



DEPARTMENT OF THE NAVY

BUREAU OF MEDICINE AND SURGERY
WASHINGTON, D.C. 20372-5120

IN REPLY REFER TO
BUMEDINST 4283.1
BUMED-3C22/41
6 Nov 91

BUMED INSTRUCTION 4283.1

From: Chief, Bureau of Medicine and Surgery
To: Ships and Stations Having Medical Department Personnel
Subj: HEALTH CARE CONTRACTING

Ref: (a) Federal Acquisition Regulation (FAR) (NOTAL)
(b) DoD FAR Supplement, Part 37 (NOTAL)
(c) DoD Directive 6025.6 of June 6, 1988 (NOTAL)
(d) DoD Instruction 6025.5 of February 27, 1985 (NOTAL)
(e) SECNAVINST 4350.11
(f) BUMEDINST 6010.13
(g) BUMEDINST 6320.66A
(h) BUMEDINST 6320.67
(i) SECNAVINST 6320.23
(j) DoD Directive 6025.11 of May 20, 1988
(k) DoD Directive 6025.7 of October 21, 1985
(l) SECNAVINST 5310.16
(m) SECNAVINST 4200.31B
(n) OPNAVINST 4860.7B
(o) SECNAVINST 6401.2A
(p) ASD(HA) memo of October 29, 1990 (NOTAL)
(q) FPM 351
(r) NAVMEDCOMINST 6320.29 (NOTAL)
(s) NAVMEDCOMINST 7050.1 (NOTAL)
(t) BUMEDINST 4200.2 (NOTAL)
(u) SECNAVINST 5214.2B

Encl: (1) Terms and Definitions
(2) Contract Analysis Worksheet
(3) Maximum Authorized Compensation for Personal Services Contracts (PSCs)
(4) Personal Services Contract (PSC) Generic Performance Work Statement (PWS) Format For a Physician

1. Purpose. To define management responsibilities and procedures established for personal and nonpersonal services contracting of direct health care from civilian sources.
2. Cancellation. NAVMEDCOMINST 4283.1A.
3. Definitions. See enclosure (1).
4. Applicability. Applies to all health care contracting initiatives within Chief, Bureau of Medicine and Surgery (BUMED) claimancy, and technical approval of all personal service contracts (PSCs) at all other Navy and Marine Corps activities.



TERMS AND DEFINITIONS

1. Acceptable Quality Level (AOL). The deviation from perfect performance of an individual service output that the Government allows before deductions and other contractual remedies may be pursued where indicated by performance trends.
2. Acquisition. Buying, leasing, renting, or otherwise obtaining supplies or services to meet the needs of the Government.
3. Blanket Purchase Agreement (BPA). A simplified procedure of establishing charge accounts with qualified sources of supply to cover anticipated small purchases of the same general category.
4. Clinical Privileges. Permission to provide specific medical and other patient care services, within defined limits, granted by the commanding officer of the facility. Clinical privileges are based on the provider's education, experience, professional license, demonstrated competence, and the ability of the facility to support the privileges requested.
5. Constructive Change. An unauthorized change made simply by the action or inaction of one or both parties to a contract.
6. Contract. An agreement between the Government and contractor expressing terms and conditions affecting price, performance, and delivery. The agreement includes an offer and acceptance between competent parties stated in clear terms and conditions.
7. Contract Modification. A written action changing some part of a contract.
 - a. Administrative Change. A modification signed only by the KO and has no affect on price, performance, or delivery.
 - b. Change Order. A modification signed only by the KO directing the contractor to take certain action (usually affects price, performance, or delivery).
 - c. Supplemental Agreement. A modification signed by both the contractor and KO to make changes in the contract (usually affects price, performance, or delivery).
8. Contracting Officer (KO). Government official who, by position or appointment, is authorized to bind the Government in contracts acting as an agent for the Government.
9. Contracting Officer's Technical Representative (COTR). The Government employee responsible for assuring contractor performance through audit, documentation, and liaison with the

PERSONAL SERVICES CONTRACT (PSC)
GENERIC PERFORMANCE WORK STATEMENT (PWS) FORMAT
FOR A PHYSICIAN (MODIFY FOR OTHER PROFESSIONS)

1. Scope of Contract

a. The work to be performed is located in the (insert specialty) Department of the (insert name and location of medical treatment facility (MTF)). The contractor is a clinical physician, who provides (insert specialty) services.

b. During the term of this contract, the contractor agrees to perform on behalf of the Government the duties of a (insert specialty) medical officer, for treatment of active duty military personnel, their dependents, eligible Navy civilian employees, and other eligible beneficiaries, per the terms and conditions of this contract. While on duty, the contractor shall not advise, recommend, or suggest to individuals authorized to receive health care at Government expense that such individuals should receive care from the contractor when he or she is not on duty, or from a partner or medical group associated in practice with the contractor, except with the express written consent of the MTF commanding officer. The contractor shall not bill individuals entitled to care at this MTF for services rendered pursuant to this contract. The contractor, although in fact not a Government employee, shall comply with Executive Order 11222, May 8, 1965, "Prescribing Standards of Ethical Conduct for Government Officers and Employees," and shall also comply with Department of Defense (DoD) and Department of the Navy (DON) regulations implementing this Executive Order.

