

104TH CONGRESS
2D SESSION

H. R. 3950

To amend title 38, United States Code, to reorganize the veterans health system; to improve access to, and the quality and efficiency of, care provided to the Nation's veterans; to operate the veterans health system based on the principles of managed care, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 2, 1996

Mr. LONGLEY introduced the following bill; which was referred to the
Committee on Veterans' Affairs

A BILL

To amend title 38, United States Code, to reorganize the veterans health system; to improve access to, and the quality and efficiency of, care provided to the Nation's veterans; to operate the veterans health system based on the principles of managed care, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the “GI
5 Bill of Health”.

1 (b) TABLE OF CONTENTS.—The table of contents of
 2 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

Sec. 3. Purposes.

Sec. 4. Veterans Health Care Security.

Sec. 5. Technical and conforming amendments to chapter 17 of title 38, United States Code.

Sec. 6. Technical and conforming amendments to title 38, United States Code.

Sec. 7. Effective date.

3 **SEC. 2. FINDINGS.**

4 The Congress finds as follows:

5 (1) The Veterans Health Administration of the
 6 Department of Veterans Affairs operates one of the
 7 Nation's largest hospital and health care systems,
 8 consisting of 172 medical centers, 375 ambulatory
 9 clinics, 133 nursing homes, 39 domicilaries and 202
 10 counseling centers.

11 (2) The veterans health system is a national re-
 12 source which must be preserved to ensure that all
 13 deserving veterans, including those who have suf-
 14 fered service-connected disabilities, receive the spe-
 15 cialized care which only that system provides.

16 (3) The costs of operating the veterans health
 17 system have increased substantially in recent years,
 18 thus jeopardizing the ability of the Veterans Health
 19 Administration to provide needed services to eligible
 20 veterans under funding levels established by law.

1 (4) In response to escalating costs and the lim-
2 ited availability of appropriated funds, the Depart-
3 ment of Veterans Affairs has imposed a complex set
4 of restrictions on access to the veterans health sys-
5 tem, thereby reducing eligibility for care and dis-
6 couraging otherwise-eligible veterans from seeking
7 care.

8 (5) Restrictions on eligibility for services and
9 access to the veterans health system, imposed as
10 cost-control measures, defeat the purpose for which
11 the system was established and undermine the com-
12 pact between the United States and those who have
13 served in uniform.

14 (6) The Nation's 27,000,000 veterans of mili-
15 tary service, having sacrificed to protect their coun-
16 try, now require a veterans health system which pro-
17 vides comprehensive care for themselves and their
18 dependents; one which provides services necessary
19 for the treatment of service-connected disabilities at
20 no charge, and provides other services on a cost-re-
21 covery basis where the veteran has health insurance
22 or resources otherwise adequate for payment.

23 (7) The veterans health system in order to offer
24 comprehensive services must be reorganized based
25 upon the principles of managed care and have the

1 authority to recover costs, where appropriate, for
2 providing such services.

3 **SEC. 3. PURPOSES.**

4 The purposes of this Act are as follows:

5 (1) To reorganize the veterans health system to
6 improve access to, and the quality and efficiency of,
7 care for the Nation's veterans.

8 (2) To operate the veterans health system based
9 upon the principles of managed care.

10 (3) To ensure all veterans with service-con-
11 nected disabilities have access to all services nec-
12 essary for the treatment of such disabilities at no
13 charge.

14 (4) To ensure all special-category veterans, as
15 defined in law, along with indigent veterans and vet-
16 erans with service-connected disabilities, receive a
17 continuum of health care services at no charge or re-
18 duced charge.

19 (5) To control the cost of operating the veter-
20 ans health care system by encouraging veterans who
21 do not currently receive care in Department of Vet-
22 erans Affairs facilities to enroll in Veterans Health
23 Plans.

24 (6) To improve the long-term financial health of
25 the veterans health system by attracting resources

1 into the system from other Federal programs, third-
 2 party payers, and employers of veterans.

3 (7) To permit the veterans health system to re-
 4 tain all payments made to the Department of Veter-
 5 ans Affairs for health care services.

6 (8) To eliminate unnecessary, duplicative, or
 7 contradictory regulations that hamper the ability of
 8 the veterans health system to operate effectively and
 9 efficiently.

10 **SEC. 4. VETERANS HEALTH CARE SECURITY.**

11 Title 38, United States Code, is amended by inserting
 12 after chapter 17 the following new chapter:

“CHAPTER 18—VETERANS HEALTH SYSTEM

“SUBCHAPTER I—ENROLLMENT

Sec.

- “1801. Enrollment of veterans.
- “1802. Enrollment of veterans’ dependents.
- “1803. Enrollment of CHAMPVA eligibles.
- “1804. Enrollment process.

“SUBCHAPTER II—ELIGIBILITY

- “1805. Eligibility definitions.
- “1806. Eligibility for benefits.

“SUBCHAPTER III—BENEFITS

- “1807. Basic benefits package.
- “1808. Comprehensive benefits package.
- “1809. Supplemental health benefits packages.

“SUBCHAPTER IV—PAYMENT POLICIES

- “1810. Payment policies for entitled veterans.
- “1811. Payment policies for certain veterans and veterans’ dependents enrolled in a Veterans Health Plan.
- “1812. Payment policies for veterans eligible for federally-administered health care programs.
- “1813. Payment policies for eligible veterans and veterans’ dependents with Medicare Supplemental health insurance coverage.
- “1814. Payment policies for fee-for-service benefits.

“SUBCHAPTER V—FINANCING

- “1815. Creation of Department of Veterans Affairs Health Plan Fund.
- “1816. Guaranteed funding of Federal Costs.
- “1817. Resource allocation.

“SUBCHAPTER VI—DELIVERY OF HEALTH CARE SERVICES

- “1818. Responsibilities of the Secretary of Veterans Affairs.
- “1819. Responsibilities of Veterans Health Plans and Veterans Health Plan Directors.

“SUBCHAPTER VII—STATE HEALTH CARE SYSTEMS

- “1820. State health care reform.
- “1821. Applicability of State law.
- “1823. General definitions.

“SUBCHAPTER VIII—GENERAL PROVISIONS

- “1822. Budget reporting requirements.

1 “SUBCHAPTER I—ENROLLMENT

2 **“§ 1801. Enrollment of veterans**

3 “The Secretary shall establish a process for the en-
 4 rollment into Veterans Health Plans of entitled and eligi-
 5 ble veterans.

6 **“§ 1802. Enrollment of veterans’ dependents**

7 “The Secretary shall establish a process for the en-
 8 rollment into Veterans Health Plans of the dependents of
 9 enrolled veterans, as defined in section 1805(c) of this
 10 title.

11 **“§ 1803. Enrollment of CHAMPVA eligibles**

12 “The Secretary shall establish a process for the en-
 13 rollment into Veterans Health Plans, in the same manner
 14 as a veteran, of individuals who are eligible for benefits
 15 under section 1713 of this title.

1 **“§ 1804. Enrollment process**

2 “(a) The Secretary shall provide for a continuous
3 open enrollment period of 18 months following implemen-
4 tation of the GI Bill of Health, during which period enti-
5 tled and eligible veterans and their dependents may first
6 enroll in a Veterans Health Plan.

7 “(b) For each entitled or eligible veteran, when the
8 veteran first becomes eligible to enroll in a Veterans
9 Health Plan, there shall be an initial enrollment period
10 of not less than 30 days during which the veteran may
11 first enroll in such Veterans Health Plan.

12 “(c) The Secretary shall establish an annual period
13 of not less than 30 days during which entitled and eligible
14 veterans may enroll in a Veterans Health Plan. Such an-
15 nual enrollment period shall coincide with the annual open
16 season under the Federal Employees Health Benefits Pro-
17 gram as established under chapter 89 of title 5. All Veter-
18 ans Health Plans shall designate the same annual enroll-
19 ment period.

20 “(d) If a veteran enrolls in a Veterans Health Plan,
21 such veteran may at the same time enroll the veteran’s
22 dependents in the Plan as a family enrollment.

23 “(e) In the case of a veteran who experiences a
24 change of family composition through marriage, divorce,
25 birth or adoption of a child, or similar circumstances, the
26 Secretary shall provide for a special enrollment period in

1 which the veteran is eligible to change the individual or
2 family basis of enrollment in a Veterans Health Plan.

3 “(f) Enrollment of a dependent of an enrolled veteran
4 shall be considered timely if a request for enrollment is
5 made within 30 days of a marriage or birth or adoption
6 of a child if family coverage is available as of such date.

7 “(g) Dependent coverage shall become effective on
8 the date of the marriage of a spouse or the date of the
9 birth or adoption of a child.

10 “(h) Coverage of a dependent under a policy under
11 this chapter may not be canceled by reason of the death
12 of the veteran, except that coverage of a dependent spouse
13 or child of a spouse may be canceled in the event that
14 the spouse remarries, unless such remarriage is annulled
15 or made void by a court of law.

16 “(i) The Secretary may terminate coverage for non-
17 payment of premiums.

18 “(j) The Secretary shall guarantee that the terms of
19 coverage, including the amount of any premiums or other
20 cost-sharing requirements, and the availability of benefits
21 shall not be changed for a full enrollment period of not
22 less than one year, notwithstanding an enrolled veteran’s
23 change in income or degree of service-connected disability,
24 except that the Secretary shall have the discretion to re-
25 duce or eliminate the premium and cost-sharing charges

1 for any veterans who qualified as entitled under section
2 1805(a)(8) of this title.

3 “SUBCHAPTER II—ELIGIBILITY

4 “§ 1805. **Eligibility definitions**

5 “(a) An ‘entitled’ veteran under this chapter includes
6 the following categories of veterans:

7 “(1) Any veteran with a service-connected dis-
8 ability.

9 “(2) Any veteran whose discharge or release
10 from the active military, naval or air service was for
11 a disability incurred or aggravated in the line of
12 duty.

