



**VA/DoD HEALTH EXECUTIVE COUNCIL  
EXECUTIVE DECISION MEMORANDUM (EDM)**



**To:** VA/DoD Health Executive Council (HEC)

**From:** Mr. John Kokulis, DoD Co-Chair, Financial Management Work Group  
Mr. Jimmy A. Norris, VA Co-Chair, Financial Management Work Group

**Subject:** Second Call for Joint Incentive Fund (JIF) Projects

**Prepared by:** John Bradley, VHA VA/DoD Sharing Office, VA; and Connie McDonald, Health Affairs, Health Budgets & Financial Policy Office, DoD

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**ACTION REQUESTED:** Approve JIF proposals recommended by the VA/DoD Financial Management Work Group (FMWG).

**STATEMENT OF ISSUE:** The VA/DoD FMWG recommends that the Health Executive Council approve the attached list of projects for funding through the JIF.

**BACKGROUND:**

The FY 2003 National Defense Authorization Act, Public Law 107-314, Section 721, requires that DoD and VA establish a joint incentives program, through the creation of a DoD-VA Health Care Sharing Incentive Fund. The intent of the program is to identify, fund and evaluate creative local, regional and national sharing initiatives.

The FMWG used the following criteria and associated points to evaluate the proposals submitted in the latest round:

- |  |    |
|--|----|
| • Improves Quality of Care               | 20 |
| • Improves Access of Care                | 20 |
| • Mission Priority/Corporate Direction   | 10 |
| • Return on Investment                   | 10 |
| • Measurable Performance Data Identified | 10 |
| • Supports VA/DoD Joint Strategic Plan   | 10 |
| • Size and Scope of Impact               | 10 |
| • Other Intangible Benefits              | 10 |

**SELECTION PROCESS:** The FMWG designated a group to review the proposals. The group comprised members from VHA's VA/DoD Sharing Office, the Office of the Deputy

Under Secretary for Health for Operations and Management, and Office of Health Informatics and from DoD's Services, Health Affairs and TRICARE Management Activity. The Work Group received 16 proposals for evaluation in June 2006. Of the 16 proposals, one proposal was withdrawn, and another did not achieve the minimum score for selection. Fourteen projects totaling \$30.2 million are recommended for approval.

**PROJECTS RECOMMENDED:** The projects recommended by the FMWG are an attachment to this EDM.

**OPTIONS:**

**Option 1:** The HEC approve the incentive fund proposals as recommended by the FMWG.

**Pro:**

1. Incentive fund proposals selected were vetted by the agreed upon approval process for funding.
2. Selected initiatives may begin preparing implementation plans immediately.
3. Potential funds for FY 2006 will be utilized

**Con:** 1. It does not commit all of the funds remaining.

**Option 2:** The HEC select fewer sites than recommended by the incentive fund selection work group.

**Pro:** 1. Funds not allocated for currently proposed projects can be carried over as "no-year money" for future projects.

**Con:**

1. Funds available for FY 2006 may not be maximized.
2. Process may appear to be arbitrary and biased.

**RECOMMENDED OPTION:** Option 1. This option would follow the recommendation of the Financial Management Work Group.

**NECESSARY ACTIONS:** Selected projects will be required to submit to the FMWG quarterly interim progress reports on their initiative during implementation for the purpose of determining if projects are progressing and if performance measures have been met.

**DISSENTING OPINIONS REGARDING RECOMMENDED OPTION:** None known.

**EFFECT OF RECOMMENDED OPTION ON EXISTING PROGRAMS AND HEALTH**

**EXECUTIVE COUNCIL WORK GROUPS:** Selection of the incentive fund proposals will allow the involved sites to proceed with their implementation plans. The results of funding these projects will promote mutually beneficial health resource sharing between the two Departments as required by the FY 2003 National Defense Authorization Act.

**FINANCIAL CONSIDERATIONS OF THE RECOMMENDED OPTION:** The FMWG recommends 14 projects for approval totaling \$30,242,000.

**LEGAL OR LEGISLATIVE CONSIDERATIONS OF THE RECOMMENDED OPTION:** There are no legal or legislative issues anticipated from approval and implementation of the recommended option. There is high interest in this project from Congressional members.

**PUBLIC RELATIONS OR MEDIA CONSIDERATIONS OF THE RECOMMENDED OPTION:** This proposal promotes positive relationships between VA and DoD. There are no media or other relationship difficulties foreseen by this action. VA and DoD should have a joint press release after projects are approved and funded.

