DEPARTMENT OF VETERANS AFFAIRS

38 CFR Part 17

RIN 2900–AQ56

Center for Innovation for Care and Payment

AGENCY: Department of Veterans Affairs.

ACTION: Final rule.

SUMMARY: The Department of Veterans Affairs (VA) adopts as final a proposed rule amending its regulations that govern VA health care. This final rule establishes parameters and authority for the new Center for Innovation for Care and Payment in its conduct of pilot programs designed to develop innovative approaches to testing payment and service delivery models to reduce expenditures while preserving or enhancing the quality of care furnished by VA.

DATES: Effective Date: This rule is effective November 25, 2019.

FOR FURTHER INFORMATION CONTACT: Michael Akinyele, VA Chief Innovation Officer and Executive Director (Acting), VA Innovation Center (VIC) (008E), 810 Vermont Ave NW, Washington, DC 20420. Michael.Akinyele@va.gov. (202) 461–7271. (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION: On June 6, 2018, section 152 of Public Law 115–182, the John S. McCain III, Daniel K. Akaka, and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks Act of 2018, or the VA MISSION Act of 2018, amended title 38 of the United States Code (U.S.C.) by adding a new section 1703E, Center for Innovation for Care and Payment. This final rule implements this new authority and establishes the parameters and authority for the new Center for Innovation for Care and Payment (the Center) in its conduct of pilot programs designed to develop innovative approaches to testing payment and service delivery models to reduce expenditures while preserving or enhancing the quality of care furnished by VA.

VA published a proposed rule on the Center on July 29, 2019. 84 FR 36507. The public comment period closed on August 28, 2019. In response to this proposed rule, VA received multiple comments. Several of the comments expressed support for the rule in whole or in part. One comment supported the proposed ability to expand pilot program duration for up to an additional 5 years. The comment suggested that an extended pilot program duration would afford clinicians greater opportunity to improve care and obtain actionable data beyond the initial pilot program duration. One comment supported many elements of the proposed rule: VA’s definition of the term reduction in expenditures; the ability to waive applicable regulations along with provisions of law; and VA’s ability to extend and expand successful pilot programs. We appreciate the comments’ support and make no changes to these provisions.

Many of the comments addressed issues related to implementation or ideas for specific pilot programs; because these are generally outside the scope of the rulemaking, we make no changes based on these comments. However, we summarize these comments below and address them as appropriate.

Several comments made recommendations on whom VA should consult in developing pilot programs. One comment supported VA’s intent to consult with Federal agencies and medical and health experts. The comment encouraged VA to solicit input from professional associations and clinicians to ensure VA obtains a broad swath of input, guidance, and suggestions on innovations and programmatic priorities. The comment further encouraged VA to prioritize health promotion and disease prevention models that focus on keeping people healthy. One comment suggested that the inclusion of nurse practitioners (NP) in VA’s consultation with relevant Federal agencies and clinical and analytical experts would be important in developing effective care models. One comment urged VA to collaborate with veterans organizations in local communities to ensure that veterans receive proper notice and information regarding pilot programs. We appreciate these recommendations and will take them into consideration when developing specific pilot proposals. We make no changes based on these comments.

Other comments made recommendations as to what types of pilot programs VA should pursue. One comment encouraged VA to consider models that enhance community design to promote safe physical activity and active forms of transportation for individuals and populations of all ages and abilities. The comment also recommended VA consider the development of a model that directs patients with musculoskeletal disorders to physical therapy for primary assessment in primary care. The comment also recommended that VA consider how it may integrate public information and performance metrics to assess the quality, timeliness, and patient satisfaction of care and services furnished. We appreciate these recommendations and will take them into consideration when developing specific pilot proposals. We make no changes based on this comment.

One comment supported the use of evidence-based health care models as necessary to make improvements to VA’s health care system. The comment stated that finding the right health care model is essential in streamlining veterans’ care. The comment encouraged VA to be strategic in creating pilot studies to provide efficient, cost-effective care without sacrificing quality of care. The comment recommended VA health care delivery models adhere to proper guideline requirements for recommended screenings and health promotion initiatives. The comment also encouraged the prioritization of care models addressing common health conditions unique to veterans, such as mental health or substance abuse disorders. The comment also recommended addressing barriers to care including better payment systems with timely reimbursement to non-VA health care providers and competency training for providers to ensure culturally competent care. We appreciate these recommendations and will take them into consideration when developing specific pilot proposals; however, because these comments make no recommendations regarding specific provisions of this rule, which lays out the parameters of the Center, we make no changes based on these comments.