13 “(3) Any veteran who is in receipt of, or who,
14 but for a suspension pursuant to section 1151 of
15 this title (or both such a suspension and the receipt
16 of retired pay), would be entitled to disability com-
17 pensation, but only to the extent that such a veter-
18 an’s continuing eligibility for such care is provided
19 for in the judgment or settlement provided for in
20 such section.

21 “(4) Any veteran who is a former prisoner of
22 war.

23 “(5) Any veteran of the Mexican border period
24 or World War I.

1 “(6) Any veteran who is unable to defray the
2 expenses of necessary care as determined under sec-
3 tion 1722(a) of this title.

4 “(7) Any veteran who served on active duty in
5 the Republic of Vietnam during the Vietnam era and
6 who the Secretary finds may have been exposed dur-
7 ing such service to dioxin or was exposed during
8 such service to a toxic substance found in a herbi-
9 cide or defoliant used in connection with military
10 purposes during that era, notwithstanding that there
11 may be insufficient medical evidence to conclude that
12 such illness or disability may be associated with such
13 exposure.

14 “(B) Any veteran who the Secretary finds was
15 exposed to ionizing radiation from the detonation of
16 a nuclear device in connection with such veteran’s
17 participation in the test of such a device or with the
18 American occupation of Hiroshima and Nagasaki,
19 Japan, during the period beginning on September
20 11, 1945, and ending on July 1, 1946, notwith-
21 standing that there may be insufficient medical evi-
22 dence to conclude that such illness or disability may
23 be associated with such exposure.

24 “(C) Any veteran who served on active duty in
25 the Southwest Asia theater of operations during the

1 Persian Gulf War and who the Secretary finds has
2 an illness or disability which may be associated with
3 exposure to a toxic substance or environmental haz-
4 ard, notwithstanding that there may be insufficient
5 medical evidence to conclude that such illness or dis-
6 ability may be associated with such exposure.

7 “(D) Any veteran who while on active duty was
8 exposed to mustard gas while participating in full-
9 body, field, or chamber experiments to test protec-
10 tive clothing or equipment during World War II and
11 who the Secretary finds has an illness or disability
12 which may be associated with such exposure, not-
13 withstanding that there may be insufficient medical
14 evidence to conclude that such illness or disability
15 may be associated with such exposure.

16 “(8) Any veteran who suffers a catastrophic ill-
17 ness or injury, payment for which would render such
18 veteran destitute as determined under criteria estab-
19 lished by the Secretary.

20 “(9) Any veteran proven to be uninsurable in
21 the private health insurance market, as determined
22 under criteria established by the Secretary.

23 “(b) An ‘eligible’ veteran under this chapter shall in-
24 clude all veterans who do not qualify under subsection (a)
25 as ‘entitled’.

1 “(c) A ‘dependent of a veteran’ under this chapter
2 shall include, for any veteran enrolled in a Veterans
3 Health Plan—

4 “(1) a spouse;

5 “(2) a widow or widower who has not remar-
6 ried, unless such remarriage has been annulled or
7 made void by a court of law; and

8 “(3) an unmarried child, spouse’s child or
9 adopted child who—

10 “(A) has not attained the age of 21;

11 “(B) has not attained the age of 23, is en-
12 rolled in a full-time course of study at an insti-
13 tution of higher learning, and is in fact depend-
14 ent on the veteran for one half of the child’s
15 support; or

16 “(C) is incapable of self-support due to a
17 mental or physical incapacity that occurs while
18 a dependent of a veteran under subparagraph
19 (A) or (B), and is in fact dependent on the vet-
20 eran for one half of the child’s support.

21 **§ 1806. Eligibility for benefits**

22 “(a) Upon enrollment in a Veterans Health Plan, a
23 veteran who qualifies as entitled under section 1805(a)(1)
24 of this title shall receive—

1 “(1) any medically necessary and appropriate
2 care and services associated with such service-con-
3 nected disability or illness; and

4 “(2) any medically necessary and appropriate
5 care and services for an established disability or ill-
6 ness determined to be proximately due to or the re-
7 sult of such service-connected disability or illness, in
8 the same manner and to the same extent as if such
9 disability or illness is service-connected.

10 “(b)(1) Upon enrollment in a Veterans Health Plan,
11 a veteran who qualifies as entitled under section
12 1805(a)(1) of this title and has a service-connected dis-
13 ability rated 50 percent or greater shall receive the medi-
14 cally necessary and appropriate care and services included
15 in the comprehensive benefits package, as defined in sec-
16 tion 1808 of this title, and the specialized services supple-
17 mental health benefits package, as defined in section
18 1809(a) of this title, and any care and services otherwise
19 provided under the terms and conditions of chapter 17 of
20 this title.

21 “(2) Upon enrollment in a Veterans Health Plan, a
22 veteran who qualifies as entitled under section 1805(a)(1)
23 of this title and has a comprehensive service-connected dis-
24 ability rated less than 50 percent shall—

1 “(A) receive the medically necessary and appro-
2 priate care and services in the basic benefits package
3 as defined in section 1807 of this title; or

4 “(B) be eligible to purchase the comprehensive
5 benefits package, as defined in section 1808 of this
6 title, at a premium discount, as set forth in sub-
7 section (f).

8 The care and services provided in this subsection shall be
9 in addition to care and services provided under subsection
10 (a).

11 “(3) Upon enrollment in a Veterans Health Plan, a
12 veteran who qualifies as entitled under sections
13 1805(a)(2)–(a)(9) of this title shall receive the medically
14 necessary and appropriate care and services included in
15 the basic benefits package as defined in section 1807 of
16 this title. When determined by a health care provider em-
17 ployed by or under contract with the Department under
18 guidelines established by the Secretary, such veteran may
19 also receive additional, specific and medically-appropriate
20 care and services included in chapters 17 and 18 of this
21 title when such care is deemed related to the cir-
22 cumstances of such veteran’s entitlement.

23 “(c)(1) A veteran who qualifies as eligible under sec-
24 tion 1805(b) of this title may enroll in a Veterans Health
25 Plan to receive the medically necessary and appropriate

1 care and services included in the basic, comprehensive, or
2 supplemental health benefits packages, as defined in sec-
3 tions 1807, 1808, and 1809 of this title, respectively.

4 “(2) A veteran who qualifies as entitled under section
5 1805(a)(1) of this title and has a non-compensable serv-
6 ice-connected disability shall be eligible to enroll in a Vet-
7 erans Health Plan on the same basis as a veteran who
8 qualifies as eligible under subsection 1805(b) of this title.
9 The care and services provided under this paragraph shall
10 be in addition to care and services provided under sub-
11 section (a).

12 “(d) A dependent of an enrolled veteran may enroll
13 in a Veterans Health Plan to receive the medically nec-
14 essary and appropriate services included in the basic, com-
15 prehensive, or supplemental health benefits package as de-
16 fined in sections 1807, 1808, and 1809(c) of this title,
17 respectively. A dependent of a veteran may not receive the
18 specialized services supplemental health benefits package
19 defined in section 1809(a) and (b) of this title.

20 “(e) A veteran may receive the medically necessary
21 and appropriate care and services contained in the com-
22 prehensive benefits package, defined in section 1808 of
23 this title, or a supplemental health benefits package, de-
24 fined in section 1809 of this title, with the exception of

1 the long term care benefits provided under subsection (b)
2 of such section, on a fee-for-service basis.

3 “(f) A veteran who qualifies as entitled under section
4 1805(a)(1) of this title and has a compensable service-con-
5 nected disability rated at less than 50 percent and enrolls
6 in a Veterans Health Plan to receive the care and services
7 included in the comprehensive health benefits package, as
8 defined in section 1808 of this title, in accordance with
9 subsection (b), shall be eligible to receive from the Sec-
10 retary a premium discount equal to—

11 “(1) 80 percent of the individual premium, for
12 a veteran with a service-connected disability rated at
13 40 percent;

14 “(2) 60 percent of the individual premium, for
15 a veteran with a service-connected disability rated at
16 30 percent;

17 “(3) 40 percent of the individual premium, for
18 a veteran with a service-connected disability rated at
19 20 percent; and

20 “(4) 20 percent of the individual premium, for
21 a veteran with a service-connected disability rated at
22 10 percent.

23 “(g) The Secretary shall guarantee that the terms of
24 coverage under a Veterans Health Plan benefits package,
25 including the amount of any premium or other cost-shar-

1 ing requirement, and the availability of benefits under a
 2 Veterans Health Plan benefits package, shall not be
 3 changed for a full enrollment period of not less than one
 4 year, notwithstanding an enrolled veteran's change in in-
 5 come or degree of service-connected disability, except that
 6 the Secretary shall have the discretion to reduce or elimi-
 7 nate the premium and cost-sharing charges for any vet-
 8 eran who qualifies under section 1805(a)(8) of this title.

9 "SUBCHAPTER III—BENEFITS

10 "§ 1807. Basic benefits package

11 "(a) The Secretary shall have the authority to estab-
 12 lish a basic benefits package consisting of the following
 13 items, care, and services:

14 "(1) Hospital services.

15 "(2) Services of health professionals.

16 "(3) Women's health services.

17 "(4) Medical and surgical services.

18 "(5) Outpatient services.

19 "(6) 24-hour emergency services.

20 "(7) Preventive health care services, including
 21 those services defined in section 1701(9) of this title.

22 "(8) Diagnostic services.

23 "(b) The Secretary shall establish an individual and
 24 family schedule of premiums, deductibles, copayments,
 25 and coinsurance charges for the basic benefits package

1 created under this section, based upon the fully-allocated
 2 cost to provide the items, care, and services set forth in
 3 this section. The annual deductible under the basic bene-
 4 fits package shall be set a rate equivalent to two times
 5 the deductible established under section 1808(b) of this
 6 title for the comprehensive benefits package.

7 “(c) The Secretary shall not be required to provide
 8 any care or service listed in the basic benefits package cre-
 9 ated under this section within a Department facility, so
 10 long as such service is provided through a provider con-
 11 tract, medical resource-sharing agreement, or similar ar-
 12 rangement.