**CONGRESSIONAL CONSIDERATIONS OF THE RECOMMENDED OPTION:** The Congress would view approval of these projects positively.

**IMPLEMENTATION ISSUES:** Implementation will start as soon as funding is transferred to the approved sites. Staffing and resource issues would be resolved at the facility level.

**REVIEWERS OF JIF PROPOSALS:**

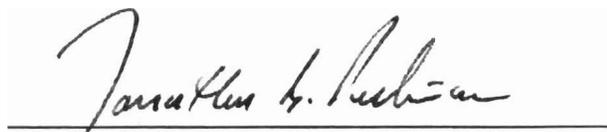
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William Winkenwerder, Jr., MD      Date  
Assistant Secretary of Defense, Health Affairs  
Department of Defense

  
Jonathan B. Perlin, MD, PhD, MSHA, FACP      Date  
Under Secretary for Health  
Department of Veterans Affairs

## **Incentive Fund Project Executive Summary**

### **Alaska VA Healthcare System and Regional Office (AVAHSRO)/ 3rd Medical Group, Elmendorf AFB (*Integrated Sterile Processing*)**

The 3<sup>rd</sup> Medical Group (3MDG) Joint Venture Medical Treatment Facility (JVMTF) and the Alaska VA clinic currently have separate sterile processing departments (SPD) in each facility. A new VA clinic is expected to be completed in FY09, but by design it will not include a steam sterilizer to reprocess surgical and dental instrumentation from the VA clinic. This proposal is to update equipment in the DoD facility and to increase VA SPD staff to allow the integration of CSS/SPD services in the 3MDG. Cost: \$494,000

### **Alaska VA Healthcare System and Regional Office (AVAHSRO)/ 3rd Medical Group, Elmendorf AFB (*Physical Therapy*)**

This initiative provides for enhanced physical therapy services at VA/DOD Joint Venture Hospital on Elmendorf Air Force Base. Currently, the Alaska VA does not have the capability to provide in-house physical therapy services while 3MDG has the facility capacity to absorb more workload; however, increased staffing is required in order to do so. Therefore, this initiative will allow for increased staff to recapture most of the VA Anchorage Bowl physical therapy (PT) workload. Cost: \$420,000

### **Darnall Army Community Hospital (DACH)/ Central Texas Health Care System (CTVHCS) (*Sleep Study Lab*)**

This project proposes to restructure and expand the already existing VA/DoD Sleep Lab at the CTVHCS campus. This JIF will provide the funds to pay for a DoD Pulmonologist, three DoD technicians and three VA technicians. Additionally, equipment will be purchased to expand the preparation and admitting areas to handle the increased demand. Cost: \$1,678,000

### **David Grant Medical Center (DGMC)/ VA Northern California Health Care System (VANCHCS) (*Joint Spine and Neurosurgery Service*)**

This initiative seeks to combine the forces of a VA neurosurgeon and USAF neurosurgeons/orthopedic spine surgeon to offer, at the USAF David Grant Medical Center (DGMC) and (VANCHCS), a unified neurosurgical service sufficient for the needs of both organizations. The proposal addresses a significant problem with VANCHCS access to neurosurgical care which currently is referred out to the community. Cost: \$5,489,000

### **DoD/ VA (*Data Synchronization Phase 2*)**

This Joint Incentive Fund (JIF) proposal is an ongoing initiative focused on the opportunity to build on Phase 1 achievements and the work to synchronize the medical/surgical (med/surg) catalog data and pricing used by the VA and DoD. Phase 1 will result in the synchronization of approximately 50,000 med/surg items in the VA National Item File (NIF) with 50,000 items in the DoD Master Catalog. Phase 2 will focus on the development of the mechanisms to distribute the synchronized data to the

retail level (i.e., VHA and DoD healthcare facilities) of the supply chain to be available for users in real time, ensuring purchases as the lowest VA/DoD authorized price.  
Cost: \$4,250,000

**DoD/ VA (*Pharmacy Technician Training*)**

This initiative will provide enhanced Web-based training for pharmacy technicians while reducing the cost of training. This training is intended to provide initial and/or life-long learning opportunities for pharmacy technicians to maximize the performance of these personnel. This project will result in design, development and implementation of a 150 hour core didactic Web-based Pharmacy Technician training curriculum.  
Cost: \$4,000,000