2. Duty Hours

a. The contractor shall be on duty at the (insert MTF name) from (insert hour) to (insert hour) on (insert day of work) through (insert day of work) throughout the term of this contract. The contractor shall agree to extend these hours, as necessary, to ensure completion of scheduled patient treatment. The contractor shall be compensated for these extended hours per the applicable line item in Section B of this contract. The contractor shall arrive for each scheduled shift in a well rested condition and shall have had at least 6 hours of rest from all other duties as a physician in any setting immediately before reporting for the shift.

b. The contractor may be required to stand onboard or call watches for emergency treatment of military personnel, their dependents, and other eligible beneficiaries. Determination of circumstances which require onboard or on-call watchstanding are defined in paragraph 3c.

c. Unless assigned watchstanding duties per paragraph 3c below, services shall not be required on the following Federal holidays: New Year's Day, Martin Luther King, Jr.'s Birthday, George Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day, and Christmas Day. Holiday leave is compensated leave for part-time contractors only if the holiday falls on a regularly scheduled workday; paid holiday leave will be equal to the normally scheduled hours in that workday.

d. Planned absences from assigned duties may be requested with 15 working days advance notice, in writing, to the MTF department head, who will normally function as the contracting officer's technical representative (COTR). Planned absences approved by the department head and the COTR (if not one and the same) shall not exceed 13 days per contract year. If the contract period of performance is less than a full work-year (2,087 hours), paid leave will accrue at 1 hour per 20 hours worked.

e. Unplanned absences due to illness or other incapacitation of the contractor, will be allowed and paid up to a maximum of 13 days per contract year for full-time contractors and 1 hour per 20 hours worked for part-time. The contractor shall follow the policy of the MTF commanding officer with respect to notification of such circumstances to the department head and the COTR (if not one and the same). If the contractor is absent for 3 or more days due to illness, the Government reserves the right to require the contractor to provide written documentation from a qualified health care provider that he or she is free from communicable disease. The Government reserves the right to examine or reexamine any such contractor who meets this criterion.

f. Documented military leave is paid leave, not to exceed 15 calendar days per calendar year, and may be taken intermittently, e.g., 1 day at a time. The contractor shall follow the policy of the MTF commanding officer with respect to notification of scheduled military duties to the department head and the COTR (if not one and the same).

3. Duties

a. The contractor shall perform, within the scope of clinical privileges granted by the MTF or DTF, a full range of (insert specialty name) procedures, on-site using Government-furnished facilities, equipment, and supplies. Workload includes scheduled and emergency requirements for care.

b. Routine workload is scheduled by the MTF. Primary workload is a result of appointments scheduled through the MTF's central appointment system. Secondary workload is the result of

consultation requests submitted to the specialty clinic by other staff physicians. The contractor is responsible for a full range of diagnostic examinations, the development of comprehensive treatment plans when indicated, delivery of treatment within the personnel and equipment capabilities of the MTF, provision of mandated medical surveillance and preventive services, and the quality and timeliness of treatment records and reports required to document procedures performed and care provided. The contractor shall refer patients to staff specialists for consultative opinions and continuation of care and shall see the patients of other staff health care providers who have been referred for consultation and treatment.

c. Emergency (insert specialty name) services may be required at any time during the day or night, including holidays, and are to be provided on an onboard basis. The assignment of watches, and determination of circumstances which constitute an emergency requiring callback of the physician assigned on-call watchstanding duty, will be the responsibility and prerogative of the MTF commanding officer or the designated command representative. Onboard watches, if assigned, shall be stood at the (insert name of MTF) and normally will average once every (insert number of days) days, not to exceed (insert number of days) days per contract year. Watches shall be stood on weekdays from the end of normal working hours until (insert time) the following morning and on weekends and Federal holidays from (insert time) to (insert time) the following day, a 24-hour period. The contractor shall be compensated for provision of emergency services and onboard watchstanding per the applicable line items in Section B of this contract.

d. The contractor shall direct supporting Government employees assigned to him or her during the performance of clinical procedures. The contractor performs limited administrative duties which include maintaining statistical records of his or her clinical workload, participating in medical education programs, preparing documentation for medical boards, and participating in clinical staff quality assurance functions as prescribed by the MTF commanding officer or the designated command representative.

e. The contractor may be expected to perform the following functions and estimated monthly workload. This list is not intended to establish either a maximum or minimum acceptable level of effort or be an all inclusive listing of anticipated procedures. Actual contractor clinical activity will be a function of the MTF commanding officer's credentials review and privileging process and the overall demand for (insert specialty name) services. Contractor productivity is expected to be comparable to that of other providers assigned to the same MTF who are authorized the same scope of practice. (Complete the

following lists for scheduled and emergency specialty procedures and cases, inpatient and outpatient consultations, and administrative services to be performed by the contractor. Specify expected scheduled and emergency procedures and cases; specify categories of beneficiary. Do not delete any items shown, annotate with "N/A" if a particular item is not applicable.)

Scheduled Specialty Procedures and Cases

- (a) Procedure 1 _____ per month
- (b) Procedure 2 _____ per month
- ...
- (n) Procedure n _____ per month

Emergency Specialty Procedures and Cases

- (a) Procedure 1 _____ per month
- (b) Procedure 2 _____ per month
- ...
- (n) Procedure n _____ per month

Inpatient Clinical Consultations

- (a) Active Duty Personnel _____ per month
- (b) Retired Personnel _____ per month
- (c) Dependents _____ per month
- (d) Eligible Navy Civilian
Employees _____ per month
- (e) Other Eligibles _____ per month

Outpatient Clinical Consultations

- (a) Active Duty Personnel _____ per month
- (b) Retired Personnel _____ per month
- (c) Dependents _____ per month
- (d) Eligible Navy Civilian
Employees _____ per month
- (e) Other Eligibles _____ per month

Administrative Services

- (a) Boards and Committees
Attendance _____ hours per month
- (b) Continuing Medical
Education _____ hours per month
- (c) Medical Boards _____ hours per month
- (d) Quality Assurance
Functions _____ hours per month

4. Special Requirements

a. Specific skills and knowledge required of physician health care providers by this contract include:

(1) A Doctorate Degree in Medicine from an accredited college approved by the Council on Medical Education and Hospitals of the American Medical Association or Doctorate Degree in Osteopathy from a college accredited by the American Osteopathic Association.

(2) Graduate of an American residency program in the specialty of (insert), approved by the Council of Medical Education and Hospitals of the American Medical Association. The contractor must obtain board-certification within 3 years of original eligibility date, or within two cycles of board examinations as offered by the certifying medical specialty board, whichever occurs later. Recertification in the specialty or subspecialty is required as outlined by the certifying board.

(3) Evidence of continuing medical education which maintains skills and knowledge in the medical specialty.