One comment supported the creation of the Center and noted that it looked forward to having NPs working with VA on the development of new pilot programs. The comment stated than an overarching goal should be to support and create models providing equal opportunity for participation of clinicians and their patients. The comment suggested including NPs as full participants in pilot programs as one way to increase participation. The comment noted that patient outcomes are improved and cost savings are realized when NPs are utilized to the fullest extent of their educational and clinical training. The comment noted this has been demonstrated in a number of models within the Center for Medicare and Medicaid Innovation. The comment suggested that including NPs as full participants would help VA enhance the quality of care provided to veterans while also reducing...
expenditures. We appreciate these recommendations and will take them into consideration when developing specific pilot proposals. We make no changes based on this comment.

One comment was broadly supportive of the proposed rule. The comment recommended a specific focus on modernizing drug pricing to allow for greater adoption of more flexible pricing arrangements, greater value for patients, and an improved standard of care. The comment encouraged a shift from rebated and volume discount pricing arrangements to outcomes/value-based flexible pricing arrangement. The comment also encouraged VA to continue to ensure that existing arrangements for value-based health care are not impacted by this rulemaking. The comment recommended VA assess the ability to increase the amount of value-based health care contracting opportunities within VA systems and encouraged further rulemaking in this area. We appreciate these recommendations and will take them into consideration when developing specific pilot proposals. We make no changes based on this comment.

One comment recommended leveraging existing partnerships to design and test innovations in telehealth, data exchange, care transitions, and other areas. The comment noted that comparative effectiveness studies could identify cost and quality outliers, leading to a mutually beneficial exchange of best practices between VA and community-based providers. We appreciate this input but make no changes based on this comment, which makes no recommendations regarding provisions of the proposed rule.

One comment stated that it believed this new Center has the potential to facilitate additional opportunities to more fully engage massage therapy within veterans’ health care, such as providing test cohorts of community-based massage therapists, determining how well massage therapists are receiving provider referrals for massage therapy, assessing outcomes following a treatment cycle, and providing important measurements to add to the research base on massage efficacy and cost-effectiveness for various conditions. The comment also noted the efficacy of massage therapy as a non-pharmacologic approach to pain management, and its recognition in guidelines for non-pharmacologic opioid alternatives by the Attorney General of West Virginia. We appreciate the comment’s perspective regarding potential pilot programs but make no changes based on this comment.

One comment recommended VA consider, in developing pilot programs, recommendations made by the Commission on Care established by section 202 of the Veterans Access, Choice, and Accountability Act of 2014 (Pub. L. 113–146) that have not yet been acted upon by Congress or VA. Other possible pilot programs recommended by the comment included VA prioritizing treatment for service-connected conditions that are common among veterans, including posttraumatic stress disorder and mental health concerns; modifying VA’s personnel system to allow for improved flexibility to respond to market conditions related to compensation, benefits, and recruitment; making VA the secondary payer for all non-service-connected health care in the community; and fully utilizing nurse practitioners and physician assistants to improve access to primary care, enhance quality, and reduce expenditures. We appreciate these recommendations regarding specific pilot programs and will take them under advisement.

However, because these deal with specific pilot programs, and not with VA’s general authority to operate the Center addressed in this rulemaking, we make no changes based on this comment.

Some comments discussed issues generally raised by other parts of the rule. One comment generally supported the use of patient health care experience tools in determining patient satisfaction but expressed concern that some of these tools are outdated and do not recognize NPs. The comment stated that survey tools omitting NPs would fail to provide accurate health care delivery information. The comment encouraged VA to accurately capture patient satisfaction data by developing updated patient satisfaction tools that include NPs. We appreciate these recommendations and will take them into consideration when developing specific pilot proposals. We make no changes based on this comment.

One comment urged VA to actively seek and fill as many of the new leadership positions within the Center as possible with outside candidates who have experience with designing and creating proven innovative health care delivery solutions and can bring that experience to the Center and to VA. The comment also urged VA to select internal candidates for the Center’s leadership team who can best foster a collaborative environment. We appreciate this recommendation and will take it into consideration when designing and operating pilot programs. We make no changes based on this comment.

We make no changes based on this comment.

One comment recommended VA use the same terminology and definitions used by non-VA providers. The comment did not identify any specific terms it believed were inconsistent with industry standards; indeed, it recognized that many of the terms VA proposed are well established and consensus-based definitions. The comment recognized that it may be necessary to use a different definition but urged VA to start with the presumption of aligning terms and definitions. As we explained in our proposed rule, we believe the definitions we proposed are consistent with how these terms are used in the industry, and to the extent there is any variation, we believe our definitions are broader to allow for maximal flexibility in designing and operating pilot programs. We make no changes based on this comment.

