

Sole-Source Contracting with Affiliated Institutions

**Conference Call Presentation with
AAMC**

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Background

- **OIG February 2005 report (05-01318-85) identifies opportunities for contracting improvement**
 - **Lack of acquisition planning**
 - **Non standardized contracting practices**
 - **Contract terms and conditions do not always protect VA's interests**
 - **High contract pricing**
 - **Legal issues (conflicts of interest)**

VA Directive 1663: Initial Draft

- Responded to specific OIG concerns
 - Sole source contracts discouraged because of “abuse” identified
 - Affiliate viewed as contractor of last resort
 - More oversight required
 - More information needed to validate pricing

OIG (continued)

- **Contract should be based on direct costs**
 - Pricing methodologies routinely employed by other government agencies not allowed (RVU, procedure based contracts)
 - No provision for including indirect educational costs
- **OIG must review contracts >\$500,000**
 - No timeliness measures for audits and reviews

VA Directive 1663: Final (Aug 06)

- **Sole source contracts accepted as the preferred option whenever resident education and supervision are involved**
 - **Explicit recognition that academic affiliations provide value that may offset higher costs**
 - **By analogy with Medicare IME, additional indirect educational costs permitted**

VA Directive 1663: Final (Aug 06)

- **Contracts based on reasonable local market prices accepted**
- **Reimbursement methodologies employed by other government agencies (e.g., CMS) allowed**
 - **RVU reimbursement**
 - **Procedure based reimbursement**
- **OLG review of contracts >\$500,000 must occur within 20 working days**

VA Directive 1663: 2006 - 2007

- **Field implementation of Directive 1663 falters due to policy and procedural confusion**
- **Affiliates complain about lack of**
 - **Timeliness of contract reviews and approvals**
 - **Expertise of VA contract staff**
 - **VA understanding of RVU-based billing**
 - **Reimbursement of appropriate costs**
 - **Timeliness of payments**
 - **Fair claims adjudication process**

New Contracting Processes

- **Sept 07 – New director of VHA’s medical sharing office appointed**
- **New contract oversight committee (“rapid response team”) created for timely reviews**
- **Performance metrics established**
- **Improved communication with VA facility and VISN contracting personnel**
- **Resource website for contract templates**
- **OIG and legal input involved “up front” in reviews**

Timeline 2008

- **Jan 2008 – VA leadership briefed**
- **Feb 2008 – AAMC leadership briefed**
 - **New VACO processes & contracting resources**
 - **Work-down of contract backlog**
- **March 2008 – Continuation of dialogue**
 - **Communication strategies**
 - **Plans for website, conference calls**

Timeline 2008 (continued)

- June 2008 – Release of joint communication plan
- July 2008 – website opened
 - <http://www.va.gov/oaa/solesource/default.asp>
- September 2008 – new OIG report
 - Audit of VHA Non Competitive Clinical Sharing Agreements (Report 08-00477-211)

Response to 2nd OIG Report

- **Increased training for Contracting personnel**
 - **Better performance monitoring of contracts**
 - **More familiarity with Medicare rates (such as exclusion of the facility fee component of Medicare)**
- **Possible centralization of contracting personnel to central office**

FY 2008 Accomplishments

- **Increased sharing agreement review turn-around under 90 days from 3% in FY2007 to 85% for FY2008**
- **Nearly doubled number of sharing agreement solicitations reviews for FY2008 (482 compared to 270 in FY2007)**
- **Developed web-based information library of all sharing agreements reviewed for VHA-based users**
- **Reduced reliance on interim contracts**

FY2009 Goals

- **Meet target of sharing agreement review turn-around within 90 days to 90% for FY2009**
- **Establish Medicare-based pricing support contract**
- **Clarify VA Directive 1663 for Medical Sharing Agreements**
- **Initiate VHA national clinical contracting training program for VA contracting officials**

Current Status

- **Clarification of Directive 1663 in progress**
 - **Simplify procedures**
 - **Take out contradictions**
 - **Increase flexibility for local facilities to choose sole source contracting if it meets their needs**

Continuing Challenges

- **Consistent training for Contracting Staff at the National level**
- **Structure is in place but training is inconsistent**
- **Federal Acquisition Certification**
 - **Contracting classes for contracting staff to obtain FAC-C certification-warrants**
 - **FAC-COTR training**
- **VA is working diligently to bring consistency to the acquisition training structure**

Challenges 2008 - 2009 (cont'd)

- **As part of a re-alignment effort, VA will be developing performance measures that strengthen oversight controls and monitoring**
- **Will establish standard procedures to follow up on planned improvement actions**

Questions?

Contact Us at...

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