(4) A current, unrestricted license to practice medicine from one of the individual states, the District of Columbia, the Commonwealth of Puerto Rico, Guam, or the U.S. Virgin Islands. Foreign national health care providers and U.S. citizens who are graduates of foreign medical schools and hired by DoD to provide patient care services independently in a foreign country must maintain a valid, current health care license from the country of residence, and, in the case of foreign medical graduate physicians, must possess an Educational Council for Foreign Medical Graduate (ECFMG) certificate as required by reference (c).

(5) Documentation of current Drug Enforcement Agency number.

(6) Maintain current Basic Life Support (BLS), Advanced Life Support (ALS) or Advanced Trauma Life Support (ATLS). Activities must state the applicable certification required.

b. Guidelines applicable to this contract consist of Public Law, DoD, DON, and BUMED instructions, notices, and publications. Specific guidance includes the Accreditation Manual for Hospitals of the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO), the Manual of the Medical Department, BUMEDINST 6010.13 (Quality Assurance Program), BUMEDINST 6320.66A (Credentials Review and Privileging Program), and BUMEDINST 6320.67 (Adverse Privileging Actions, Review Panel Procedures, and Health Care Provider Reporting), and MTF instructions and

BUMEDINST 4283.1
6 Nov 91

notices, as listed below. In addition, the contractor is required to follow various instructions, directives, and regulations covering routine administrative, safety, and security matters in the same manner as other civilian members of the staff. Such compliance will not constitute a material expense to the contractor.

(NOTE: The requesting activities must specifically cite all local instructions and notices which affect the cost of the contract and which directly affect proper performance of the contract. General administrative instructions and notices are covered by the above paragraph. However, activities must carefully consider which instructions and notices to specifically cite. Should compliance with noncited instructions subsequently increase the cost to the contractor, the Government will be liable for a claim for reimbursement by the contractor.)

c. The contractor shall be subject to the credentials review and verification process of the MTF. Subsequent to contract award and a minimum of 30 calendar days before performance of services, the contractor shall submit to the MTF credentials committee, via the COTR, the credentialing documents and actions identified in attachment (insert). The contractor may not provide services under this contract until clinical privileges have been granted by the commanding officer of the MTF.

d. The contractor may be granted clinical privileges and appointment as a member of the medical staff of (insert name of MTF) only during the continuation of the contract relationship. If the contract relationship ceases for any reason other than a question of clinical competence or professional ethics or conduct, all clinical privileges and the medical staff appointment shall terminate, without the right of recourse to the fair hearing and appeals procedures as provided for in BUMEDINST 6010.17 (Medical Staff Bylaws) and BUMEDINST 6320.67. For issues involving clinical competence or professional ethics or conduct, jurisdiction to take action on the case per BUMEDINST 6010.17 and BUMEDINST 6320.67 will be retained.

e. Personal injury claims alleging negligence by the contractor within the scope of his or her contract performance, and within clinical privileges granted by the MTF commanding officer, shall be processed as claims alleging negligence by DoD military or civil service personnel. The contractor, therefore, shall not be required to furnish malpractice liability insurance.

f. The contractor shall obtain, at contractor expense, a physical examination 60 days before performing service under this contract. No later than 5 days before performing services under this contract the contractor shall provide to the COTR a physical

examination certification which states the date on which the physical examination was conducted, the name of the doctor who performed the examination, and a statement concerning the physical health of the contractor. The certification must contain the following statement:

"(Name of contractor) is suffering from no physical disability or medical condition which would restrict or preclude him or her from providing services as a physician."

Further, the contractor shall agree to undergo personal health examinations and such other medical and dental examinations at any time during the term of this contract, as the MTF commanding officer may deem necessary for preventive medicine, quality assurance, and privileging purposes. These examinations may be provided by the MTF and DTF, or if the contractor so chooses, by private physician or dentist, at no additional cost to the Government. The management of Human Immunodeficiency Virus (HIV) positive health care workers shall be consistent with current Center for Disease Control guidelines.

g. The contractor must follow BUMEDINST 6010.17 related to clinical practice as promulgated by the MTF commanding officer and the nationwide standards of practice of the (insert specialty name) specialty.

h. The contractor will be neat, clean, well groomed, and in appropriate clothing when in patient care and public areas. All clothing shall be free of visible dirt and stains, and shall fit correctly. Fingernails shall be clean and free of dirt, and hair shall be neatly trimmed and combed. The contractor shall display an identification badge on the right breast of his or her outer clothing which includes the contractor's full name and professional status.

i. The contractor shall become acquainted with and obey all station regulations, shall perform in a manner to prevent the waste of utilities, and shall not use Government telephones for personal business. All motor vehicles operated on this installation by the contractor shall be registered with the base security service per applicable directives. Eating by the contractor is prohibited in patient care areas; smoking is prohibited throughout the facility.

j. The contractor is not prohibited, by reason of his or her performance under this contract, from outside employment so long as there is no conflict with the performance of services under this contract. The contractor shall make no use of any Government facilities or other Government property in connection with outside employment.

k. All financial, statistical, personnel, and technical data which is furnished, produced, or otherwise available to the contractor during the performance of this contract are considered confidential business information and shall not be used for purposes other than performance of work under this contract nor be released by the contractor without prior written consent of the COTR. Any presentation of statistical or analytical materials, or any reports based on information obtained from studies covered by this contract, will be subject to review and approval by the COTR before publication or dissemination.

