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

SUBJECT: Department of Defense (DoD) Managed Care Support Contractors entering into Agreements with the Department of Veterans Affairs (DVA) Health Care Facilities to Provide Care for CHAMPUS Beneficiaries Covered by the Regional Managed Care Support Contracts.

I. PURPOSE

This Memorandum of Understanding (MOU) is to establish general requirements for agreements between a DoD regional managed care support (MCS) contractor and a DVA health care facility under which the MCS contractor may include the facility in the contractor's networks.

II. AUTHORITY

This MOU is authorized by Section 201 of the Veterans Health Care Act of 1992, Pub. L. 102-585, 38 U.S.C. 8111, 10 U.S.C. 1104, and the MOU of February 3, 1994, between the Secretaries of Veterans Affairs and Defense.

III. POLICY

1. Except as otherwise provided in this MOU, the agreement between the MCS contractor and the DVA facility shall conform to all requirements applicable to providers under the CHAMPUS regulation and to network providers under the contract between the MCS contractor and the DoD.

2. The DVA facility shall be established as an authorized CHAMPUS participating provider. DVA individual providers meeting DVA requirements for licensure shall be deemed to meet contractor requirements pertaining to licensure.

3. Agreements established under this MOU shall be subject to review and approval by the DVA Central Office and DoD (acting through an office designated by the Assistant Secretary of Defense (Health Affairs)) and shall not become effective until completion of the DVA certification requirements of Public Law 102-585, Section 202.

4. The MCS contractor shall reimburse the DVA facility for hospital inpatient care and for professional services, including outpatient care in accordance with the MCS contract requirements for reimbursement of network providers, with the exception that, incentive payments used to entice providers into the network shall not be authorized.

5. The MCS contractor shall provide the DVA facility with a Provider Identification Number (PIN), by provider category, to be used in billing for services provided under this agreement.

6. The DVA shall advise facility employed individual providers of the CHAMPUS dual compensation/conflict of interest provisions prohibiting VA employees from being authorized as CHAMPUS individual providers capable of billing in their own names for services provided to CHAMPUS beneficiaries. The Director, OCHAMPUS, or his designee, may authorize exceptions to this policy, on a case-by-case basis for part-time physician (M.D.) employees **only** who file claims for services furnished in their private, non-VA employment practice.

7. The DVA facility shall be subject to the same utilization management and quality assurance requirements applicable to other network providers, including designation of a primary care provider, preauthorization for care, etc.

8. CHAMPUS eligible beneficiaries entitled to health care services under this MOU shall be defined consistent with the MCS contract requirements.

9. CHAMPUS beneficiaries shall be subject to copayments consistent with the MCS contract requirements.

10. For individuals with dual VA and DoD eligibility, VA will be responsible for ensuring that an individual veteran's non-discretionary VA benefits are exhausted before utilizing CHAMPUS benefits. With regard to individuals with dual VA and DoD eligibility, VA will be responsible for the following beneficiary care: (a) all care for mandatory/non-discretionary veterans; (b) all care for veterans for service-connected conditions; and, (c) care for any veteran that is a continuation of care for a condition previously under treatment at the DVA facility.

11. VA will be responsible for obtaining information regarding possible third party health insurance coverage of the DoD beneficiary. VA will collect from the third party insurer in accordance with VA procedures and bill the balance to the MCS contractor, which will reimburse claims involving third party health insurance in accordance with established CHAMPUS policy. In the event that VA is unable to collect from a third party insurer for health care services that would be covered by the insurer if provided by a private provider, no bill will be presented by the VA to the MCS contractor.

IV. ADMINISTRATIVE RESPONSIBILITIES

The Assistant Secretary of Defense for Health Affairs, in consultation with the Under Secretary for Health of the Department of Veterans Affairs, shall conduct overall program management relating to agreements between the MCS contractors and DVA facilities under the authorities of this MOU.

V. ISSUE RESOLUTION

Throughout the course of this agreement, issues involving interpretation of its provisions, unanticipated technical matters, and proposed modifications in the interests of equity can be expected. The Departments agree to work together in a collegial manner and in good faith to resolve such issues in a manner that is fair, equitable, supportive of the objectives of VA/DoD sharing law, and responsive to the needs of VA and DoD beneficiaries.

VI. POINTS OF CONTACT

a. For the Department of Veterans Affairs:

Arthur S. Hamerschlag
Director, Medical Sharing Office (166)
VA Central Office
Washington, DC 20520
(202) 535-7564

b. For the Department of Defense

Thomas F. Carrato, CDR, USPHS
Director, Managed Care Operations
1B657, The Pentagon
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VII. MODIFICATION OR TERMINATION

a. Either the VA or DoD may propose amendments modifying this agreement at any time. Before any amendment will become effective, both parties must agree in writing to the modification. The effective date of any amendments will be the date agreed upon and specified in the agreement, or, if no date is specified, the last date upon which representative officials of both parties have agreed in writing to the amendment.

b. This MOU terminates 1) upon expiration of the authorities of Title II of Public Law 102-585 (October 1, 1996), unless this law is extended or made permanent, or 2) may be terminated at any date upon 60 days notice in writing to the other party.

Kenneth W. Kizer, M.D., M.P.H.
Under Secretary for Health
Department of Veterans Affairs

06/29/95
Date

Stephen C. Joseph, M.D., M.P.H.
Assistant Secretary of Defense
for Health Affairs

6/29/95
Date