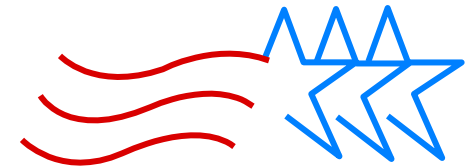




**HEALTH AFFAIRS**



**T R I C A R E**

**TRICARE  
Management  
Activity**

*Economy Act & Related Guidance  
for  
Support Agreements*



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# *Content*



TRICARE  
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Activity

- Economy Act
- Statutory Background
- DoD Regulatory Background
- Recent OMB Guidance
- TMA Implementation
- TMA Support Agreement Guidance
- Types of TMA Support Agreements



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# *Economy Act Overview*



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- The Congress passed the Act in 1932 to obtain economies of scale and eliminate overlapping activities of the federal government.
- The Economy Act provides authority for federal agencies to order goods and services from other federal agencies (including other Military Departments and Defense Agencies) and to pay the actual costs of those goods and services.



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# *Economy Act (continued)*



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- An Economy Act purchase is permitted only if:
  - (1) amounts for the purchase are actually available,
  - (2) the purchase is in the best interest of the Government,
  - (3) the ordered goods or services cannot be provided by contract from a commercial enterprise, i.e., the private sector, as conveniently or cheaply as could be by the Government, and
  - (4) the agency or unit to fill the order is able to provide or get by contract the ordered goods or services.



# *Statutory Background*



- Economy Act
  - Applies in the absence of specific statutory authority
    - The Economy Act applies to all Interservice (Intra-DoD) support
  - Must obligate funds by end of period of fund availability
  - Must return excess funds before their expiration
  - Supplier can't make a "profit"
- Separate Statutory Authority (Franchise Funds, GSA, etc) to:
  - May keep customer funds after normal fund expiration
  - May award contracts after normal fund expiration



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# *Statutory Background (continued)*



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- Section 801 of the FY 2008 National Defense Authorization Act
  - Requires the heads of all non-DoD agencies that provide acquisition support to DoD to certify in writing that the non-defense agency will comply with defense procurement requirements for the fiscal year
  - Certifications to date are posted at:
    - [http://www.acq.osd.mil/dpap/cpic/cp/interagency\\_acquisition.html](http://www.acq.osd.mil/dpap/cpic/cp/interagency_acquisition.html)
  - Absent this certification, no acquisition support may be requested by a DoD activity or provided by the non-DoD Federal agency without a waiver from USD(AT&L)



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# *DoD Regulatory Background*



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- DFARS Subpart 217.5
  - Implements provisions of the Economy Act for Interagency acquisitions
  - Applies to all purchases, except micro-purchases, made for DoD by another agency
  - Refers to DoD Instruction 4000.19 for additional guidance
- DoD Instruction 4000.19
  - Implements provisions of the Economy Act within DoD for both interservice and interagency support
  - Establishes documentation requirements
    - For support agreements
    - For reimbursable orders



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# *DoD Policy*

## *Non-Economy Act and Non-DoD Transactions*



- Restrictions on Interagency Transactions
  - Requires review and approval similar to Economy Act D&F
  - DoD has entered into a number of high level agreements with other federal agencies (GSA, DoI, etc.)
    - These agreements are posted to the DPAP web site
    - Refer to individual agreements for further restrictions
- New Restrictions on Non-Economy Act Transactions
  - Must apply the same fiscal rules as the Economy Act
  - Transactions above \$500K require a DoD Contracting Officer review
  - Codified in DoDFMR Volume 11a, Chapter 18, “Non-Economy Act Orders,” dated Aug 08





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# *OFPP (OMB) Guidance*



TRICARE  
Management  
Activity

- OFPP Guidance on Interagency Acquisitions June 2008
  - Best Interest determinations required
  - Required elements for interagency acquisition support agreements
    - Part A (General Terms & Conditions)
      - Establishes general terms and conditions
      - DoD uses Support Agreement (DD Form 1144) with supporting documentation
    - Part B (Requirements & Funding Information)
      - Obligating document (also establishes Bona Fide need)
      - Replaces use of a Military Interdepartmental Purchase Request (MIPR) DD Form 448 to fund interagency acquisitions
  - Also provided model agreement template



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# *Managing TMA Support Agreements*



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Management  
Activity

- Several management changes over the last few years
- Current TMA practices needed to be consistent:
  - Agreements often took varying forms
  - Some agreements were not documented
  - Approval authorities ranged from Program Manager to TMA Director
- TMA leadership decided to:
  - Reduce the number of contract support activities and associated costs
  - Centralize agreement approval authority
    - TMA Deputy Director for all support agreements
    - Director, Acquisition Management & Support for agreements under \$500K
  - Categorize and establish a uniform approach for establishing agreements
    - Acquisition Support Agreements
    - Program Type Support Agreements



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# *Program Type Support Agreements*



TRICARE  
Management  
Activity

- Program Support Agreements govern other types of specialized **non-acquisition** support provided to TMA by another DoD organization (interservice) or non-DoD Federal agency (interagency).
- They are generated within and managed by the PEO or the Functional Chief's office.
- If a contract is awarded as part of a program support agreement, the contract supports the **supplying activity**, who oversees contractor performance and signs receiving reports/invoices.
- Under this type of agreement there should never be a situation where the supplying activity awards a contract that would be in direct support of and administered by TMA.