l. The Secretary of the Navy has determined that the illegal possession or use of drugs and paraphernalia in a military setting contributes directly to military drug abuse and undermines command efforts to eliminate drug abuse among military personnel. The policy of the DON (including the Marine Corps) is to deter and detect drug offenses on military installations. Measures to be taken to identify drug offenses on military installations, and to prevent introduction of illegal drugs and paraphernalia, include routine random inspections of vehicles while entering or leaving, with drug detection dogs when available, and random inspection of personal possessions on entry or exit. If there is probable cause to believe that the contractor has been engaged in use, possession, or trafficking of drugs, the contractor may be detained for a limited period of time until he or she can be removed from the installation or turned over to the local law enforcement personnel having jurisdiction. When illegal drugs are discovered in the course of an inspection or search of a vehicle operated by a contractor, the contractor and vehicle may be detained for a reasonable period of time necessary to surrender the individual and vehicle to appropriate civil law enforcement personnel. Action may be taken to suspend, revoke, or deny clinical privileges as well as installation driving privileges. Implicit with the acceptance of this contract is the agreement by the contractor to comply with all Federal and State laws as well as regulations issued by the commander of the military installation concerning illegal drugs and paraphernalia.

m. The contractor must be able to read, write, speak, and understand the English language fluently.

n. Prospective contractors are required to provide proof of U.S. citizenship (certified copy of birth certificate or naturalization papers required) or a valid U.S. Immigration Form I-151 and an Alien Registration Card ("green card"). No alien shall be allowed to perform under this contract in violation of the Immigration Laws of the United States.

5. Failure to Perform

a. Should the contractor be unable to perform duties under this contract due to medical or physical disability for more than 13 consecutive days or because clinical privileges have been summarily suspended pending an investigation into questions of clinical competency or professional ethics or conduct, performance under this contract may be suspended by the contracting officer until such medical or physical disability is resolved or, in the case of suspension of clinical privileges, until clinical privileges are reinstated. If performance under the contract is suspended, no compensation or reimbursement shall accrue to the contractor while performance is suspended.

b. Permanent revocation of clinical privileges and permanent adverse administrative actions due to professional misconduct against licensed or certified providers shall be reported to the appropriate professional licensure clearing house or to the licensing authorities of the State or Country in which the contractor is licensed to practice, following DoD Directive 6025.11 of May 20, 1988, SECNAVINST 6320.23, and BUMEDINST 6320.67. In addition, contract providers are advised that DoD participates in the national reporting system established under Part B of the Health Care Quality Improvement Act of 1986, Public Law 99-660. Reports, naming individual providers, shall be submitted to the National Practitioner Data Bank per this Act.

c. The Government may terminate this contract for default upon documentation of revocation of clinical privileges, failure to abide by the provisions of the contract, abuse of its provisions, or abuse or fraud committed against any agency of the Government by the contractor, or in the event of illness or incapacity rendering the contractor incapable of delivering services. Failure to obtain board-certification within the time frames stated in paragraph 4a(2), or failure to maintain certification once attained, could result in immediate contract termination for default without right to invocation of fair hearing procedures. Failure to maintain a current unrestricted license will result in immediate contract termination for default without right to invocation of fair hearing procedures.

BUMEDINST 4283.1
6 Nov 91

contractor and the KO. The COTR, although appointed in writing by the KO, has no authority to resolve contract disputes or obligate funds.

10. Contractor. A private, non-Government party who enters into a contract with the Government.

11. Credentials Verification. Written or documented telephonic confirmation from a primary source (granting agency), or approved service that consults the primary source, and confirms the authenticity of professional documents. Verification of credentials substantiate that information provided by the health care provider is current, correct, and that qualifications claimed are accurate. Credentials verification must be completed before initial employment of health care providers.

12. Delivery Order. A contractual document issued by the KO under an existing contract.

13. Head of Contracting Activity (HCA). The person who, by position, can bind the Government in contracts and who may delegate this authority to others. (HCA for Navy is Commander, Naval Supply System Command (COMNAVSUPSYSCOM).)

14. NAVCARE. NAVCARE clinics are free standing medical facilities located within the referral vicinity of a Navy MTF. These clinics provide acute and chronic care on a walk-in basis, prescription refills, immunizations, and mammograms to both active duty personnel, dependents, and retirees. The facilities are entirely contractor-owned and contractor-operated.

15. Nonpersonal Services Contract. A contract under which the personnel rendering the services are not subject, either by the contract's terms or by the manner of its administration, to the supervision and control usually prevailing in relationships between the Government and its employees.

16. Performance Requirements Summary (PRS). A list of the primary products (i.e., service outputs) of the contract that will be evaluated by the Government to assure contract performance standards are met by the contractor.

17. Performance Work Statement (PWS). A document that accurately describes the Government's needs for essential or technical services in terms of the desired output or end product. Typically, the PWS becomes a part of the procurement solicitation package and includes standards of performance and acceptable quality levels.

18. Personal Services Contract (PSC). A contract that, by its express terms or as administered, makes the contractor personnel appear, in effect, to be Government employees. The Government retains management authority of the personnel providing the services.
19. Procurement Administration Lead Time (PALT). The period of time required to advance through the procurement process. The time varies depending on the projected dollar value of the potential contract.
20. Procurement Request (PR). The document prepared by a requiring activity containing the information necessary to permit contracting. The PR commits money based on the estimated amount required to obtain the requested supplies or services.
21. Quality Assurance (QA). Those actions taken by the Government to check goods or services listed on the performance requirements summary to determine if the requirements of the PWS are met.
22. Quality Assurance Surveillance Plan (QASP). A detailed written plan used for QA surveillance of the contractor for each item in the PRS.
23. Quality Control. Those actions taken by a contractor to control the provision of services so that the requirements of the PWS are met.
24. Service Contract. A contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than furnish an end item of supply. A service contract may be either personal or nonpersonal.
25. Statement of Work (SOW). Another term for PWS.

CONTRACT ANALYSIS WORKSHEET

1. Facility: _____ UIC: _____
2. Funding Source: _____ Local (from existing MTF base)
_____ Central (from BUMED base)
3. Requested Start Date: _____ (Month and Year)
4. Point of contact for further information:
Name: _____
Facility and code: _____
Commercial telephone: _____
Defense Switched Network (DSN): _____
Telefax: _____

Section I. Services Desired

1. Type of contract requested: (Check all that are applicable)
 New contract
 Recompensation
 Expansion of Existing Contract
 Personal Services Contract
 Nonpersonal Services Contract
 Internal
 External
 Alternate Use of Civilian Health and Medical Program of
the Uniformed Services (CHAMPUS) Funds
2. Identify Specialty Service: _____
3. Identify beneficiary categories to be served by contract:
(please indicate percentages of total contract workload)
 Active Duty
 Active Duty Dependents (CHAMPUS Eligible)
 Retirees and Their Dependents or Survivors (CHAMPUS
Eligible)
 Retirees and Their Dependents or Survivors (Medicare
Eligible)
4. Have you requested this service under any other program?
(e.g., alternate use of CHAMPUS fund, partnership.) If yes, what
is the status of this request?