One comment proposed VA allow non-VA providers and other stakeholders who are not affiliated with VA to propose pilot ideas. The comment recommended using the Center for Medicare and Medicaid Innovation’s process for soliciting ideas as a starting point. The comment recognized that a more open process may take more time but could provide a greater breadth and depth of innovative pilot program concepts. We appreciate this recommendation and anticipate development of a system that would permit this type of voluntary input. We make no changes based on this comment.

Two comments expressed differing interpretations of provisions in the proposed rule concerning the operational independence of the Center. One comment supported the Center’s operational independence from VA’s three administrations because this would grant it the appropriate access and decision-making authority to work across the entire VA system to re-imagine care delivery, break and eliminate internal systemic barriers, create efficiencies, and improve care for veterans. Another comment, however, supported the Center being operationally independent from VA while also collaborating with VA. These comments indicate this language was unclear, so VA is revising paragraph (a) to remove the reference to and definition of operational independence. VA will retain the language in the proposed rule from paragraph (a)(3), now redesignated as paragraph (a)(2), that the Center will within any specific administration. This should emphasize the Center’s role within VA,
but as an organization that can break and eliminate internal barriers, create efficiencies, and improve care for veterans. We further clarify that the Center is part of VA and acts at the direction of the Secretary, so it is not “independent” from VA; in the proposed rule, we stated that the Center will report through the Office of the Secretary of Veterans Affairs and ultimately the President of the United States and does not have the unilateral authority to execute pilot programs. (84 FR 36507, 36508.)

**Effect of Rulemaking**

The Code of Federal Regulations, as revised by this rulemaking, represents the exclusive legal authority on this subject. No contrary rules or procedures will be authorized. All VA guidance will be read to conform with this rulemaking if possible or, if not possible, such guidance will be superseded by this rulemaking.

**Paperwork Reduction Act**

This final rule contains no provisions constituting a collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521).

**Regulatory Flexibility Act**

The Secretary hereby certifies that this final rule will not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601–612. This final rule adopts regulations that are largely procedural, and will not, without Congressional approval of a pilot program proposal from VA, result in any change in benefits or services by themselves. Thus, this final rule will not have a significant economic impact on qualifying non-VA entities or providers. Therefore, pursuant to 5 U.S.C. 605(b), this rulemaking is exempt from the initial and final regulatory flexibility analysis requirements of 5 U.S.C. 603 and 604.

**Executive Orders 12866, 13563 and 13771**

Executive Orders 12866 and 13563 direct agencies to assess the costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, and other advantages; distributive impacts; and equity). Executive Order 13563 (Improving Regulatory and Regulatory Review) emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility.

The Office of Information and Regulatory Affairs has determined that this rulemaking is a significant regulatory action under Executive Order 12866. VA’s impact analysis can be found as a supporting document at http://www.regulations.gov, usually within 48 hours after the rulemaking document is published. Additionally, a copy of the rulemaking and its impact analysis are available on VA’s website at http://www.va.gov/orpm by following the link for VA Regulations Published from FY 2004 through FYTD. This final rule is not subject to the requirements of Executive Order 13771 because this final rule is expected to result in no more than de minimis costs.

**Unfunded Mandates**

The Unfunded Mandates Reform Act of 1995 requires, at 2 U.S.C. 1532, that agencies prepare an assessment of anticipated costs and benefits before issuing any rule that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of $100 million or more (adjusted annually for inflation) in any one year. This final rule will have no such effect on State, local, and tribal governments, or on the private sector.

**Congressional Review Act**

Pursuant to the Congressional Review Act (5 U.S.C. 801 et seq.), the Office of Information and Regulatory Affairs designated this rule as not a major rule, as defined by 5 U.S.C. 804(2).

**Catalog of Federal Domestic Assistance**

The Catalog of Federal Domestic Assistance numbers and titles for the programs affected by this document are as follows: 64.007, Blind Rehabilitation Centers; 64.008, Veterans Domiciliary Care; 64.009, Veterans Medical Care Benefits; 64.010, Veterans Nursing Home Care; 64.011, Veterans Dental Care; 64.012, Veterans Prescription Service; 64.013, Veterans Prosthetic Appliances; 64.014, Veterans State Domiciliary Care; 64.015, Veterans State Nursing Home Care; 64.016, Veterans State Hospital Care; 64.018, Sharing Specialized Medical Resources; 64.019, Veterans Rehabilitation Alcohol and Drug Dependence; and 64.022, Veterans Home Based Primary Care.