13 **“§ 1808. Comprehensive benefits package**

14 “(a) The Secretary shall have the authority to estab-
 15 lish a comprehensive benefits package consisting of the fol-
 16 lowing items, care, and services:

17 “(1) Hospital services, including psychiatric
 18 hospital care.

19 “(2) Services of health professionals.

20 “(3) Medical and surgical services.

21 “(4) Outpatient services.

22 “(5) 24-hour emergency services.

23 “(6) Preventive care services, including those
 24 services defined in section 1701(9) of this title.

25 “(7) Diagnostic services.

1 “(8) Women’s health services.

2 “(9) Pediatric services.

3 “(10) Mental health and substance abuse pre-
4 vention and treatment.

5 “(11) Hospice care.

6 “(12) Home health care.

7 “(13) Extended care services.

8 “(14) Authorized transportation services.

9 “(15) Durable medical equipment.

10 “(16) Outpatient prescription drugs and
11 biologicals.

12 “(17) Investigational devices and treatments.

13 “(18) Routine vision testing and eye care serv-
14 ices.

15 “(b) The Secretary shall establish an individual and
16 family schedule of premiums, deductibles, copayments,
17 and coinsurance charges for the comprehensive benefits
18 package created under this section, based upon the fully-
19 allocated cost to provide the items, care, and services set
20 forth in this section.

21 “(c) The Secretary shall have the discretion to add
22 benefits to the comprehensive benefits package created
23 under this section upon a finding that such additional ben-
24 efits are necessary to provide effective and cost-efficient
25 health care to veterans.

1 “(d) The Secretary shall not be required to provide
2 any care or service listed in the comprehensive benefits
3 package created under this section within a Department
4 facility, so long as such care or service provided through
5 a provider contract, medical resource-sharing agreement,
6 or similar arrangement.

7 **“§ 1809. Supplemental health benefits packages**

8 “(a)(1) The Secretary shall provide to veterans the
9 care and services authorized under chapter 17 of this title
10 in accordance with the terms and conditions applicable to
11 such care and services under such chapter, notwithstand-
12 ing whether such care and services are included in the
13 basic or comprehensive benefits packages established
14 under sections 1807 and 1808 of this title, respectively.
15 Care and services provided under this subsection shall be
16 administered by Veterans Health Plans as a specialized
17 services supplemental health benefits package and shall in-
18 clude prosthetic and orthotic services, blind rehabilitation
19 services, services necessary for the rehabilitation of veter-
20 ans with spinal cord dysfunction, and treatment for chron-
21 ic psychiatric illnesses such as Post Traumatic Stress Dis-
22 order (PTSD). The specialized services supplemental
23 health care benefits package may include long-term care
24 services only to the extent provided under subsection (b).

1 “(2)(A) In order to meet the special needs of veter-
2 ans, the Secretary may offer to veterans described in sub-
3 paragraph (B) one or more supplemental health benefits
4 packages for care and services provided under chapter 17
5 of this title but not otherwise included in the basic or com-
6 prehensive benefits packages established under sections
7 1807 and 1808 of this title, respectively, and not otherwise
8 provided under subsection (b).

9 “(B) A veteran may be offered a specialized services
10 supplemental health benefits package under this sub-
11 section only if such veteran does not otherwise qualify to
12 receive such care and services under paragraph (1).

13 “(C) The Secretary shall establish premiums,
14 deductibles, copayments, and coinsurance charges for a
15 specialized services supplemental health benefits package
16 based upon the fully-allocated cost to provide such serv-
17 ices.

18 “(b) The Secretary shall have the discretion to pro-
19 vide long-term care services (including nursing home care,
20 domiciliary care, respite care, adult day care, home health
21 care, and community residential care) to veterans under
22 the authority provided in chapter 17 of this title in accord-
23 ance with the terms and conditions to such care under
24 such chapter.

1 “(c)(1) The Secretary may establish and offer to vet-
 2 erans and veterans’ dependents supplemental health bene-
 3 fits packages for care and services, not otherwise provided
 4 in the basic, comprehensive or specialized services supple-
 5 mental health benefits packages established in sections
 6 1807, 1808, and 1809(a) of this title, respectively.

7 “(2) The Secretary shall establish a schedule of pre-
 8 miums, deductibles, copayments, and coinsurance charges
 9 for supplemental health benefits packages established
 10 under this subsection, based upon the fully-allocated cost
 11 to provide such care and services. For the purposes of
 12 paragraph (1), such schedule shall include both an individ-
 13 ual and a family rate.

14 “SUBCHAPTER IV—PAYMENT POLICIES

15 “§ 1810. **Payment policies for entitled veterans**

16 “(a) The Secretary may not impose any charge
 17 (whether a premium, deductible, copayment, coinsurance,
 18 or other amount)—

19 “(1) for any medically necessary and appro-
 20 priate care or services provided under section
 21 1806(a) of this title to a veteran who qualifies as en-
 22 titled under section 1805(a)(1) of this title;

23 “(2) for any medically necessary and appro-
 24 priate care or services provided under section
 25 1806(b)(1) of this title to a veteran who qualifies as

1 entitled under section 1805(a)(1) of this title and
2 has a service-connected disability rated at 50 percent
3 or greater;

4 “(3) for any medically necessary and appro-
5 priate care or services provided under section
6 1806(b)(2)(A) of this title to a veteran who qualifies
7 as entitled under section 1805(a)(1) of this title and
8 has a compensable service connected disability rated
9 at less than 50 percent and does not choose to pur-
10 chase the comprehensive benefits package under sec-
11 tion 1806(b)(2)(B) of this title; or

12 “(4) for any medically necessary and appro-
13 priate care or services provided under section
14 1806(b)(3) of this title to a veteran who qualifies as
15 entitled under sections 1805(a)(2)–(a)(9) of this
16 title.

17 “(b) The Secretary shall grant a premium discount
18 for the purchase of the comprehensive benefits package
19 established in section 1808 of this title in accordance with
20 the provisions of section 1806(f) of this title for any medi-
21 cally necessary and appropriate care and services provided
22 under section 1806(b)(2)(B) of this title. Such premium
23 discount shall be based upon the individual premiums es-
24 tablished under section 1808(b) of this title.

1 **“§ 1811. Payment policies for certain veterans and**
2 **veterans’ dependents enrolled in a Veter-**
3 **ans Health Plan**

4 “The Secretary shall establish premiums, copay-
5 ments, deductibles, and coinsurance charges for care and
6 services provided under sections 1807, 1808 and 1809 of
7 this title to veterans and veterans’ dependents who enroll
8 in a Veterans Health Plan to receive such care and serv-
9 ices under sections 1806(c), 1806(d), 1809(a)(2) and
10 1809(c) of this title. The Secretary shall set such rates
11 based upon the fully-allocated cost to provide care. The
12 cost to provide care shall not take into account costs other-
13 wise recovered by the Secretary under section 1816 of this
14 title.

15 **“§ 1812. Payment policies for veterans eligible for**
16 **federally-administered health care pro-**
17 **grams**

18 “(a) For purposes of this section, the term ‘federally-
19 administered health care program’ shall include Medicare
20 and Medicaid, as established in the Social Security Act;
21 the Civilian Health and Medical Program of the Uni-
22 formed Services (CHAMPUS), as established under chap-
23 ter 55 of title 10 or its successor; the Federal Employees
24 Health Benefits Program (FEHBP), as established under
25 chapter 89 of title 5; and the Indian Health Service (IHS),

1 as established under the Indian Health Care Improvement
2 Act (25 U.S.C. 1601 et seq.).

3 “(b) For purposes of any federally-administered
4 health care program, a Veterans Health Plan or Depart-
5 ment facility shall be deemed to be a qualified provider
6 or carrier, notwithstanding any other provision of law.

7 “(c) The Secretary of health and Human Services,
8 the Director of the Office of Personnel Management, the
9 Secretary of the Interior, the Secretary of Defense, and
10 any other administrator of a federal health care program
11 shall enter into an agreement with the Secretary to treat
12 the Veterans Health Plan as a qualified provider or car-
13 rier, including treatment as a qualified Medicare Health
14 Maintenance Organization as defined in section 1876 of
15 the Social Security Act, for veterans covered by this chap-
16 ter, in any case in which the Secretary seeks to enter into
17 such an agreement.

18 “(d) In the case of care provided under this chapter
19 to a veteran who is eligible for benefits under a federally-
20 administered health care program, the federally-adminis-
21 tered health care program shall reimburse the Veterans
22 Health Plan or facility providing services as a qualified
23 provider on the same basis as that program reimburses
24 other qualified providers.

25 “(e) When the Secretary provides care—

1 “(1) under section 1806(a) of this title to a vet-
2 eran who qualifies as entitled under section
3 1805(a)(1) of this title;

4 “(2) under section 1806(b)(1) of this title to a
5 veteran who qualifies as entitled section 1805(a)(1)
6 of this title and has a service-connected disability
7 rated at 50 percent or greater;

8 “(3) under section 1806(b)(2)(a) of this title to
9 a veteran who qualifies as entitled under section
10 1805(a)(1) of this title and has a compensable serv-
11 ice-connected disability rated at less than 50 percent
12 and does not choose under section 1806(b)(2)(B) of
13 this title to purchase the comprehensive benefits
14 package established in section 1808 of this title; or

15 “(4) under section 1806(b)(3) of this title to a
16 veteran who qualifies as entitled under sections
17 1805(a)(2)–(a)(9) of this title;

18 the veteran shall not be required to pay any otherwise ap-
19 plicable deductible or copayment that is not covered by
20 the federally-administered health program, notwithstand-
21 ing any other provision of law.

22 “(f) When the Secretary provides care to any veteran
23 not described in subsection (e), the Secretary shall require
24 such veteran to pay to the Veterans Health Plan any oth-

1 erwise applicable deductible or copayment that is not cov-
2 ered by the federally-administered health program.