BUMEDINST 4283.1
6 Nov 91

5. Will a waiver to perform local procurement be required? If yes, explain.

6. Will the contract provide:

Outpatient Care	Yes _____	No _____
Inpatient Care	Yes _____	No _____
After Hours or Weekend Call	Yes _____	No _____

7. Level of service provided by the contract full-time equivalents (FTEs): _____. (Prorate if less than full time: 40 hours per week = 1 FTE; 20 hours per week = 0.5 FTE; 16 hours per week = 0.4 FTE, etc.).

8. Provide a specific narrative description of services to be contracted: (e.g., outpatient orthopedic services consisting of two providers, one registered nurse (RN), one licensed practical nurse (LPN), and two clerk typists at branch medical clinic, naval air station (NAS) homeport.).

9. Provide staffing levels currently in place:

	<u>Billets</u>	<u>Onboard</u>
Military		
Officer	_____	_____
Enlisted	_____	_____
Civilian	_____	_____
Partnership	_____	_____
Contract	_____	_____

Section II. Justification

1. Why is the contract required? (e.g., loss of military staff, to meet unmet demand handled by CHAMPUS.).

2. Have other options been considered? List each option and explain. (e.g., partnership program, resource sharing agreements under CHAMPUS Reform Initiative (CRI), alternate use of CHAMPUS funds, interservice or intraservice agreements (ISSAs), and blanket purchase agreements (BPAs). If so, why are these options not feasible?

3. What is the current service level in the specialty? (List current staffing levels and workload, break down workload into beneficiary category. Complete this section for ancillary as well as specialty services.)

4. Describe how workload was previously accomplished and proposed disposition of personnel presently in that function.

5. Will additional space requirements be necessary to accomplish the contracted function? ____ Yes ____ No. If yes, explain.
6. Will additional ancillary services be required to accomplish the contracted function? ____ Yes ____ No. If yes, who will supply the additional ancillary services? Explain.
7. Will additional support personnel be required to accomplish the contracted function? ____ Yes ____ No. If yes, who will provide the support personnel? Explain.
8. Will additional supplies or equipment be necessary to accomplish the contracted function? ____ Yes ____ No. If yes, how will they be provided? Explain.

SECTION III. Cost Benefit Analysis

1. Medical Expense and Performance Reporting System (MEPRS) area targeted: (Four-Level MEPRS Code): _____

2. Projected workload:

	Outpatient Visits (OPVs)	Admissions
Active Duty	_____	_____
Active Duty/Dependents	_____	_____
Retired/Dependents under 65	_____	_____
Retired/Dependents 65+	_____	_____
Total	_____	_____

3. If this is an increase over existing workload, explain the reason for increase and amount of increased workload: (e.g., homeporting, closure of another service's MTF, etc.).

4. Is this contract expected to recapture any of the ghost population? If yes, estimate workload to be recaptured.

5. Projected workload loss if contract not available: Explain.

OPVS _____ Admissions _____

6. List current sources of this type of care for beneficiaries:

BUMEDINST 4283.1
6 Nov 91

7. Existing CHAMPUS workload in catchment area: (Provide copy of source document, e.g., Retrospective Case Mix Analysis System (RCMAS) or Health Care Summary Report (HCSR).

OPVS _____ Admissions _____

8. Were nonavailability statements issued in this specialty in previous year? If yes, please note volume.

9. Prior fiscal year office of medical affairs (OMA), supplemental care for this specialty:

OPVS _____ Admissions _____

Cost _____ Cost _____

10. Projected funding benefit: (e.g., CHAMPUS savings or cost avoidance.).

Section IV. Financial Analysis Workload of Requested Contract

	FY92	FY93	FY94	FY95	FY96
1. Direct Cost					
Labor Cost					
(Regular)	_____	_____	_____	_____	_____
Labor Cost	_____	_____	_____	_____	_____
(Extended hours/ call back/onboard watchstanding)					
Supplies	_____	_____	_____	_____	_____
Equipment*					
New Equipment	_____	_____	_____	_____	_____
Maintenance	_____	_____	_____	_____	_____
Shared Services					
Partnership	_____	_____	_____	_____	_____
Subtotal (Direct)	_____	_____	_____	_____	_____
2. Indirect Cost					
Ancillary Services					
Add. Salaries	_____	_____	_____	_____	_____
Add. Equipment	_____	_____	_____	_____	_____
Add. Maintenance	_____	_____	_____	_____	_____
Contract Services	_____	_____	_____	_____	_____
Profit	_____	_____	_____	_____	_____
General & Admin (G&A)	_____	_____	_____	_____	_____
Subtotal (Indirect)	_____	_____	_____	_____	_____
3. Total (Direct+Indirect)	_____	_____	_____	_____	_____

* New equipment to be purchased by hospital in support of contract.

Section V. Projected Savings

	FY92	FY93	FY94	FY95	FY96
1. Savings/Cost Avoidance					
CHAMPUS					
# OPVs	_____	_____	_____	_____	_____
Average Cost	_____	_____	_____	_____	_____
Total dollars	_____	_____	_____	_____	_____
OMA/Supplemental Care					
# Admissions	_____	_____	_____	_____	_____
Average Cost	_____	_____	_____	_____	_____
Total dollars	_____	_____	_____	_____	_____
2. Total Projected Savings	_____	_____	_____	_____	_____
3. Net Savings	_____	_____	_____	_____	_____
4. Return on Investment (Savings/Cost)	_____	_____	_____	_____	_____

Section VI. Additional Rationale. (Provide other impact statement input to justify contract, e.g., what is the effect of not contracting?).