**VA Black Hills Health Care System /28th Medical Group Ellsworth AFB (*Sleep Lab*)**

This project will enhance the ability of the VA Black Hills HCS to provide sleep studies. Joint Incentive Funds will be used for renovation of space, equipment, staffing and supplies to increase the bed capacity at the VA Black Hills HCS used for sleep studies from the current two beds to four beds at two VA locations. Cost: \$432,000

**92nd MEDICAL GROUP Fairchild, AFB/ Spokane VAMC (*Fixed MRI*)**

This project proposes to recapture radiology purchased care by procuring a fixed MRI to be housed at the Spokane VAMC. MRI services will be provided to both VA and DoD beneficiaries. The improved access and additional flexibility in the scheduling of urgent appointments will improve overall patient satisfaction. Cost: \$3,761,000

**General Leonard Wood Army Community Hospital (GLWACH)/ Whiteman Air Force Base (WAFB)/ Harry S Truman Memorial Veterans Hospital (HSTMVH) (*Outpatient Counseling Services*)**

The proposal seeks to expand mental health counseling services to increase capacity for veterans and offer services to DoD beneficiaries. The program will focus on providing intensive outpatient mental health treatment with particular emphasis on adjustment issues related to returnees from OIF/OEF. Cost: \$300,000

**42d MEDICAL GROUP Maxwell-Gunter AFB/ VA Central Alabama HCS (*MRI*)**

The proposal calls for a state of the art open-field magnet MRI that will be permanently housed in a modern MRI suite to be housed at the VA facility. A full time fixed site would greatly reduce the patient wait time and avoid expensive referrals to civilian sources. It would also reduce delays in treatment and ultimately length of stay for acutely ill inpatients. This project would also include funding for a radiologist to perform interpretation of MRIs and provider consultation, ultimately improving the care provided to patients. Cost: \$3,464,000

**Munson Army Health Center/ Irwin Army Community Hospital/ VA Eastern Kansas Health Care System (*Sleep Lab*)**

This initiative will establish additional Sleep Lab capacity (4 beds) at VA Eastern Kansas Health Care System to serve the increasing needs of VHA and DoD beneficiaries in

northeast Kansas and northwest Missouri. Access to sleep studies will be improved reducing the backlog of VA patients currently waiting for testing. The DoD beneficiaries are able to receive sleep studies in the civilian network, but the goal will be to reduce the cost of these exams to the Fort Riley and the Fort Leavenworth Medical Department Activities. Cost: \$992,000

**Naval Hospital Great Lakes (NHGL)/ North Chicago Veterans Affairs Medical Center (NCVAMC) (*Project Management Support*)**

This initiative will further develop the Joint Federal Health Care Facility (FHCF) between DoD and VA at North Chicago VA Medical Center (NCVAMC) and Naval Hospital Great Lakes (NHGL). The FHCF project requires dedicated contract staff to support the steering team, six national task groups and the sixteen local work groups to further develop the Federal Health Care Governance Model. This project will provide functional and management expertise for Operational Requirements Development & Management in the conduct of business related to the creation of the FHCF. Cost: \$1,770,000

**Naval Hospital Great Lakes (NHGL)/ North Chicago Veterans Affairs Medical Center (NCVAMC) (*Picture Archiving Communication System*)**

This project involves installing a Picture Archiving Communication System (PACS) at NHGL will provide unlimited web-based access from NCVAMC as well as from within NHGL and its Branch Health Clinics and allow providers at both facilities greater access to patients imaging studies. Additionally, this project will improve the NCVAMC PACS system to include an upgraded memory for image archive, an updated software platform for PACS and upgraded viewing stations. This will provide comparable imaging services at each facility with the availability for easy exchange of Radiology information and images. Cost: \$638,000

**William Beaumont AMC/ El Paso Health Care System (*Cardio Thoracic Surgery*)**

This is a new initiative will re-establishment of on-site Cardiothoracic Surgery support at WBAMC, the only AMEDD Medical Center currently without this capability. The project intends to recapture of dollars spent on local cardiac surgical care referrals for the beneficiary population, and prevent the anticipated loss of WBAMC's Interventional Cardiology program resulting from new Clinical Practice Guidelines (CPG) published by the American College of Cardiology (ACC), American Heart Association (AHA), and Society for Cardiac Angiography and Interventions (SCAI). Cost: \$2,554,000