MEMORANDUM OF UNDERSTANDING BETWEEN THE DEPARTMENT OF DEFENSE AND THE DEPARTMENT OF VETERANS AFFAIRS

1. PURPOSE.

This understanding between the Department of Defense (DOD) and the Department of Veterans Affairs (DVA) establishes a partnering initiative to seek and obtain increased efficiencies through joint acquisitions and materiel management actions. The understanding initially focuses on five major areas: joint procurements, readiness support, automation, integration, and technical exchange/sharing programs. It outlines procedural requirements and commitments, along with establishing expected benefits and quality indicators of success. Additional areas will be identified upon implementation of the Memorandum of Understanding (MOU).

2. AUTHORITY.

This MOU is entered into pursuant to the authority of Section 8111 of Title 38, USC, as amended (10 USC 1104) as it's authority.

3. BACKGROUND.

The DOD and DVA manage a large portion of the health care organizations in the Federal Government. Notwithstanding differences in the character of the patient populations served, the practicing clinical specialties, and mission performance (DOD has a unique requirement to enable the sustainment of combat capability), the organizations have numerous structural similarities and common outsourcing requirements normally obtained from commercial sources that are integral parts of the health industry. Furthermore, integration of patient care missions of the organizations are prevalent during peacetime; in disaster and emergency relief at Federal, state and local levels; and during periods of major conflicts or war. Requirements for commercially available materiel and services are provided directly from the same vendors to DOD and to DVA that is in large part the same or similar items. Both organizations have similar procurement and materiel management structures at individual hospitals, at regional centers, and at central hubs. Acquisition processes have interfaced for many years, have a common procedural basis, and have been directly or indirectly linked for acquisition support. Additionally, delegation of procurement authority to the DVA has been by General Services Administration (GSA) to establish Federal Supply Schedules (FSS) for medical commodities for the entire Federal Government. Furthermore, the DVA has a statutory mandate to administer and enforce Section 603 of the Veterans Health Care Act of 1992 (VHCA) 38 U.S.C. 8126. This includes maintaining master agreements,

pharmaceutical pricing agreements, and receiving and checking the pricing data that is used for calculating Federal-ceiling prices.

4. OBJECTIVES.

Recognizing all of the above, this understanding establishes a platform to achieve additional integration of acquisition and materiel management resources. The parties hereto will jointly plan to incorporate the use of automatic systems with the goal of lowering the costs of procuring materiel and financial processes.

5. RESPONSIBILITIES.

The Committee Chairperson will alternate between DVA and DOD. The DVA voting members of this agreement and the Services Senior Logisticians shall chair the Committee during alternating fiscal years (FY). The DVA will chair it during even number FYs and DOD will chair it during odd number FYs. The Defense Logistics Agency is hosting the remaining meeting in FY 03 (May 03). The DVA will chair all of the meetings in FYs 04, 06, 08 and 10. The Department of the Army will host the meetings in FY 05; the Department of the Navy will host the meetings in FY 07; and the Department of the Air Force will host the meetings in FY 09. The agency hosting the meeting also has the responsibility for chairing the meeting; scheduling the meeting date, time, and place; coordinating administrative support and services (to include distribution of previous minutes and status of due-out actions); and preparing the minutes for staffing and signature.

A. DVA will:

(1) Establish a Joint Acquisition/Materiel Management Executive Committee, commonly know as the Committee, to work with the DOD to identify and recommend related initiatives. Designated Committee members are:

ADAS for Acquisitions (049A) (Voting member)
ADAS for Program Management and Operations (049M) (Voting member)
Chief, Veterans Health Affairs Logistics Office (Voting member)

(2) Develop plans to provide a mutually beneficial technical exchange/sharing program that will provide training opportunities and experiences to enhance the acquisition and materiel management work force.

(3) Develop joint acquisition/materiel management teams consisting of people at key working level positions and develop plans for requirements for the committee to select.

(4) Provide information to the Committee necessary to analyze and document the increase in efficiencies or possible cost-benefits of the partnering program.

B. DOD will:

(1) Develop plans to provide a mutually beneficial technical exchange/sharing program that will provide training opportunities to enhance the education and experience of the acquisition and materiel management work force.

(2) Develop joint acquisition/materiel management teams consisting of people at key working level positions and develop plans and requirements for the committee to select.