3 **“§ 1813. Payment policies for eligible veterans and**
4 **veterans’ dependents with Medicare Sup-**
5 **plemental health insurance coverage**

6 “When the Secretary provides care on an enrolled or
7 fee-for-service basis to—

8 “(1) a veteran described in section 1806(c) of
9 this title who has coverage under a Medicare Supple-
10 mental health insurance plan as established under
11 the Social Security Act; or

12 “(2) a veteran’s dependent who has coverage
13 under a Medicare Supplemental health insurance
14 plan as established under the Social Security Act;
15 the Secretary has the authority to establish, charge,
16 recover and collect payment for such care or services
17 from the Medicare Supplemental health insurance
18 plan to the extent that the veteran or veteran’s de-
19 pendent (or the provider of the care or services)
20 would be eligible to receive payment for such care or
21 services from such party if the care or services had
22 not been furnished by the Secretary.

23 **“§ 1814. Payment policies for fee-for-service benefits**

24 “The Secretary shall establish and charge rates for
25 care and services provided to veterans who elect to obtain

1 services in a Veterans Health Plan on a fee-for-service
 2 basis without enrolling in a Veterans Health Plan. Such
 3 rates shall be based upon the fully-allocated cost to provide
 4 the care and services received.

5 “SUBCHAPTER V—FINANCING

6 **“§ 1815. Creation of Department of Veterans Affairs**
 7 **Health Plan Fund**

8 “(a)(1) There is hereby established in the Treasury
 9 a revolving fund to be known as Department of Veterans
 10 Affairs Health Plan Fund (Veterans Health Plan Fund).

11 “(2) The Secretary of the Treasury shall deposit into
 12 the Veterans Health Plan Fund the balance of funds re-
 13 maining in the Medical-Care Cost Recovery Fund as of
 14 the date of the enactment of this chapter. If the balance
 15 in the Medical-Care Cost Recovery Fund on that date is
 16 less than \$0, \$0 shall be credited to the Veterans Health
 17 Plan Fund.

18 “(b) Any amount received by the Department by rea-
 19 son of the furnishing of health care services to a veteran
 20 or veteran’s dependent, including amounts received as pre-
 21 miums, copayments, coinsurance, deductibles, reimburse-
 22 ments from private health insurance or federally-adminis-
 23 tered health plans and from other out-of-pocket payments
 24 made by veterans, shall be credited to the Veterans Health
 25 Plan Fund.

1 “(c) Amounts in the Veterans Health Plan Fund
2 shall be available until expended by the Secretary for the
3 delivery of health care services under chapters 17 and 18
4 of this title.

5 **“§ 1816. Guaranteed funding of Federal costs**

6 “(a) The Secretary of the Treasury shall deposit into
7 the Veterans Health Plan Fund on the first day of each
8 fiscal-year quarter, from amounts not otherwise appro-
9 priated, the amount certified to the Secretary of the
10 Treasury under subsection (b) with respect to that quar-
11 ter.

12 “(b) Not later than 30 days before the beginning of
13 each fiscal-year quarter, the Secretary of Veterans Affairs
14 shall certify to the Secretary of the Treasury the amount
15 determined for that quarter under this subsection.

16 “(1) The amount to be certified to the Sec-
17 retary of the Treasury for any fiscal-year quarter
18 shall be the amount equal to—

19 “(A) the product of—

20 “(i) the projected number of veterans
21 who qualify as entitled under section
22 1805(a)(1) of this title and have a service-
23 connected disability rated at 50 percent
24 plus the projected number of veterans who

1 qualify as entitled under section
2 1805(a)(2)–(a)(9) of this chapter; and

3 “(ii) the capitated enrollment amount
4 for such categories of veterans; plus

5 “(B) the product of—

6 “(i) the projected number of veterans
7 who qualify as entitled under section
8 1805(a)(1) of this title and have a compen-
9 sable service-connected disability rated at
10 less than 50 percent; and

11 “(ii) the capitated enrollment amount
12 for such category of veterans; plus

13 “(C) the product of—

14 “(i) the projected number of other
15 veterans who will receive care and services
16 under the provisions of chapters 17 and 18
17 of this title at no charge to the individual
18 or to a provider other than the Depart-
19 ment; and

20 “(ii) the capitated enrollment amount
21 for such categories of veterans; plus

22 “(D) the product of—

23 “(i) the projected number of veterans’
24 dependents who qualify for care under sec-
25 tion 1803 of this title; and

1 “(ii) the capitated enrollment amount
2 for such category of veterans’ dependents.

3 “(2) In setting the capitated enrollment
4 amounts described in paragraph (1), the Secretary
5 shall deduct any amount collected for such care from
6 any party, including amounts recovered from other
7 agencies of the Federal Government.

8 “(3) The Secretary shall adjust future certifi-
9 cations under this subsection to take account of dif-
10 ferences between actual and projected numbers of
11 qualified veterans and veterans’ dependents.

12 “(c) The initial capitated enrollment amounts de-
13 scribed in subsection (b) shall be determined by the Sec-
14 retary using the most recent cost data available as of the
15 time of the determination, adjusted for inflation to the
16 date of the determination based upon the medical care
17 consumer price index calculated by the Bureau of Labor
18 statistics, and taking into account—

19 “(1) the annual, fully-allocated cost incurred
20 under prior law in providing care and services at no
21 charge to veterans and veterans’ dependents;

22 “(2) an estimate of the annual, fully-allocated
23 cost to provide the care and services required by this
24 chapter to be furnished at no charge to veterans and

1 veterans' dependents, including an estimate of pro-
2 jected utilization; and

3 “(3) an estimate of the annual, fully-allocated
4 cost to provide a premium discount to veterans who
5 qualify as entitled under section 1805(a)(1) of this
6 title and who choose under section 1806(b)(2)(B) of
7 this title to purchase the comprehensive benefits
8 package established in section 1808 of this title, in-
9 cluding an estimate of projected utilization.

10 “(d) For each fiscal year after the initial capitated
11 enrollment amounts are established, the capitated enroll-
12 ment amounts described in subsection (b) shall be deter-
13 mined by the Secretary using the most recent cost data
14 available as of the time of the determination, adjusted for
15 inflation to the date of the determination based upon the
16 medical care consumer price index calculated by the Bu-
17 reau of Labor statistics, and taking into account—

18 “(1) the annual, fully-allocated cost to provide
19 the care and services required by (this chapter) to
20 be furnished at no charge to veterans and veterans'
21 dependents, including an estimate of projected utili-
22 zation; and

23 “(2) for purposes of calculating the capitated
24 enrollment amount in subsection (b)(1)(B), the an-
25 nual, fully-allocated cost to provide a premium dis-

1 count under the terms set forth in section 1806(f)
2 of this title to veterans who qualify as entitled under
3 section 1805(a)(1) of this title and who choose
4 under section 1806(b)(2)(B) of this title to purchase
5 the comprehensive benefits package established in
6 section 1808 of this title, including an estimate of
7 projected utilization.

8 “(e) The Secretary shall include in the calculation of
9 the capitated annual enrollment amounts the cost of carry-
10 ing out the prosthetic and other medical research func-
11 tions of the Department.

12 **“§ 1817. Resource allocation**

13 “(a) The Secretary shall allocate at least 75 percent
14 of amounts deposited in the Veterans Health Plan Fund
15 to the Veterans Health Plan or Department facility that
16 provided the care or services for which payment was made.
17 In carrying out this subsection, the Secretary is authorized
18 to create regional revolving health plan funds for each Vet-
19 erans Health Plan or Department facility.

20 “(b) The Secretary shall establish procedures for uti-
21 lizing not more than 25 percent of the amounts deposited
22 in the Veterans Health Plan Fund to operate and main-
23 tain the veterans health system and to ensure that Depart-
24 ment resources and health care services are allocated in

1 a reasonable, efficient, and equitable manner throughout
 2 the United States.

3 “(c) A Veterans Health Plan may retain 100 percent
 4 of the proceeds of any contract with non-Department enti-
 5 ties for the use of or access to Department health care
 6 facilities, equipment, or personnel under a medical re-
 7 source-sharing agreement. This subsection does not apply
 8 to contracts for services rendered to veterans under the
 9 provisions of this chapter.

10 “SUBCHAPTER VI—DELIVERY OF HEALTH
 11 CARE SERVICES

12 “§ 1818. **Responsibilities of the Secretary of Veterans**
 13 **Affairs**

14 “(a)(1) The Secretary shall administer the veterans
 15 health system through use of the model of medical practice
 16 known as ‘managed care’. In implementing a managed
 17 care system, the Secretary shall, to the extent possible—

18 “(A) shift the focus of health care provided by
 19 the veterans health system to primary care;

20 “(B) established enhanced quality assurance
 21 mechanisms; and

22 “(C) establish utilization review procedures to
 23 prevent inefficient practices.

24 “(2) The Secretary shall organize veterans hospitals
 25 and other veterans health care facilities and services into

1 Veterans Health Plans. Each Veterans Health Plan may
2 cross State lines and more than one Veterans Health Plan
3 may exist within a State. The Secretary shall establish
4 procedures to ensure portability of coverage throughout
5 the veterans health system.

6 “(3) The Secretary shall establish standards for the
7 operation of Veterans Health Plans. Such standards
8 shall—

9 “(A) require the directors of Veterans Health
10 Plans to provide to veterans access to the full range
11 of basic, comprehensive, and supplemental health
12 care services set forth in sections 1807, 1808, and
13 1809 of this title under the terms and conditions es-
14 tablished in this chapter; and

15 “(B) require the directors of Veterans Health
16 Plans to establish quality control procedures, includ-
17 ing—

18 “(i) the establishment of procedures to as-
19 sure that the care and services provided to en-
20 rollees shall be rendered under reasonable
21 standards of quality of care, consistent with
22 prevailing professionally recognized standards
23 of medical practice;

24 “(ii) the establishment of an ongoing inter-
25 nal quality assurance program to monitor and

1 evaluate health care services, including primary
2 and specialist physician services, and ancillary
3 and preventive health care services across all in-
4 stitutional and non-institutional settings; such
5 program shall include, at a minimum, a written
6 statement of goals and objectives that empha-
7 size improved health status in evaluating the
8 quality of care rendered to enrollees, a written
9 quality assurance plan describing the structure
10 and process of quality assurance activities, con-
11 fidentiality policies and procedures, a system of
12 evaluation activities, a system for credentialing
13 providers and performing peer review activities,
14 and a statement of the duties and responsibil-
15 ities of physicians responsible for quality assur-
16 ance activities;

17 “(iii) the establishment of procedures for
18 recording the proceedings of formal quality as-
19 surance program activities and maintaining
20 documentation in a confidential manner; and

21 “(iv) the use and maintenance of an ade-
22 quate patient record system that will facilitate
23 documentation and retrieval of clinical informa-
24 tion for evaluating continuity and coordination

1 of patient care and assessing the quality of
2 health and medical care provided to enrollees.

