



**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: Joint Incentive Fund (JIF) Projects

Prepared by: Rose Quicker, VHA Resources Sharing Office, VA; and Connie McDonald, Health Affairs, Health Budgets & Financial Policy Office, DoD

For Information Contact: Rose Quicker, phone: (202) 273-5514, e-mail: Rose.Quicker@va.gov or Connie McDonald, phone: (703) 681-1724, e-mail: Connie.McDonald.ctr@ha.osd.mil

ACTION REQUESTED: Approve FY 2005 JIF proposals recommended by the 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 for the FY 2005 cycle.

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 criteria to be used to evaluate proposals for the incentive fund was included in the call letter "Guidelines for DoD-VA Health Care Sharing Incentive Fund" approved by the Veterans Health Administration's Chief Financial Officer on November 7, 2003. Criteria used to evaluate proposals included:

- New projects/initiatives
- Supports VA/DoD Joint Strategic Plan initiatives
- Improves access to beneficiaries
- Number of beneficiaries impacted by the initiative
- Exportable to other facilities
- Improves access to care
- Improves quality of care

Criteria (continued):

- Improves efficiency and effectiveness of health care
- Return on investment
- Mission priority/corporate direction
- Measurable performance data identified

SELECTION PROCESS: The FMWG designated a group to review the proposals. The group comprised members from VHA's Resources Sharing Office, Patient Care Services, the Office of the Deputy Under Secretary for Health for Operations and Management, VISN 5, Office of Health Informatics and from DoD's Services, Health Affairs and TRICARE Management Activity. Two reviews were performed utilizing criteria described above. Each proposal was scored based on these criteria. The Work Group received 56 proposals for evaluation in January 2005. These proposals were initially reviewed to determine how well they met criteria. Twenty-five applicants were selected to continue to a second round review and asked to submit more detailed information, including a cost benefit analysis. Of these 25 projects, one proposal was voluntary withdrawn by the site, and six did not receive endorsement by the Service Surgeons General after the financial review. Eighteen projects totaling \$30.8 million are recommended for approval.

SITES RECOMMENDED:

The sites 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:**
- Incentive fund proposals selected were vetted by the agreed upon approval process for funding.
 - Selected initiatives may begin preparing implementation plans immediately.
 - Potential funds for FY 2005 will be maximized
- Con:**
- While this recommendation meets the targeted funding level of \$30 million, it does not commit all of the funds remaining from the canceled F-STOP project.

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

- Pro:**
- Funds not allocated for currently proposed projects can be carried over as "no-year money" for future projects.
- Con:**
- Funds available for FY 2005 may not be maximized.
 - 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: For FY 2005, the 18 projects recommended by the FMWG for approval total \$30,809,000 over a two year period. Because funding was returned in FY 2005 from the F-STOP project, approximately \$6.5M still remains uncommitted, after funding the second year of the FY 2004 projects.

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

PUBLIC RELATIONS OR MEDIA CONSIDERATIONS OF THE RECOMMENDED OPTION: This proposal would promote 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:

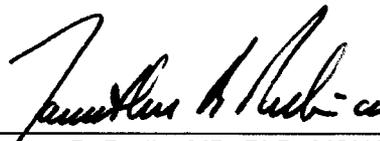
DoD:

Connie McDonald, OASD/HA
Steve Keener, CDR, BUMED
James Montgomery, LTC, OTSG
Melanie Carino, Maj, AFSG
Lois Kellett, OASDITMA
Victoria Mundt, CDR, BUMED
Tamara Rollins, BUMED
Ken Wright, OTSG
Debra Irwin, AFSG
Tony Halstead, LTC, AMEDD

VA:

Rose Quicker, VHA
Cliff Freeman, VHA
Carl Lister, VHA
Fred McLain, VHA
Steve Gorfain, VHA
John Bradley, VHA


Date: 27 Sept 2005
William Winkenwerder, Jr., MD
Assistant Secretary of Defense, Health Affairs
Department of Defense


Date: 9-19-05
Jonathan B. Perlin, MD, PhD, MSHA, FACP
Under Secretary for Health
Department of Veterans Affairs

Incentive Fund Project Executive Summary

VHA CO/TMA (Medical Enterprise Web Portals)

This project will provide military personnel and veterans access to tools that will facilitate their active participation in the management of their health care, while improving the effectiveness and efficiency of both health care systems. The intent is to position two ongoing programs, TRICARE On-Line and My Healthy Vet, to collaborate on defining business requirements, establishing policy and standards, and to identify areas of unique collaboration that will result in shared projects producing economies of scale and cost avoidance to both agencies in the future. Cost: \$2,501,000

VHA CO/DSCP (Med/Surg Supply Data Sync)

This proposal is focused on synchronizing the medical/surgical (med/surg) catalog data and pricing among four VA/DoD components: Distribution and Pricing Agreements (DAPAs), Federal Supply Schedules (FSSs), the DoD Master Data Sync database, and the National Item File (NIF). Synchronized catalog data will be made available to end users to ensure med/surg product purchases at the lowest VA/DoD authorized price. This two year endeavor to expand and link current VA and DoD synchronization efforts and ultimately will allow the VA and DoD to jointly identify common med/surg products and maximize joint buying power for these products through negotiated volume purchasing contracts. Cost: \$4,500,000.