(3) Provide information to the Committee necessary to analyze and document increased efficiencies or possible cost-benefits of the partnering program.

(4) Establish a Committee with DVA to identify and recommend related initiatives. Designated Committee members are:

ARMY:
Assistant Surgeon General for Force Sustainment (Voting member)
Assistant Chief of Staff for Logistics, Office of the Surgeon General (Non-voting member)
Deputy Assistant Chief Staff for Logistics, United States Army Medical Command (Non-voting member)
Principal Assistant Responsible for Contracting, United States Army Medical Command (Non-voting member)

AIR FORCE:
Chief, Air Force Medical Logistics Division, Office of the Air Force Surgeon General (Voting member)
Chief, Air Force Medical Logistics Office (Non-voting member)

NAVY:
Deputy Chief for Logistics, Bureau of Medicine and Surgery (Voting member)
Executive Officer, Navy Medical Logistics Office (Non-voting member)

TMA
Logistics Program Manager (Non-voting Member)

DEFENSE SUPPLY CENTER PHILADELPHIA:
Deputy Commander (Voting member)
Executive Director, Business Operations (Non-voting member)
Director, Directorate of Medical Materiel (Non-voting member)

C. DOD and the DVA agree:

(1) To form task groups to develop plans to implement this agreement and to establish a Committee to furnish policy guidance to the task groups.

(2) The task groups will establish baselines for identifying, monitoring and reporting process improvements, system enhancements, and cost savings/avoidance to the committee .

(3) Increase capabilities to seek and develop mutually beneficial opportunities to include readiness requirements.

(4) To investigate feasibility of integrating DOD and DVA acquisition and materiel management systems to provide necessary and appropriate interfaces between contracting, materiel, financial services, and other support services.

(5) To exchange acquisition reform information and seek mutually beneficial joint acquisition reform initiatives.

(6) To ensure all initiatives are consistent with the strategic plan of the DOD/DVA Health Executive Committee and submit for final approval.

6. DURATION OF AGREEMENT

This agreement becomes effective upon signature approval from all parties (voting members from each agency) for a period of one calendar year. One-year extensions, on the anniversary date, are automatic unless either party gives the other a 180-day written notice of intent to modify or terminate the agreement. Either party may terminate this MOU in whole or in part with a 180-day written notice; however, each party agrees to consult with the other before any action is taken to terminate the MOU or terminate any contracting action initiated pursuant to it.

7. APPORTIONMENT OF LIABILITY

In the event of a cancellation or termination of this MOU, or any contracting initiatives begun pursuant to it by mutual agreement of the parties, each party will be liable for its own share of resulting costs, unless one party causes the cancellation or termination by its negligence or by its violation of any Federal rule, regulation or statute. Any financial liability resulting from the actions of user facilities shall be the responsibility of the department with supervisory authority over that facility and/or the responsibility of the facility itself. Each department agrees to accept responsibility and liability for any contractor claims that may arise under or relating to contracts entered into under this MOU when such claims result from any alleged breach of contract by an individual department or by facilities operating under its authority. Any and all liability assumed by a party under this section of the MOU is limited to available appropriations.

8. DISPUTES

The DOD and DVA agree to take immediate action to resolve issues and disagreements that arise in accomplishing work under this MOU. In the event of disagreements, the parties will submit an Executive Decision Memorandum to the Health Executive Committee to review and recommend either approval or disapproval to the Joint Executive Committee.

21 MAY 2003

9. MODIFICATIONS

Modifications to the MOU must be approved in writing by the signatories listed below or their designees.

10. SIGNATURES

for David S. Derr
Acting Deputy Assistant Secretary
for Acquisition and Materiel
Management
Department of Veterans Affairs

Richard L. Ursone
Brigadier General, USA
Deputy Surgeon General
for Force Sustainment

Charles E. Roberson
Associate Deputy Assistant Secretary
for Acquisition and Materiel
Management
Department of Veterans Affairs

Shari H. Kirshner
CAPT, MSC, USN
Deputy Chief for Logistics
Bureau of Medicine and Surgery

Patricia A. Crosetti
Chief, Logistics Office
Veterans Health Affairs

Perry Cooper
Lt Col, USAF, MSC
Chief, Medical Logistics Division
Office of the Air Force Surgeon General

Steven R. Bernett
Deputy Commander
Defense Supply Center, Philadelphia