3 “(4) The Secretary shall ensure that the payment
4 schedules established under this chapter, including sched-
5 ules for premiums, copayments, deductibles, and coinsur-
6 ance, are uniform throughout the veterans health system,
7 except that differences among payment schedules shall be
8 permitted at the Secretary’s discretion based upon (1) the
9 type of benefits package, whether basic, comprehensive, or
10 supplemental, as established in sections 1807, 1808, and
11 1809 of this title; (2) the status of the veteran or veteran’s
12 dependent receiving the care and services provided under
13 this chapter; and (3) the type of coverage, whether individ-
14 ual or family.

15 “(5) The Secretary may not wholly merge a Veterans
16 Health Plan with any non-Department health care pro-
17 vider, network, plan; or system.

18 “(b) In order to carry out the provisions of the chap-
19 ter and notwithstanding any other provision of law, the
20 Secretary may—

21 “(1) plan and implement administrative reorga-
22 nization, consolidation, elimination or redistribution
23 of offices, facilities, functions, or activities of the De-
24 partment, including the veterans health system and
25 Department facilities—

1 “(A) without regard to section 501 of this
2 title; and

3 “(B) upon a determination by the Sec-
4 retary that such reorganization, consolidation,
5 elimination, or redistribution is cost-effective, is
6 in the best interests of veterans served by the
7 veterans health system, and is necessary for the
8 provision of care and services under this chap-
9 ter in a timely and efficient manner; and

10 “(2)(A) without regard to laws or regulations
11 pertaining to competitive procedures or personnel
12 preferences or priorities, establish alternative person-
13 nel systems or procedures for personnel at facilities
14 operating as or with a Veterans Health Plan; and

15 “(B) without regard to section 8110(c) of this
16 title, enter into agreements for direct patient care
17 services, such as nursing or other services, regard-
18 less of whether such services were previously per-
19 formed by Federal employees.

20 “(c)(1) Notwithstanding any law or regulation per-
21 taining to competitive procedures, acquisition procedures
22 or policies, source preferences or priorities, or bid protests,
23 the Secretary shall have the authority to enter into agree-
24 ments with non-Department health care plans, insurers,
25 health care providers, health care professionals, health

1 care facilities, medical equipment suppliers, and related
2 entities, to furnish or obtain the health care and medical
3 resources needed to ensure that the full range of basic,
4 comprehensive, and supplemental benefits set forth in sec-
5 tions 1807, 1808, and 1809 of this title is available in
6 each Veterans Health Plan.

7 “(2) The Secretary shall establish procedures and
8 guidance for Veterans Health Plans regarding such agree-
9 ments, including procedures and guidance for determining
10 and periodically adjusting the amount paid to each pro-
11 vider of services with respect to the services provided by
12 it.

13 “(3) The Secretary shall maintain full legal and ethi-
14 cal responsibility for treatment outcomes and quality of
15 contracted care.

16 “(d) The Secretary and the directors of the Veterans
17 Health Plans may contract with outside employers to pro-
18 vide health care services to employees who are otherwise
19 eligible for care and services under this chapter in accord-
20 ance with the terms and conditions set forth in this chap-
21 ter. In carrying out this subsection, the secretary shall es-
22 tablish procedures to ensure that employers make pay-
23 ments to Veterans Health Plans on behalf of eligible vet-
24 eran employees in the same manner as such employers

1 make payments to other health care providers and insur-
2 ers on behalf of other employees.

3 “(e)(1) The Secretary shall assist Veterans Health
4 Plans in establishing billing offices and related adminis-
5 trative resources necessary to collect payment from enroll-
6 ees, third-party payers, including federally-administered
7 health programs, individuals obtaining fee-for-service care
8 in a Veterans Health Plan, and others.

9 “(2) In order to provide for the administration of
10 benefits under this chapter with maximum efficiency and
11 convenience for individuals receiving benefits under this
12 chapter and for providers of services, the Secretary may
13 enter into agreements for the provision of administrative
14 services to Veterans Health Plan. Such administrative
15 services may include (A) determination of the rates and
16 payments to be made to providers of services and other
17 persons; (B) receipt, disbursement, and accounting for
18 funds in making such payments; and (C) conducting such
19 audits of the records of providers of services as may be
20 necessary to assure that proper payments are made.

21 “(f) The Secretary shall establish criteria and appli-
22 cation procedures for qualification of veterans as entitled
23 under section 1805(a)(8) of this title. The Secretary shall
24 consider the relationship of the cost of the catastrophic
25 illness or injury to the veteran’s income. A veteran whose

1 annual income, after payment for the catastrophic illness
 2 or injury, is, or would be, at or below the applicable levels
 3 specified for provision of care at no cost to veterans under
 4 chapter 17 of this title, shall be qualified as entitled under
 5 this subsection. The Secretary shall establish guidelines
 6 for evaluating on an annual basis the continuing need for
 7 an individual's entitled status under this subsection. The
 8 Secretary may use the authority provided under section
 9 6103 of the Internal Revenue Code to verify the income
 10 of any veteran making an application under this sub-
 11 section.

12 “(g) The Secretary may carry out promotional, adver-
 13 tising, and marketing activities to inform veterans, veter-
 14 ans' dependents, and others of the care and services avail-
 15 able in Veterans Health Plans and facilities of the Depart-
 16 ment operating as or within the veterans health system.

17 “(h) The Secretary may delegate to a director of a
 18 Veterans Health Plan the authority provided to the Sec-
 19 retary under subsections (c), (d), (e), and (g).

20 **“§ 1819. Responsibilities of Veterans Health Plans**
 21 **and Veterans Health Plan Directors**

22 “(a) Veterans Health Plan directors must enroll all
 23 veterans and veterans' dependents in accordance with the
 24 provisions of this chapter—

1 “(1) without engaging in practices that have
2 the effect of attracting or limiting enrollees on the
3 basis of personal characteristics such as preexisting
4 health conditions, health status, anticipated needs
5 for health care, age, occupation, race, national ori-
6 gin, sex, language, socioeconomic status, or disabili-
7 ity;

8 “(2) without imposing waiting periods before
9 coverage begins;

10 “(3) without denying or delaying coverage
11 based upon pre-existing conditions.

12 “(b) For the purpose of carrying out the provisions
13 of this chapter, Veterans Health Plan directors may, sub-
14 ject to procedures established by the Secretary and with-
15 out regard to laws or regulations pertaining to competitive
16 procedures, acquisition procedures or policies, source pref-
17 erences or priorities, or bid protests—

18 “(1) enter into agreements with health care
19 plans, insurers, health care providers, health care fa-
20 cilities, and medical equipment suppliers to furnish
21 or obtain any health care or medical resource; and

22 “(2) enter into contracts for the procurement of
23 any item commercially available at a cost of less
24 than \$300,000.

1 “(c) Whenever necessary to carry out the provisions
2 of this chapter, Veterans Health Plan directors may—

3 “(1) without regard to laws or regulations per-
4 taining to competitive procedures or personnel pref-
5 erences or priorities, establish alternative personnel
6 systems or procedures for personnel at facilities op-
7 erating as or with a Veterans Health Plan; and

8 “(2) without regard to section 8110(c) of this
9 title, enter into contracts for direct patient care
10 services, such as nursing or other services, regard-
11 less of whether such services were previously per-
12 formed by Federal employees.

13 “SUBCHAPTER VII—STATE HEALTH CARE
14 SYSTEMS

15 “§ 1820. State health care reform

16 “A Veterans Health Plan shall be considered a quali-
17 fied provider or carrier under any State health care reform
18 plan, law, or regulation.

19 “§ 1821. Applicability of State law

20 “(a) The provisions of this chapter and the provisions
21 of any contract entered into under this chapter, relating
22 to the nature or extent of coverage or benefits, including
23 payments with respect to benefits, shall supersede and
24 preempt any State law or local law, or any regulation is-
25 sued thereunder, that relates to health insurance or health

1 plans to the extent that such law or regulations is incon-
 2 sistent with such provisions of this chapter.

3 “(b) The Secretary may require Veterans Health
 4 Plans to follow any State or local law or regulation as de-
 5 scribed in subsection (a) upon a finding that application
 6 of such law or regulation is in the best interests of individ-
 7 uals enrolled in the Veterans Health Plan, or will assist
 8 the Veterans Health Plan in achieving or maintaining a
 9 competitive position within the State or locality.

10 “SUBCHAPTER VIII—GENERAL PROVISIONS

11 “§ 1822. Budget reporting requirements

12 “The Secretary shall submit to Congress within one
 13 year of the effective date of this chapter and annually
 14 thereafter, a report on—

15 “(1) total expenditures under this chapter;

16 “(2) the fully-allocated cost to the Government
 17 to provide care and services at no charge to entitled
 18 veterans;

19 “(3) the fully-allocated cost to the Government
 20 to provide care and services at no charge to eligible
 21 veterans;

22 “(4) the fully-allocated cost to the Government
 23 to provide care and services at no charge to veter-
 24 ans’ dependents;

25 “(5) the amount of—

1 “(A) premiums, cost-sharing payments and
2 other payments received from individuals pro-
3 vided services under this chapter;

4 “(B) payments from federally-administered
5 health programs and other Federal agencies or
6 departments;

7 “(C) payments from third-party insurance
8 plans;

9 “(D) payments from medical resource-
10 sharing arrangements; and

11 “(E) any other payments made to the De-
12 partment for services rendered under Veterans
13 Health Plans and the veterans health system.