Section VII. To be completed for ancillary services contracts only. (Identify increased workload only.)

	<u>Number of Procedures</u>	<u>Cost</u>
1. Radiology		
Nuclear Medicine	_____	_____
MRI	_____	_____
CT Scans	_____	_____
Ultrasound	_____	_____
STD Fluoroscope	_____	_____
Non Fluoroscope	_____	_____
Other (Specify)	_____	_____
	_____	_____
2. Total	_____	_____

3. Pharmacist: (Identify increased workload only).

4. Pharmacy Technicians: Identify increased workload to be captured and identify cost savings, e.g., number of scripts, amount of IV mixture prepared.

5. Laboratory Technicians: Identify increased workload to be captured, e.g., numbers of most frequently used lab tests and identify cost savings.

MAXIMUM AUTHORIZED COMPENSATION FOR
PERSONAL SERVICES CONTRACTS (PSCs)

TABLE OF MAXIMUM AUTHORIZED PSC COMPENSATION

<u>Occupation or Specialty Group</u>	<u>Compensation Rate Pay Grade</u>	<u>Not to Exceed* Years of Service</u>
I. Physicians and dentists	0-6	over 26
II. Other individuals, including nurse practitioners, nurse anesthetists, and nurse midwives, but excluding paraprofessionals	0-5	over 20 but less than 22
III. All registered nurses, except those who are included in group II	0-4	over 16 but less than 18
IV. Paraprofessionals	0-3	over 6 but less than 8

*Per DoD Supplement to Federal Acquisition Regulation (DFAR), Part 37, compensation rate includes basic pay, special and incentive pays, and bonuses and allowances authorized by chapters 3, 5, and 7 of title 37 for a commissioned officer with comparable professional qualifications.

1. Compensation for PSC health care providers must be comparable to rates paid for similar services in the locality of the health care facility and the background, experience, and other qualifications of providers in that specialty, less cost of malpractice liability insurance. Part 31 of the Federal Acquisition Regulation (FAR) states that compensation may include reasonable general and administrative (G&A) expenses, such as contributions to pensions and health insurance plans. Part 15 of the FAR states that compensation may also include a reasonable profit over and above direct and indirect costs. The maximum authorized PSC compensation applies to compensation paid to the individual provider. Department of the Navy, Office of General Counsel opinion of 30 August 1988 states that G&A expenses and profit may be laded over and above the maximum compensation if the contract is awarded to a firm.

2. The maximum rates of compensation are based on a full work-year (2,087 hours), including holidays, annual leave, and sick leave. Compensation for less than a full work-year must be prorated based on the above table; holidays, annual leave, and sick leave must also be prorated.

BUMEDINST 4283.1
6 Nov 91

a. FAR Part 37 states that the contractor must be paid the same annual and sick leave benefits as a civilian employee under excepted appointment, i.e., 13 days each of annual and sick leave per year for full-time personnel, or 1 hour each of annual and sick leave per 20 hours in a pay status for part-time personnel.

b. FAR Part 37 states that the contractor may be paid for Federal holidays and other administrative leave, but only if specifically provided for in the contract; such benefits may not exceed those to which the individual would be entitled under excepted appointment.

(1) Full-time civilian employees are compensated for 10 Federal holidays per year; BUMED currently authorizes equal compensation for full-time contract personnel at BUMED claimancy activities.

(2) Military leave for civilian employees is paid leave, not to exceed 15 calendar days per calendar year, and may be taken intermittently, e.g., 1 day at a time. Consequently, compensation for documented military leave for contractors, who are also military reservists, is reasonable and is authorized for contract personnel at BUMED claimancy activities. Holiday leave is compensated leave for part-time contractors only if the holiday falls on a regularly scheduled workday; paid holiday leave will be equal to the normally scheduled hours in that workday.

c. Compensation for work performed outside the normal workweek, such as watchstanding or emergency call back services, is negotiable and must be provided for by separate line items in Section B of the contract.

3. Comptroller General of the United States Decision #B-11231565 of 14 November 1988 states that when the military and naval departments enter into statutorily authorized PSCs for retired service members who are specialists in medicine and related fields, the retirees do not thereby become civilian Federal employees in established Government positions. Hence, they are not covered by the dual compensation restrictions of 5 U.S.C. 5531 and 115532 (1982), which apply to a retired service member who holds a civilian "position" in the Government. Therefore, retired military and naval personnel are not subject to reductions in their retired pay when they enter into contracts with the Government under the authority of 10 U.S.C. 1091 (supp. IV, 1986) to provide health care services.

5. Background

a. In January 1987, at the request of the Chief of Naval Operations, BUMED was tasked to develop a plan with the primary objective of reducing overall Navy Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) costs. This plan includes optimizing the use of Navy medical and dental treatment facilities (MTFs and DTFs), while maintaining the existing high quality of health care.

b. Several methods were identified to accomplish this task. They include: active duty military and civilian personnel reprogramming; partnership agreements; alternate use of CHAMPUS funds projects; health care finders; use Department of Veterans Affairs and Department of Defense (VA/DoD) resource sharing; interservice or intraservice resource sharing; and health care contracting.

c. With the majority of these methods already in place, health care contracting was selected as another alternative to attaining Navy medicine's goal. It would bring needed physicians, nurses, and other personnel to the treatment facility so that outpatients and inpatients could be treated using available internal support services that would otherwise be inefficiently used. It would also support the Navy Cares (NAVCARE) Program, which generates specialty referrals to the MTF capturing workload that would otherwise be lost to the civilian health care sector.

6. Objectives

a. Improve access to care for our beneficiary population.

b. Allow redistribution of our current manpower resources for enhancement of our readiness posture.

c. Broaden our referral base.

d. Strengthen training programs for mobilization related specialties.

e. Help contain future CHAMPUS and Naval Office of Medical and Dental Affairs (MEDDEN AFFAIRS) costs.