Joint Use Physical Therapy (New Jersey VAHCS/Ft Monmonth, Patterson AHC)

This initiative will build upon existing agreements between Patterson Ambulatory Health Center and VISN 3. The plan entails the renovation of vacant space within PAHC, and additional VA staff to create a physical therapy unit that will serve both DoD and VA patients. Cost: \$859,000

Radiology (VAMC Louisville/IACH Ft. Knox)

This proposal provides a cost effective means for responding to the clinical deficiency of the absence of VA or DoD treatment options for VA and active duty DoD patients, who require radiology services by providing additional radiologists to fully utilize existing equipment. Cost: \$1,187,000.

Sleep Lab Expansion (VAMC H.S. Truman/Whiteman AFB)

This project proposes to expand/renovate the Sleep Diagnostic and Treatment Lab located at the Harry S. Truman Memorial Veteran's Hospital (HSTMVH) in Columbia, MO. The plan calls for the expansion of the two bed unit located at HSTMVH to four beds with one bed being dedicated to DoD workload (509th Medical Group, Whiteman Air Force Base - AF), while the third bed will assist the HSTMVH in reducing its backlog. The project shows a positive return on investment within the first year of operation. Cost: \$359,000.

Cardiac Surgery (Madigan AMC/Puget Sound HCS)

This project will consolidate the Madigan Army Medical Center (MAMC) and VA Puget Sound Health Care System (VAPSHCS) Cardiac Surgery programs into a coordinated program with surgery being performed at the Seattle Division of VAPSHCS. DoD beneficiaries would be evaluated at MAMC by MAMC staff and referred to VAPSHCS for surgery. By consolidating one moderate sized and one small cardiac surgery program into a single larger cardiac surgery program and team based at the university-affiliated VA, quality of care for patients will be maintained and improved, and efficiencies and economies of scale can be achieved. The consolidated program would be located at the Seattle Division of VA Puget Sound. Cost: \$1,627,000.

Neurosurgery Program (Madigan AMC/Puget Sound HCS)

This project will improve the provision of neurosurgical care to DoD and VA beneficiaries by jointly recruiting neurosurgeons and collaborating to provide coverage for both Madigan Army Medical Center (MAMC) and VA Puget Sound Health Care System (VAPSHCS) (including VISN 20 referrals), resulting in a projected annual volume of 505 cases. On a longer term basis it will also allow for both facilities to jointly take advantage of economies of scale in staffing, recruitment, and training of scarce medical specialties, e.g., Neurosurgeons and specialty trained OR, ICU and Ward Registered Nurses. Cost: \$716,000.

Dialysis (Tripler AMC/Pacific Island VAHCS)

This project proposes to expand dialysis services by providing the staff necessary to optimally utilize TAMC existing dialysis center. Hiring additional staff, will allow TAMC to provide acute dialysis for its patients that need to be initiated or maintained on dialysis while inpatients. Additionally, by combining human resources to provide improved access to dialysis care this project will support VAPIHCS outpatient chronic dialysis mission by saving approximately \$40,000 per patient per year in purchased care costs. Cost: \$2,753,000.

Pain Management Improvement (Tripler AMC/Pacific Island VAHCS)

The Tripler Army Medical Center's Pain Rehabilitation Program proposes to recapture pain management workload currently being outsourced by hiring a full time pain certified anesthesiologist for pain rehab. Currently, the anesthesiologist for the Pain Rehab has been staffed part-time through the surgery department. Full time in house pain rehab will decrease wait times, and more than one third of the pain anesthesiologist's capacity will be for VAPIHCS patients Cost: \$707,000.

Joint MRI (VAMC North Chicago/NH Great Lakes)

The proposal calls for a state of the art open-field magnet MRI that will be permanently housed in a modern MRI suite. A full time fixed site would greatly reduce the patient wait time and avoid expensive referrals for contract care. 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: \$3,426,000.

Clinical Fiber-Optics (VAMC North Chicago/NH Great Lakes)

The project proposes to provide high speed clinical connectivity between both facilities. This project will provide the necessary bandwidth to transmit clinical images for the VA's Picture Archive Computer System, VistA Imaging and CPRS. Cost: \$181,000.

Oncology (VAMC North Chicago/NH Great Lakes)

This proposal creates a Hematology-Oncology program that provides a range of services to VA/DoD beneficiaries including consultation, inpatient support, outpatient care, and chemotherapy. At the present time, neither organization has Hematology-Oncology services, all patients are referred to the local community. In addition, combining services will improve access to timely services without necessity for extensive travel. Bringing Hematology-Oncology services to North Chicago will increase the educational value of residency training programs and continuing education/breadth of practice for staff. Cost: \$685,000.