14 **“§ 1823. General Definitions**

15 “For the purposes of chapters 17 and 18 of this
16 title—

17 “(1) The term fully-allocated cost means that
18 level of expenses which represents the sum of vari-
19 able costs incurred in providing health care services
20 plus an appropriate allocation of fixed expenses in-
21 curred in administering and maintaining the veter-
22 ans health system.

23 “(2) The term medical resource sharing agree-
24 ment means medical resources (whether equipment,
25 space, or personnel) which, because of cost, limited

1 availability, or unusual nature, are either unique in
 2 the medical community or are subject to maximum
 3 utilization only through mutual use.

4 “(3) The term Veterans Health Plan means a
 5 plan that provides the health care benefits contained
 6 in the basic, comprehensive, and supplemental bene-
 7 fits packages established in sections 1807, 1808, and
 8 1809 of this title, respectively, subject to the terms
 9 and conditions set forth in chapters 17 and 18 of
 10 this title.

11 “(4) The term veterans health system includes
 12 all medical and health care facilities, personnel, and
 13 operations under the jurisdiction of the Secretary or
 14 under contract with the Department to provide med-
 15 ical and health care services to veterans and veter-
 16 ans dependents under the provisions of chapters 17
 17 and 18 of this title.”.

18 **SEC. 5. TECHNICAL AND CONFORMING AMENDMENTS TO**
 19 **CHAPTER 17 OF TITLE 38, UNITED STATES**
 20 **CODE.**

21 (a) DEPENDENTS RECEIVING MEDICAL SERVICES.—
 22 Section 1701 of title 38, United States Code, is amended
 23 in subsection (6)(B)—

24 (1) by striking, in the last sentence, “the last
 25 section of”; and

1 (2) by striking, in the last sentence, “(b)” after
2 “1713”.

3 (b) EXTENSION OF CONTRACTING AUTHORITY.—
4 Section 1703 of title 38, United States Code, is amend-
5 ed—

6 (1) in subsection (a)—

7 (A) by striking “When Department facili-
8 ties are not capable of furnishing economical
9 hospital care or medical services because of geo-
10 graphical inaccessibility or are not capable of
11 furnishing the care or services required,” and
12 beginning the sentence with “The Secretary”;

13 (B) by striking “following” and inserting
14 “health care services provided under chapters
15 17 and 18 of this title”; and

16 (C) by striking paragraphs (1) through
17 (8);

18 (2) in subsection (b)—

19 (A) by striking “In the case of any veteran
20 for whom” and inserting “Where”; and

21 (B) by striking “a provision of”; and

22 (3) in subsection (c), by striking “this section,
23 sections 1712A, 1720, 1720A, and 1732” and in-
24 serting “chapters 17 and 18”.

1 (c) DELETION OF CONFLICTING HOSPITAL CARE,
2 DENTAL CARE AND REIMBURSEMENT PROVISIONS.—Sec-
3 tion 1710 of title 38, United States Code, is amended—

4 (1) by striking, in the catchline, “hospital,” and
5 the comma after “nursing home”;

6 (2) in subsection (a)(1), by striking “shall fur-
7 nish hospital care, and”;

8 (3) in subsection (a)(2), by striking “hospital
9 care and”;

10 (4) in subsection (a)(3)—

11 (A) by striking “hospital care and”; and

12 (B) by striking “may furnish such hospital
13 care in accordance with section 1703 of this
14 title and”;

15 (5) in subsection (c)—

16 (A) by striking, in the first sentence, “hos-
17 pital care or”, “facilities”, and “in addition to
18 treatment incident to the disability for which
19 such veteran is hospitalized,”;

20 (B) by striking “The Secretary may fur-
21 nish dental services” and all that follows:

22 (6) in the last sentence of subsection
23 (e)(1)(A)(ii), by striking “hospital care and”;

24 (7) in subsection (e)(1)(B), by striking “hos-
25 pital care and”;

1 (8) in subsection (e)(1)(C), by striking “hos-
2 pital care and”;

3 (9) in subsection (e)(2), by striking “Hospital
4 and”;

5 (10) in subsection (e)(3)—

6 (A) by striking “Hospital and”; and

7 (B) by striking “and medical services”;

8 (11) in subsection (f)(1), by striking “hospital
9 care or”;

10 (12) in the first sentence of subsection (f)(2),
11 by striking “hospital care or”;

12 (13) in subsection (f)(2)(A)(i), by inserting
13 “under chapters 17 and 18” before the semicolon;

14 (14) in subsection (f)(2)(B), by striking “\$10
15 for every day the veteran receives hospital care
16 and”;

17 (15) by striking all of subsection (f)(3)(A) and
18 redesignating subparagraph (B) as subparagraph
19 (A);

20 (16) in subsection (f)(3)(C), by redesignating
21 subsection (C) and (B);

22 (17) in subsection (f)(3)(B)(i) (as redesignated
23 by paragraph (16) of this section)—

24 (A) by striking “inpatient Medicare”; and

1 (B) by striking “this subsection and” and
2 inserting “section 1811(a) or section 1812(f) of
3 this title, or”;

4 (18) in subsection (f)(3)(B)(ii) (as redesignated
5 by paragraph (16) of this section)—

6 (A) by striking “subparagraph (A)(ii) of
7 this paragraph” and inserting “section 1811(a)
8 or section 1812(f) of this title”; and

9 (B) by striking “inpatient Medicare” and
10 inserting “required”;
11 (19) in subsection (f)(3)(D)—

12 (A) by redesignating subparagraph (D) as
13 subparagraph (C);

14 (B) by striking, in the first sentence, “this
15 section” and inserting “chapter 18 of this
16 title”;

17 (20) in subsection (f)(3)(E)—

18 (A) by redesignating subparagraph (E) as
19 subparagraph (D);

20 (B) by inserting “section 1811(a) or sec-
21 tion 1812(f) for hospital care furnished under
22 chapter 18 or under” before “this subsection
23 for”;

1 (C) by striking “hospital care or” before
2 “nursing home care furnished under this sec-
3 tion”;

4 (D) by striking “under section 1712(a) of
5 this title”;

6 (E) by striking “this subsection” after
7 “total amount paid by the veteran under” and
8 inserting “section 1811(a) or section 1812(f) of
9 this title”;

10 (F) by inserting “under this subsection
11 for” before “nursing home care furnished dur-
12 ing that period”; and

13 (G) by striking “under section 1712(f) of
14 this title”;

15 (21) in subsection (f)(3)(F)—

16 (A) by redesignating subparagraph (F) as
17 subparagraph (E);

18 (B) by inserting “section 1811(a) or sec-
19 tion 1812(f) of this title or under” before “this
20 subsection”; and

21 (C) by striking “or section 1712(f) of this
22 title”; and

23 (22) by striking all of subsection (f)(4) and re-
24 designating paragraph (5) as paragraph (4).

1 (d) DELETION OF CONFLICTING ELIGIBILITY AND
2 REIMBURSEMENT PROVISIONS; CLARIFICATION OF CER-
3 TAIN SPECIALIZED MEDICAL SERVICES.—Section 1712 of
4 title 38, United States Code, is amended—

5 (1) by striking, in the catchline, “outpatient”
6 and inserting “certain medical and dental” before
7 “services”;

8 (2) in subsection (a)(1)—

9 (A) by striking “Except as provided in
10 subsection (b) of this section,” and beginning
11 the sentence with “The Secretary shall”;

12 (B) by striking “on an ambulatory basis
13 such” and inserting “the” before “medical serv-
14 ices”; and

15 (C) by inserting “set forth in subsection
16 (4) of this paragraph,” before “as the Secretary
17 determines”;

18 (3) in subsection (a)(2)—

19 (A) by striking “on an ambulatory or out-
20 patient basis”; and

21 (B) by inserting “set forth in subsection
22 (4) of this paragraph,” before “for a purpose
23 described”;

24 (4) in subsection (a)(3)—

1 (A) by striking “on an ambulatory or out-
 2 patient basis”; and

3 (B) by inserting “set forth in subsection
 4 (4) of this paragraph,” before “which the Sec-
 5 retary determines”;

6 (5) by striking the first sentence of subsection
 7 (a)(4), and inserting the following: “For purposes of
 8 this paragraph, medical services means prosthetic
 9 and orthotic services and appliances, including—

10 “(A) wheelchairs;

11 “(B) artificial limbs;

12 “(C) trusses;

13 “(D) special clothing made necessary by
 14 the wearing of prosthetic or orthotic appliances;
 15 and

16 “(E) such similar appliances and related
 17 supplies or services as the Secretary determines
 18 to be reasonable and necessary.”;

19 (6) by striking subsections (a)(5)(A) and
 20 (a)(5)(B); and redesignating subsections (a)(6) and
 21 (a)(7) as (a)(5) and (a)(6), respectively; and

22 (7) by striking subsections (f) and (i).

23 (e) EXTENSION OF CONTRACTING AUTHORITY; CON-
 24 FORMANCE OF ELIGIBILITY AND NOTIFICATION REQUIRE-
 25 MENTS; ELIMINATION OF LIMITATIONS ON FACILITY RE-

1 ORGANIZATION AND CLOSURE.—Section 1712A of title
2 38, United States Code, is amended—

3 (1) in subsection (a)(1), by striking “, within
4 the limits of Department facilities,”;

5 (2) in subsection (b)(1)—

6 (A) by striking, in the first sentence, “,
7 within the limits of Department facilities,”;

8 (B) by striking, in the first sentence, “on
9 an outpatient basis under the conditions speci-
10 fied in section 1712(a)(5)(B)” and inserting “in
11 accordance with the criteria established in chap-
12 ter 18”;

13 (C) by striking, in the second sentence,
14 “For the purposes of furnishing such mental
15 health services, the counseling” and inserting
16 “Any hospital care and other medical services
17 considered necessary on the basis of the assess-
18 ment”;

19 (D) by striking, in the second and third
20 sentences, “considered to have been furnished
21 by the Department as a part of hospital care.
22 Any hospital care and other medical services
23 considered necessary on the basis of the assess-
24 ment furnished under subsection (a) of this sec-
25 tion shall be”;

1 (E) by striking “this chapter” and insert-
2 ing “chapter 18” after “eligibility criteria oth-
3 erwise set forth in; and

4 (F) by striking “(including the eligibility
5 criteria set forth in section 1711(b) of this
6 title)”.