7. Policy

a. The commanding officer has the ultimate responsibility for all health care provided within the MTF and DTF including contract health care. Health care contracting will be used to satisfy beneficiary needs in the following circumstances:

(1) When efforts to reprogram resources have been exhausted.

(2) When a need for health care resources or services is recognized and health care contracting is the optimum solution.

(3) When the cost of alternative care presently available exceeds the estimated cost of contracted care.

(4) When the contracted care does not conflict with the primary readiness mission.

(5) When funding is available.

b. Contracts for health care will be awarded and administered pursuant to references (a) and (b).

c. Preference will not be given to former Federal Government employees in awarding contracts.

d. Option years should be specified in the contract if the requirements are anticipated to exceed 1 year. Critical manpower shortages of less than a 1-year duration should be met by other staffing options, such as military temporary additional duty.

e. All health care contractors must comply with the pertinent provisions of references (c) through (o). However, licensure requirements for PSCs are as delineated in reference (c).

f. Health care contracting is not to be used as the sole basis or justification for procurement of additional equipment, support resources, or construction projects.

g. Health care contracting must not be used to establish new clinical services, unless such services have been previously approved by BUMED; to displace incumbent civilian or military personnel; or to circumvent Office of Personnel Management (OPM) Federal civilian hiring practices.

h. PSCs are limited to services provided onboard (in the MTF or DTF) by health care providers who participate in clinical patient care and services. Some examples of direct health care providers are nurses, radiology technicians, dental hygienists, and medical technologists. Not included are services of personnel whose duties are predominantly administrative or clerical, and personnel who provide maintenance or security services. PSCs may not be used for administrative management or any inherently governmental function, thus ensuring that the Government retains functional management over the health care services provided, and that DoD supervisors direct the activities of PSCs.

i. Procurement requests for health care service contracts should include a comprehensive statement of work (SOW) to include experience, credentialing, and licensing requirements consistent with references (c), (d), and (g). The procurement request must include recommended evaluation factors to be used to evaluate the offerer's proposals to ensure that the contractor is capable of providing the required service. For example, for a PSC, the Government may evaluate an individual's qualifications, while for a nonpersonal service contract, the Government may evaluate the company's abilities to recruit qualified personnel.

j. Contractual information is proprietary business information. As required by reference (a), proprietary information and source selection information must be protected from unauthorized disclosure. Unauthorized release may compromise the Navy's ability to conduct future negotiations and result in litigation.

k. Per reference (p), current language contained in paragraph 2a and 4j of enclosure (4) and similar language appearing in the SOW for nonpersonal service contracts fully satisfies the off-duty employment limitation of references (k) and (l).

8. Action

a. BUMED:

(1) Develops a 5-year contracting plan for BUMED claimancy. Manages the overall health care contracting program: (MED-03 for medical services, MED-06 for dental services)

(a) Reviews requests for health care contracting with the intent to provide aggregate solutions to beneficiary needs which are most advantageous in terms of cost or overall mission accomplishment. Provides conceptual approval or disapproval to the requesting activity for proposed personal and nonpersonal services contracts, whether funded locally (from MTFs and DTFs existing budget base) or centrally (from BUMED, for a specific contract, not to exceed a specific dollar amount). Provides a copy of the conceptual approval or disapproval to MED-01, MED-04, health care support offices (HLTHCARE SUPPOs), San Francisco Medical Command (SFMC), and the Naval Medical Logistics Command (NAVMEDLOGCOM). Conceptual approval is required for new contracts and for recompetitions (contracts which must be resolicited for continuation of services beyond expiration of all option periods). Conceptual approval and funding reservation will be accomplished before any other action is taken by the requesting activity, the HLTHCARE SUPPO, SFMC, NAVMEDLOGCOM, or other contracting offices.

(b) Ensures reprogramming efforts of current BUMED assets are exhausted before approval of a new contract request. Placement of all assets must be reviewed without bias so that personnel, supporting fund resources, and investment equipment are allocated to meet mission-related needs. All reprogramming efforts must be prioritized by cost-benefit to the Government, determining where internal assets provide the greatest advantage in meeting beneficiary needs as determined by BUMED.

(c) Monitors the progress and achievement of health care contract. Monitoring will include, but not be limited to, review of contract-enhanced productivity of individual activities, evidence of cost-reduction, and increases and improvements in services provided to meet beneficiary needs.

(d) Coordinates the review of all health care contracting proposals to ensure efforts meet beneficiary needs. Contracting proposals of similar priority must be consolidated for development, solicitation, and award.

(2) Provides financial oversight for health care contracting. MED-01:

(a) Submits a formal budget that identifies contract priorities established by MED-03.

(b) Issues funding documents for health care contracting to activities via the HLTHCARE SUPPO and SFMC, when applicable.

(c) Provides financial workload and demographic data gathering, evaluation, and analysis for all national contracting efforts in conjunction with MED-03.

(d) Evaluates expense and obligation performance of all contracts to ascertain current year fund availability for reallocation, consistent with MED-03 or MED-06 contracting plan.

(3) Maintains a system-wide health care contract tracking system. MED-04:

(a) Assists the contracting office as needed in the development of the appropriate contracting methodology. Endorses, if applicable, additional procurement authority, after conceptual approval and funding reservation.

(b) Ensures all contracts, both proposed and funded, are entered into the tracking system to allow timely evaluation of progress made in committing resources for health care contracting.

BUMEDINST 4283.1
6 Nov 91

(c) Develops and updates the tracking system data base monthly and provides individual reports within BUMED reflecting the status of all contracts.

(d) Monitors procurement progress toward contract award.

b. Naval Medical Logistics Command (NAVMEDLOGCOM):

(1) Assists activities in the development of specific performance work statements (PWSs). Maintains a library of personal and nonpersonal services (PWS) templates for use by activities. Makes templates available to activities on request.

