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IMMEDIATE RELEASE

HEALTH AGREEMENTS REACHED WITH VETERANS AFFAIRS

During a joint meeting today at the Pentagon Under Secretary of Defense for Personnel and Readiness David S. C. Chu reached agreements with Deputy Secretary of Veterans Affairs Leo MacKay on a single financial reimbursement methodology between the agencies and on a commitment to conduct joint strategic planning.

The reimbursement methodology decision will result in pursuit of a single regionally adjusted discounted rate structure for DoD-VA medical-sharing agreements. Currently, multiple methodologies are used to set reimbursement rates by the many health facilities of VA and DoD leading to complex and difficult to administer billing and collection processes. Using a single regionally adjusted rate simplifies negotiations among facilities, clarifies reimbursement issues, accounts for local cost differences, and improves data analysis.

"This is a significant step in the right direction," said Chu. "A major obstacle to increased sharing between our two agencies has been the financial reimbursement factor. This marks the beginning of an effort that will include development of business rules, billing guides, implementation plans, accomplishing system changes, and training personnel. We are pleased with the aggressive efforts that led to this decision."

Plans call for initial implementation of this rate structure for ambulatory care services during the first quarter of fiscal 2003. Implementation for inpatient

care, both facility and the professional fee components are targeted to begin in the third quarter of fiscal 2003.

At the meeting, the two senior officials also agreed to undertake an ambitious strategic planning initiative designed to develop a common vision and set of objectives for interdepartmental sharing for the future. Heralded by Mackay as a " bold move," Chu concurred, "It's the next logical step in our moving our relationship forward."

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