7 (3) in subsection (c)(1), by striking “and” at
8 the end of the paragraph;

9 (4) in subsection (c)(2), by striking “and” at
10 the end of the paragraph;

11 (5) by inserting after subsection (c)(2) the fol-
12 lowing paragraph:

13 “(3) advise such individual of such individual’s
14 eligibility to obtain services pursuant to the provi-
15 sions of chapter 18.”;

16 (6) in subsection (e)(1)—

17 (A) by inserting “otherwise” before “avail-
18 able to the Secretary”; and

19 (B) by striking “(under sections
20 1712(a)(1)(B) and 1703(a)(2) of this title) in
21 furnishing medical services to veterans suffering
22 from total service-connected disabilities” and in-
23 serting “under chapters 17 and 18”;

24 (7) by striking subsection (e)(3);

25 (8) in subsection (g)—

1 (A) by striking paragraph (1) and redesignating paragraph (2) as paragraph (1); and

3 (B) in paragraph (1)(B)(i)(II) (as redesignated by this paragraph), by striking “and” at the end of the paragraph;

6 (C) in paragraph (1)(B)(ii) (as redesignated by this paragraph), by striking the period at the end of the paragraph and inserting “; and;

10 (D) in paragraph (1)(B) (as redesignated by this paragraph), by inserting a new paragraph (1)(B)(iii) as follows:

13 “(iii) a national plan for ensuring the continued availability and effective furnishing of readjustment counseling services to eligible veterans needing such services.”;

17 (E) by striking paragraphs (3)(A) and (3)(B);

19 (F) by redesignating paragraph (3)(c) as paragraph (2);

21 (G) in paragraph (2) (as redesignated by this paragraph)—

23 (i) by striking “(B) after “subparagraph” and inserting “(iii)”;

1 (ii) by striking “center” and inserting
2 “region”; and

3 (iii) by redesignating clause “(i)” as
4 paragraph “(2)(A)”;

5 (H) in paragraph (2)(A) (as redesignated
6 by this paragraph)—

7 (i) by striking “area served by the
8 center” and inserting “region”;

9 (ii) by striking “relationships” and in-
10 serting “relationship”;

11 (iii) by striking “such center and the
12 general Department facility” and inserting
13 “Department and contract facilities”;

14 (iv) by striking clause (ii); and

15 (v) by redesignating clause (iii) as
16 paragraph (2)(B);

17 (I) in paragraph (2)(B) (as redesignated
18 by this paragraph)—

19 (i) by striking “area served by the
20 center” and inserting “region”; and

21 (ii) by redesignating clause (iv) as
22 paragraph (2)(C);

23 (J) in paragraph (2)(C) (as redesignated
24 by this paragraph)—

25 (i) by striking “, the center and”; and

1 (ii) by striking clauses (v), (vi), (vii),
2 and (viii);

3 (K) by inserting paragraph (2)(D) as fol-
4 lows:

5 “(D) Such other factors as the Secretary
6 determines to be relevant to the evaluation de-
7 scribed in subparagraph (B) of this para-
8 graph.”; and

9 (L) by deleting paragraphs (4) and (5);
10 and

11 (9) by deleting subsection (i).

12 (f) USE OF CONTRACT PROVIDERS.—Section 1712B
13 of title 38, United States Code, is amended by striking
14 “facilities” and inserting “resources”.

15 (g) CONFORMANCE OF BENEFITS FOR CERTAIN VET-
16 ERANS’ DEPENDENTS.—Section 1713 of title 38, United
17 States Code, is amended—

18 (1) in subsection (a), by striking “subsection
19 (b) of this section” and inserting “chapter 18” after
20 “the provisions of”; and

21 (2) by striking subsection (b).

22 (h) CONFORMANCE OF HOSPITAL CARE BY OTHER
23 FEDERAL AGENCIES WITH CHAPTER 18.—Section 1716
24 of title 38, United States Code, is amended by striking

1 “this chapter” and inserting “chapters 17 and 18” after
2 “entitled to hospitalization from the Department under”.

3 (i) CONFORMANCE OF ELIGIBILITY REQUIREMENTS
4 FOR HOME HEALTH SERVICES.—Section 1717 of title 38,
5 United States Code, is amended in subsection (a)—

6 (1) in paragraph (1), by striking “As part of
7 medical services furnished to a veteran under section
8 1712(a) of this title,” and beginning the sentence
9 with “The Secretary may furnish”;

10 (2) in paragraph (2)(A), by striking “in the
11 case of medical services furnished under paragraph
12 (1) of section 1712(a)” and inserting “for (i) a vet-
13 eran for a service connected disability (including a
14 disability that was incurred or aggravated in line of
15 duty and for which the veteran was discharged or re-
16 leased from the active military, naval, or air service),
17 (ii) a veteran who qualifies as entitled under section
18 1805(a)(1) of this title and has a service-connected
19 disability rated at fifty (50) percent or greater, and
20 (iii) a veteran who qualifies as entitled under section
21 1805(a)(5)”;

22 (3) in paragraph (2)(B), by striking “in the
23 case of medical services furnished under any other
24 provision of section 1712” and inserting “for a vet-

1 eran who qualifies as eligible under section
2 1805(b)”.
3

4 (j) CONFORMANCE OF ELIGIBILITY REQUIREMENTS
5 FOR THERAPEUTIC AND REHABILITATIVE ACTIVITIES.—
6 Section 1718 of title 38, United States Code, is amended
7 by striking subsection (e).

8 (k) CONFORMANCE OF NURSING HOME AND ADULT
9 DAY CARE WITH CHAPTER 18 CRITERIA.—Section 1720
10 of title 38, United States Code, is amended—

11 (1) in subsection (a)(4), by inserting “or who is
12 furnished hospital or domiciliary care by the Sec-
13 retary under the provisions of chapter 18,” after
14 “Alaska or Hawaii”; and

15 (2) in subsection (f)(1)(A)(ii), by striking “is el-
16 igible for medical services under section
17 1712(a)(1)(B) of this title” and inserting “qualifies
18 as entitled under section 1805(a)(1) of this title and
19 has a service-connected disability rated at fifty (50)
20 percent or greater” after “a veteran who”.

21 (l) CONFORMANCE OF ELIGIBILITY AND NOTIFICA-
22 TION REQUIREMENTS FOR SUBSTANCE ABUSE TREAT-
23 MENT; ELIMINATION OF CONTRACTING LIMITATIONS.—
24 Section 1720A of title 38, United States Code, is amend-
25 ed—

1 (1) in subsection (a)(1), by striking out “this
 2 chapter” and inserting “chapters 17 and 18” after
 3 “medical and rehabilitative services under”;

4 (2) in subsection (c)—

5 (A) in paragraph (1), by striking out
 6 “and” at the end of the paragraph;

7 (B) in paragraph (2), by inserting “; and”
 8 at the end of the paragraph; and

9 (C) by inserting the following new para-
 10 graph (3):

11 “(3) advise such individual of such individual’s
 12 eligibility to obtain services pursuant to the provi-
 13 sions of chapter 18 of this title.”; and

14 (3) by striking subsections (e) and (g).

15 (m) CONFORMANCE WITH CHAPTER 18 BENEFITS;
 16 ELIMINATION OF CONTRACTING LIMITATIONS.—Section
 17 1720B of title 38, United States Code, is amended—

18 (1) in subsection (a), by striking “1710” and
 19 inserting “1806” after “to receive care under sec-
 20 tion”; and

21 (2) in subsection (b)(2), by striking “in a De-
 22 partment facility”.

23 (n) ELIMINATION OF CONTRACTING LIMITATIONS;
 24 CONFORMANCE WITH CHAPTER 18 BENEFITS.—Section
 25 1720D of title 38, United States Code, is amended—

1 (1) in subsection (a)(1)(3), by inserting a pe-
 2 riod after “a qualified mental health professional”
 3 and striking out all that follows; and

4 (2) in subsection (b)(2)(C), by inserting “or
 5 chapter 18” after “under this chapter”.

6 (o) EXTENSION OF RULEMAKING AUTHORITY TO
 7 CHAPTER 18.—Section 1721 of title 38, United States
 8 Code, is amended by inserting “or under a Veterans
 9 Health Plan as set forth in chapter 18 of this title” imme-
 10 diately before the end of the first sentence.

11 (p) CONFORMANCE WITH CHAPTER 18 ELIGIBILITY
 12 CRITERIA.—Section 1722 of title 38, United States Code,
 13 is amended—

14 (1) in subsection (a), by inserting “and
 15 1805(a)(6)” after “section 1710(a)(1)(I); and

16 (2) in subsection(f)(3)—

17 (A) by striking out “section 1710(a) or
 18 1712(f)” and inserting “chapter 17” after
 19 “case or services under”; and

20 (B) by inserting “or the year in which the
 21 veteran enrolls in a Veterans Health Plan under
 22 chapter 18 of this title” immediately before the
 23 end of the sentence.

24 (q) CONFORMANCE OF COPAYMENT REQUIREMENT;
 25 RETENTION OF PROCEEDS BY THE DEPARTMENT OF

1 VETERANS AFFAIRS.—Section 1722A of title 38, United
2 States Code, is amended—

3 (1) in subsection (a)(1)—

4 (A) by striking, in the first sentence,
5 “shall” and inserting “may”;

6 (B) by striking “\$2” and inserting “a co-
7 payment” after “United States”; and

8 (C) by striking the second sentence.

9 (2) in subsection (a)(2), by inserting “fully-allo-
10 cated” before “cost to the Secretary”; and

11 (3) in subsection (b), by striking “Medical-Care
12 Cost Recovery Fund” and inserting “Health Plan
13 Fund established under section 1815 of this title”.