(2) Provides technical review and approval of all personal and nonpersonal PWSs for BUMED funded activities. Provides technical review of all personal service PWSs for commands outside BUMED claimancy. Provides technical guidance and assistance concerning the health care contracting process. Subject matter expertise will be obtained through consultation with appropriate medical, dental, and contracting personnel.

(3) Develops a request for proposal (RFP) on all approved personal and nonpersonal service contracting actions assigned specifically to NAVMEDLOGCOM. On request, provides assistance to the requesting activity for the local Navy regional contracting center (NAVREGCONCEN) or naval supply center on solicitation packages specifically waived by BUMED.

(4) Develops, implements, and administers the technical proposal evaluation process for personal and nonpersonal services contracts specifically assigned to NAVMEDLOGCOM.

(5) Chairs the technical evaluation committee using a panel of experts composed of available active duty expertise in the health care specialty (or specialties) to be contracted and personnel with technical expertise in implementing health care contracts.

(6) Collects and provides financial, workload, and demographic data, evaluation, and analysis, as requested, for all national contracting efforts. Compares data with other health care contracting experience in the Federal sector. Based on evaluations, advises MED-04 on prospective contracting methodologies.

(7) Provides administrative support through analysis of contracting officer (KO) actions and advises contracting officer's technical representatives (COTRs) when administrative issues develop.

(8) Provides contract law support through command legal counsel.

(9) Sponsors COTR training courses. Provides technical material, quota assignments, and syllabi for all medical related COTR training. Schedules courses based on demand from claimancy activities. Selects training sites based on the greatest economic benefit to the Medical Department.

(10) Develops cost and pricing strategies for proposed health care contracts. Costs and pricing data are used in developing contracts and in proposal evaluations.

c. HLTHCARE SUPPO and SFMC:

(1) Review all activity health care contracting initiatives within area of responsibility. Forward reviewed contract initiatives to MED-03 or MED-06 for conceptual approval.

(2) Perform support area resource (funding and manpower) in-depth analysis so the greatest beneficiary need is met within resource constraints.

(3) Monitor all approved health care contracting efforts that include scope, use, and a scheduled review cycle of all MTF or DTF COTR records.

(4) Make on-site visits to provide technical assistance in the development of approved contracting initiatives.

(5) Validate the information in the tracking system with the status of health care contracting efforts.

(6) Ensure that a current hard copy of all awarded health care contracts (personal and nonpersonal) are forwarded to NAVMEDLOGCOM. Forward copies of the "Schedule B" to MED-41.

(7) Ensure adequate funding is available on all approved contracting efforts.

(8) Coordinate health care contract tracking system data with MTFs and DTFs and submit to MED-04.

d. MTFs and DTFs:

(1) Initiate health care contracting requests based on enhancements to the mobilization mission and better satisfaction of beneficiary need. All proposed contracting efforts must be forwarded through the HLTHCARE SUPPO and SFMC for review and possible consolidation.

BUMEDINST 4283.1
6 Nov 91

(2) Forward contracting requests to MED-03 for medical care and MED-06 for dental care via the HLTHCARE SUPPO and SFMC. National Naval Medical Center (NATNAVMEDCEN) and National Naval Dental Center (NATNAVDENCEN) must forward requests directly to BUMED. At a minimum, the request must be in the format of enclosure (2) and include the following information:

(a) Whether the request is for a new contracted service, resolicitation of current services, or an expanded level of current contracted service.

(b) The requirement that will be satisfied by the proposed contract and the impact on mission accomplishment if the request is not approved.

(c) A recommendation for using either personal or nonpersonal services contracting based on:

1. Level of supervision required.
2. Urgency of required contract support.
3. Pay limitations imposed by personal services contracting (enclosure (3)).
4. Continuation of care. A recommendation for using either an internal or external contract, based on space and equipment availability, support staff, and availability of services.

(d) The proposed disposition of the personnel presently in that position or function, if applicable. If civilian personnel experience adverse actions or are to be displaced, include the Commercial Activities (CA) Program impact or reduction in force action timing, per references (m), (n), and (q).

(e) Assurance of sufficient space, ancillary services, support personnel, and supplies in the facility to accomplish the anticipated workload.

(f) The estimated total cost of the proposed contract and direct savings and cost avoidance that will result from implementation of the contract. Direct and indirect costs should be broken out as indicated in enclosure (2).

(g) Alternative proposals that were reviewed per references (r) and (s) to arrive at the recommended contracting effort, and a comparison of alternative costs.

(h) Coordinate the development of final PWSS with NAVMEDLOGCOM for procurement action, unless waived for local contracting by BUMED. Request for waivers to use local contracting will be reviewed on a case-by-case basis.

(3) After BUMED conceptual approval and determination of contract methodology and procurement authority, develop a PWS with the assistance of NAVMEDLOGCOM, as required. PWSS for PSCs must be in the format of enclosure (4). NAVMEDLOGCOM determines format for nonpersonal service contracts. Forward PWS to NAVMEDLOGCOM for technical approval, review, and final procurement action unless waived by BUMED for local contracting.

(4) Provide input to the tracking system for all approved health care contracts and electronically transmit the health service contract (HSC) tracking system report to the HLTHCARE SUPPO or SFMC by the 5th of each month.

(5) Maintain a training schedule for all contract administration personnel. Ensure COTRs meet the training requirements in reference (t).

(6) Monitor and report monthly expended cost once the contract begins; projected and actual workload (measurement specified in the approved contract); and cost savings (e.g., CHAMPUS).

8. Department of Navy (DON) Activities Outside BUMED Claimancy. All DON activities outside BUMED claimancy desiring to execute PSCs with direct civilian health care providers must submit their PWSS to NAVMEDLOGCOM for technical review and approval, per reference (e). Funding of technically approved PSCs is the responsibility of the cognizant major claimant.

9. Reports Exemption. The requirements contained in paragraph 7 are exempt from reports control by reference (u), part IV, paragraph G8.


D. F. HAGEN

Stocked:
Navy Aviation Supply Office
Physical Distribution Division Code 103
5801 Tabor Ave.
Phila., PA 19120-5099