Digital Imaging (South Texas VAHCS/Wilford Hall)

This project involves image data sharing and establishes a pilot data exchange program in the San Antonio area for both the VA and DoD. It will explore developing links to each enterprise's electronic medical record capability. Further, it will allow for the seamless sharing of digital images, texts and patient demographic information between clinical VA and DoD systems; i.e., Wilford Hall Medical Center, Audie Murphy VAMC, and North Central VA/DoD Outpatient Clinic. Cost: \$2,980,000

Hyperbaric Medicine (South Texas VAHCS/Wilford Hall)

USAF School of Aerospace Medicine purchased a state-of-the-art multiplace Hyperbaric chamber and proposes to install it at WHMC where it can be utilized for hyperbaric oxygen therapy. In addition, it will provide greater access to specialty care, decrease wait times for surgery, and enhance clinical outcomes for STVAHCS patients. Since the chamber has been funded and purchased, only the facility modifications are needed for installation. Cost: \$1,170,000.

Mobile MRI (Cheyenne VAMC/F.E. Warren AFB)

Currently, there is no in-house MRI availability in a Military Treatment Facility or VA Medical Center in northern Colorado or the State of Wyoming. This project is designed to provide a mobile MRI device that can be moved between VAMCs Cheyenne and Sheridan for services to eligible Veterans, Active Duty personnel from F.E. Warren AFB, and TRICARE beneficiaries in northern Colorado and Wyoming. Cost: \$2,000,000.

Mobile MRI (VAMC Boise/Mountain Home AFB)

The project proposes to purchase a mobile MRI unit, digital printer and site preparation that would enable the Boise VAMC and the 366th Medical Group, Mt. Home AFB, to recapture MRI exams purchased in the central Idaho community. Currently no federal facility owns MRI capability in central Idaho. The mobile MRI will provide state of the art diagnostic capability with much improved access at significantly reduced costs thereby enhancing the quality of care provided to veterans, Active Duty personnel assigned to Mt. Home AFB and TRICARE beneficiaries in central Idaho. Cost: \$2,090,000

Healthcare Planning Data Mart (VSSC/AFMOA)

This project is designed to develop a standard data repository integrating key data from VA and Air Force sources and produce a core set of reports and analytical reporting tools that will provide key management information for local VA/Air Force healthcare planning and operational activities. The project will build on the lessons learned and databases developed during the VA/DoD Joint Assessment Study. In addition, the project will build on the success experienced by VA and Air Force in extracting, linking and sharing data on healthcare services purchased in the community. Cost: \$1,068,000.

Mobile MRI (Black Hills VAHCS/Ellsworth AFB South Dakota)

This project proposes purchasing a mobile MRI unit that would enable the VA Black Hills Health Care System and Ellsworth AFB to recapture MRI exams currently being purchased in the Rapid City community. Mobile MRI services could then be provided at VA Black Hills Health Care System, Ft. Meade and Hot Springs and Ellsworth AFB, SD. Cost: \$2,000,000.

FY 2005 JIF Projects Selected for Funding

Location/ Title	Service	VISN	Total Cost
VHA CO/TMA Medical Enterprise Web Portals	National	5	\$ 2,500,000
VHA CO/DSCP Med/Surg Supply Data Sync	National	5	\$ 4,500,000
New Jersey VAHCS/Ft Monmouth, Patterson AHC Joint Use Physical Therapy	Army	3	\$ 858,109
VAMC Louisville/ IACH Ft. Knox Radiology	Army	9	\$ 1,185,668
VAMC H.S. Truman/Ft. L. Wood/Whiteman AFB Sleep Lab Expansion	Army Air Force	15	\$ 357,956
Madigan AMC/Puget Sound HCS Cardiac Surgery	Army	20	\$ 1,626,427
Madigan AMC/Puget Sound HCS Neurosurgery Program	Army	20	\$ 715,015
Pacific Island Tripler AMC Dialysis	Army	23	\$ 2,752,942
Tripler AMC/Pacific Island VAHCS Pain Management Improvement	Army	23	\$ 706,882
VAMC North Chicago/NH Great Lakes Joint MRI	Navy	12	\$ 3,449,000
VAMC North Chicago/NH Great Lakes Clinical Fiber-Optics	Navy	12	\$ 180,245
VAMC North Chicago/NH Great Lakes Oncology	Navy	12	\$ 600,000
South Texas VAHCS/Wilford Hall Digital Imaging	Air Force	17	\$ 3,450,000
South Texas VAHCS/Wilford Hall Hyperbaric Medicine	Air Force	17	\$ 1,170,000
Cheyenne VAMC/F.E. Warren AFB Mobile MRI	Air Force	19	\$ 2,000,000
VAMC Boise/Mountain Home AFB Mobile MRI	Air Force	20	\$ 2,090,000
VSSC/AFMOA Healthcare Planning Data Mart	Air Force	21	\$ 1,067,826
Black Hills VAHCS/Ellsworth AFB Mobile MRI	Air Force	23	\$ 2,000,000
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