14 (r) CHAPTER 18 CLOTHING BENEFIT.—Section 1723
15 of title 38, United States Code, is amended by inserting
16 “or otherwise receiving care under chapters 17 and 18 of
17 this title,” after the first comma.

18 (s) EXTENSION OF REIMBURSEMENT FOR PERSONAL
19 LOSS TO CONTRACT FACILITIES.—Section 1726 of title
20 38, United States Code, is amended by inserting the fol-
21 lowing sentence at the end: “The Secretary shall include
22 in any contract with a non-Department facility a provision
23 for reimbursement of veterans and their dependents in
24 contracted health care facilities for any loss of personal
25 effects sustained by fire, earthquake, or other natural dis-

1 aster while such effects were stored in designated locations
2 in such facilities.”.

3 (t) CONFORMANCE WITH CHAPTER 18 BENEFITS.—
4 Section 1727 of title 38, United States Code, is amend-
5 ed—

6 (1) by striking out “this chapter” and inserting
7 “chapters 17 and 18” after “provided for in”; and

8 (2) by striking out “in this chapter” and insert-
9 ing “therein” after “the service requirements con-
10 tained”.

11 (u) CLARIFICATION OF VETERAN REIMBURSEMENT
12 POLICY.—Section 1728 of title 38, United States Code,
13 is amended in subsection (a)—

14 (1) by striking “entitled to hospital care or
15 medical services under this chapter” and “reimburse
16 veterans”;

17 (2) by striking out “such” after “reasonable
18 value of” and inserting “hospital”;

19 (3) by inserting “medical” before “services (in-
20 cluding travel”;

21 (4) by striking “from sources other than the
22 Department” and inserting “beyond payment other-
23 wise required under chapters 17 and 18 of this title”
24 after “have made payment,”; and

1 (5) in paragraph (3), by inserting “, con-
2 tracted,” before “or other Federal facilities”.

3 (v) EXTENSION OF THIRD-PARTY RECOVERY TO
4 CHAPTER 18 SERVICES; REPLACEMENT OF MEDICAL-
5 CARE COST RECOVERY FUND WITH VETERANS HEALTH
6 PLAN FUND; RETENTION OF THIRD-PARTY PAYMENTS
7 BY THE DEPARTMENT OF VETERANS AFFAIRS.—Section
8 1729 of title 38, United States Code, is amended—

9 (1) in subsection (a)(1)—

10 (A) by inserting “or a veteran’s depend-
11 ent” before “is furnished care”; and

12 (B) by striking “this chapter” and insert-
13 ing “chapters 17 and 18” before “for a non-
14 service-connected disability”;

15 (2) in subsection (g)—

16 (A) by striking paragraph (1) and redesign-
17 nating paragraph (2) as paragraph (1); and

18 (B) in paragraph (1) (as redesignated
19 under this paragraph), by striking “Fund” and
20 inserting “Department of Veterans Affairs
21 Health Plan Fund established under section
22 1815 of this title”; and

23 (C) by striking paragraphs (3) and (4).

1 (w) CONFORMANCE WITH CHAPTER 18 CRITERIA
 2 AND BENEFITS.—Section 1741 of title 38, United States
 3 Code, is amended—

4 (1) in subsection (a)(2), by striking in the last
 5 sentence “in a Department facility” and inserting
 6 “under sections 1710, 1720 and 1809(b) of this
 7 title”; and

8 (2) in subsection (c)—

9 (A) by striking “and” and inserting a
 10 comma after “sections 1710”; and

11 (B) by inserting “and 1809(b)” after
 12 “1720”.

13 (x) EXTENSION OF SICKLE CELL ANEMIA SERVICES
 14 TO CHAPTER 18.—Section 1751 of title 38, United States
 15 Code, is amended by striking “chapter” and inserting
 16 “title” after “under the provisions of this”.

17 **SEC. 6. TECHNICAL AND CONFORMING AMENDMENTS TO**
 18 **TITLE 38, UNITED STATES CODE.**

19 (a) CONFORMANCE WITH CHAPTER 18 ELIGIBILITY
 20 CRITERIA.—Section 106 of title 38, United States Code,
 21 is amended, in subsection (b), by striking “chapter 17”
 22 and inserting “chapters 17 and 18” after “for purposes
 23 of determining service-connection of a disability under”.

24 (b) EXTENSION OF RECOVERY EXEMPTION TO CHAP-
 25 TER 18 BENEFITS.—Section 2651 of title 38, United

1 States Code, is amended, in subsection (c), by inserting
 2 “or 18” after “under the provisions of chapter 17”.

3 (c) EXTENSION OF CHAPTER 18 BENEFITS TO VET-
 4 ERANS ELIGIBLE FOR TRAINING AND REHABILITATION.—
 5 Section 3104 of title 38, United States Code, is amended,
 6 in subsection (a)(9), by striking “chapter 17” and insert-
 7 ing “chapters 17 and 18” after “services described in”.

8 (d) CONFORMING REFERENCE TO CHAPTER 18 BEN-
 9 EFITS.—Section 3485 of title 38, United States Code, is
 10 amended, in subsection (a)(1), by striking “chapter 17”
 11 and inserting “chapters 17 and 18” after “(C) the provi-
 12 sion of hospital and domiciliary care and medical treat-
 13 ment under”.

14 (3) FALSE CLAIMS UNDER CHAPTER 18.—Section
 15 3803 of title 38, United States Code, is amended, in sub-
 16 section (c)(2)(C)(viii), by inserting “18” after “under
 17 chapters 11, 13, 15, 17” and before “and 21”.

18 (f) CONFORMING REFERENCE TO CHAPTER 18.—
 19 Section 3903 of title 38, United States Code, is amended
 20 in subsection (e)(1) by inserting “or 18” after “eligible
 21 for care under chapter 17”.

22 (g) RECOVERY OF INTEREST AND OTHER COSTS
 23 UNDER CHAPTER 18.—Section 5315 of title 38, United
 24 States Code, is amended in subsection (a)(2) by striking

1 “chapter 17” and inserting “chapters 17 and 18” after
2 “from the provision of care or services under”.

3 (h) SUSPENSION OF PENSION REDUCTION FOR VET-
4 ERANS RECEIVING REHABILITATIVE SERVICES UNDER
5 CHAPTER 18.—Section 5503 of title 38, United States
6 Code, is amended in subsection (a)(1)(D) by inserting “or
7 18” after “rehabilitation services, under chapter 17”.

8 (i) EXTENSION OF NON-DISCRIMINATION RULE TO
9 CHAPTER 18.—Section 7333 of title 38, United States
10 Code, is amended by inserting in subsection (a) “or 18”
11 after “under chapter 17”.

12 (j) EXTENSION OF CONTRACTING AUTHORITY.—Sec-
13 tion 8102 of title 38, United States Code, is amended by
14 inserting in subsection (a) “or contract for” after “The
15 Secretary shall provide”.

16 (k) ELIMINATION OF ACQUISITION RESTRICTIONS.—
17 Section 8103 of title 38, United States Code, is amended
18 by striking in subsection (d)(1) “of not more than three”
19 after “for the acquisition of”.

20 (l) ELIMINATION OF INEFFICIENT OPERATING RE-
21 QUIREMENTS.—Section 8110 of title 38, United States
22 Code, is amended—

23 (1) by striking all of subsection (a)(1) and in-
24 serting the following:

1 “(a)(1) The Secretary shall establish the total num-
2 ber of hospital beds and nursing home beds in medical
3 facilities over which the Secretary has direct jurisdiction
4 for the care and treatment of Veterans Health Plan enroll-
5 ees. The Secretary shall establish the total number of such
6 beds so as to maintain a contingency capacity to assist
7 the Department of Defense in time of war or national
8 emergency to care for the casualties of such war or na-
9 tional emergency. The Secretary shall provide, in such a
10 manner as to ensure the immediate acceptance and timely
11 and complete care of patients, for sufficient beds and
12 other treatment capacities to accommodate, and provide
13 care to, Veterans Health Plan enrollees applying for ad-
14 mission and found to be in need of hospital care or medical
15 services under chapter 17 or 18 of this title.”;

16 (2) in subsection (a)(2)—

17 (A) by striking “maintain the” and insert-
18 ing “provide” after “The Secretary shall”;

19 (B) by striking “of all Department medical
20 facilities” after “and treatment capacities”; and

21 (C) by striking “section 1712 of” after
22 “furnished pursuant to”; and

23 (3) by striking paragraph (5).

24 (m) ELIMINATION OF INEFFICIENT OPERATING RE-
25 STRICTIONS.—Section 8111 of title 38, United States

1 Code, is amended by striking in subsection (a) from “re-
2 sult (1) in a permanent reduction” through “to be oper-
3 ated and maintained or” after “enter into an agreement
4 that would” and before “in any way subordinate or trans-
5 fer”.

6 (n) ELIMINATION OF RESTRICTIONS ON CONTRACT-
7 ING AUTHORITY; CHAPTER 18 HOSPITAL SERVICES.—
8 Section 8111A of title 38, United States Code, is amend-
9 ed—

10 (1) in subsection (b)(2)(A), by striking “at a
11 department facility under subsection (f) of section
12 1712 of this title” after “is receiving medical serv-
13 ices”; and

14 (2) in subsection (b)(2)(B)—

15 (A) by striking in clause (i) “section 1710
16 of” after “hospital care under”; and

17 (B) by striking in clause (ii) “such sec-
18 tion” and inserting “this title” after “for hos-
19 pital care under”.

20 (o) ELIMINATION OF RESTRICTIONS ON CONTRACT-
21 ING AUTHORITY; PAYMENT PROVISIONS FOR CHAPTER 18
22 BENEFITS.—Section 8153 of title 38, United States Code,
23 is amended—

24 (1) by striking subsection (c); and

1 (2) by inserting in subsection (d) “or 18” after
2 “not eligible for such care or services under chapter
3 17”.

4 **SEC. 7. EFFECTIVE DATE.**

5 The provisions of this Act shall take effect two years
6 after the date of the enactment of this Act.

