TRICARE Network Providers," May 14, 1999, requiring that TRICARE Prime network agreements be made by TRICARE contractors, and not by MTFs, was not addressing agreements to include VA facilities under the Supplemental Health Care Program. The May 14, 1999, policy memorandum did not prohibit agreements between VA facilities and MTFs for purposes of the SHCP. Such agreements continue to be authorized. As outlined in OASD(HA) Policy 96-005, "Policy on Use of Supplemental Care Funds by the Military Departments," October 18, 1995, the SHCP is primarily to pay for care provided by non-MTF providers to active duty members. These funds may also be used under very limited circumstances for care of a non-active duty patient ordered by an MTF provider from a non-MTF source to support the MTF provider in maintaining full clinical responsibility for the episode of care.

For care provided by the VA under a local, regional or national Memoranda of Understanding (MOU) for

the SHCP, the claim shall be submitted directly to the MTF involved or other DoD entities specified in the applicable MOU. The MTF or other DoD entity shall process and pay the claim in accordance with the MOU. Any such claims for which proper payment has not yet been made shall be paid promptly. The TRICARE regional managed care support contractor is responsible for processing and paying for any SHCP services not covered by existing local MOUs. In accordance with TRICARE Operations Manual (OPM) Part One, Chapter 1 and Part Three, Chapters 9 and 10, claims for services provided under current MOU between the Department of Defense (including the Army, Air Force, and Navy/Marine Corps facilities) and the Department of VA are not processed as other SHCP claims. For care provided by VA facilities not under a MOU, the VA facility will submit the claim to the managed care support contractor, together with the same certification currently used for TRICARE claims to document that the service provided was not included in the MOU.

Inclusion of VA facilities under national DoD-VA agreements.

To further promote the use of VA facilities, authority to enter into national sharing agreements with VA was delegated to the Military Departments on September 24, 1999, to provide health care services for members of both the active and reserve components. Active duty care for Spinal Cord Injury, Traumatic Brain Injury, and Blind Rehabilitation will be provided by VA at negotiated rates under these national sharing agreements. Additionally, emphasis on identifying and expeditiously including VA facilities in referral and management of catastrophic injuries is critical for both high quality health care and for patient management for which the VA will be ultimately responsible. These national agreements continue to be authorized under the Supplemental Health Care Program. VA facilities providing health care services under these agreements shall be reimbursed at the rates specified in those agreements regardless of whether payment is made by a local MTF, a Military Department, or an MCS contractor.

Inclusion of VA facilities as TRICARE Prime network providers.

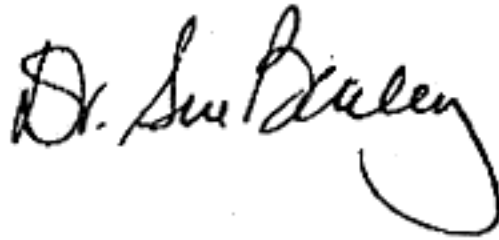
As stated in HA Policy Memorandum, "Policy for Inclusion of Department of Veterans Affairs Facilities as TRICARE Network Providers," May 14, 1999, DoD policy encourages inclusion of all VA facilities in TRICARE Prime provider networks. In accordance with the June 1995 Memorandum of Understanding between DoD and VA (which remains in effect), this policy is carried out through agreements between VA facilities and the TRICARE regional MCS contractor. The organization of TRICARE Prime provider networks, designated as a contractor responsibility in TRICARE contracts, must remain under a unified management structure for the Military Health System to achieve its goal of a cost-effective, integrated managed care system and to comply with contractual obligations of the MCS contracts. With the exception of local, regional or national DoD-VA MOUs discussed above for the SHCP, separate agreements, which do not include the TRICARE contractor as a party, to establish non-military facility sources of care for TRICARE Prime enrollees and TRICARE Extra patients are not authorized.

Improving future procedures for the DoD-VA Sharing Program

Given the significant changes with TRICARE implementation and our commitment to optimally use all federal health care facilities, DoD together with VA will initiate a review of all local MOUs and sharing agreements to determine the most appropriate cooperative arrangements for both departments in the future.

The VA/DoD Executive Council has been established to facilitate and develop mutually beneficial

partnerships between the Departments to coordinate the provision of health care and optimally use federal resources. The Executive Council established the VA/DoD Healthcare Financial Management Committee (HFMC) to resolve financial and claims issues that cannot be solved at local or intermediate organizational levels. I will recommend that the Executive Council approve a new VA/DoD Partnering Workgroup to be established with representatives from the Services, OASD(HA) and VA. This workgroup will oversee implementation and monitoring of this policy and will address additional issues to improve the partnership between the departments. My point of contact for the VA-DoD sharing program is Mr. Ken Cox, (703) 681-1757.

A handwritten signature in black ink that reads "Dr. Sue Bailey". The signature is written in a cursive style with a large, sweeping flourish at the end.

Dr. Sue Bailey

cc:
Surgeon General of the Army
Surgeon General of the Navy
Surgeon General of the Air Force
Executive Director, TRICARE Management Activity

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Last update: 7/11/2000