**List of Subjects in 38 CFR Part 17**

Administrative practice and procedure, Alcohol abuse, Alcoholism, Claims, Day care, Dental health, Drug abuse, Foreign relations, Government contracts, Grant programs-health, Grant programs-veterans, Health care, Health facilities, Health professions, Health records, Homeless, Medical and dental schools, Medical research, Mental health programs, Nursing homes, Philippines, Reporting and recordkeeping requirements, Scholarships and fellowships, Travel and transportation expenses, Veterans.

**Signing Authority**

The Secretary of Veterans Affairs approved this document and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs. Pamela Powers, Chief of Staff, Department of Veterans Affairs, approved this document on October 4, 2019, for publication.


Michael P. Shores,
Director, Office of Regulation Policy & Management, Office of the Secretary, Department of Veterans Affairs.

For the reasons set forth in the preamble, we amend 38 CFR part 17 as follows:

**PART 17—MEDICAL**

1. The authority citation for part 17 is amended by adding an entry for § 17.450 in numerical order to read in part as follows:

   **Authority:** 38 U.S.C. 501, and as noted in specific sections.

2. Add an undesignated center heading and § 17.450 to read as follows:

   **Section 17.450 Center for Innovation for Care and Payment**

   (a) **Purpose and organization.** The purpose of this section is to establish procedures for the Center for Innovation for Care and Payment.

   (1) The Center for Innovation for Care and Payment will be responsible for working across VA to carry out pilot programs to develop innovative approaches to testing payment and service delivery models to reduce expenditures while preserving or enhancing the quality of care furnished by VA.

   (2) The Center for Innovation for Care and Payment will not operate within any specific administration but will operate in VA’s corporate portfolio to ensure the limited number of concurrent pilot programs under this section are
(1) Actively operate more than 10 pilot programs at the same time; and
(2) Consistent with 38 U.S.C. 1703E(d), obligate more than $50 million in any fiscal year in the conduct of the pilot programs (including all administrative and overhead costs, such as measurement, evaluation, and expenses to implement the pilot programs themselves) operated under this section, unless VA determines it to be necessary and submits a report to the appropriate Committees of Congress that sets forth the amount of, and justification for, the additional expenditure.

(f) Waiver of authorities. In carrying out pilot programs under this section, VA may waive statutory provisions by adding to or removing from statutory text in subchapters I, II, and III of chapter 17, title 38, U.S.C., upon Congressional approval, including waiving any provisions of law in any provision codified in or included as a note to any section in subchapter I, II, or III of chapter 17, title 38.

(g) Upon Congressional approval of the waiver of a provision of law under this section, VA will also deem waived any applicable provision of regulation implementing such law as identified in VA’s pilot program proposal.

(h) VA will publish a document in the Federal Register providing information about, and seeking comment on, each proposed pilot program upon its submission of a proposal to Congress for approval. VA will publish a document in the Federal Register to inform the public of any pilot programs that have been approved by Congress.

(i) Notice of eligibility. VA will take reasonable actions to provide direct notice to veterans eligible to participate in a pilot program operated under this section and will provide general notice to other individuals eligible to participate in the pilot program. VA will announce its methods of providing notice to veterans, the public, and other individuals eligible to participate through the document it publishes in the Federal Register for each proposed and approved pilot program.

(j) Evaluation and reporting. VA will evaluate each pilot program operated under this section and report its findings. Evaluations may be based on quantitative data, qualitative data, or both. Whenever appropriate, evaluations will include a survey of participants or beneficiaries to determine their satisfaction with the pilot program. VA will make the evaluation results available to the public on the VA Innovation Center website on the schedule identified in VA’s proposal for the pilot program.

(k) Expansion of pilot programs. VA may expand a pilot program consistent with this paragraph (h).

(l) VA may expand the scope or duration of a pilot program if, based on an analysis of the data developed pursuant to paragraph (g) of this section for the pilot program, VA expects the pilot program to reduce spending without reducing the quality of care or improve the quality of patient care without increasing spending. Expansion may only occur if VA determines that expansion would not deny or limit the coverage or provision of benefits for individuals under 38 U.S.C. chapter 17. Expansion of a pilot program may not occur until 60 days after VA has published a document in the Federal Register and submitted an interim report to Congress stating its intent to expand a pilot program.

(m) In general, pilot programs are limited to 5 years of operation. VA may extend the duration of a pilot program by up to an additional 5 years of operation. Any pilot program extended beyond its initial 5-year period must continue to comply with the provisions of this section regarding evaluation and reporting under paragraph (g) of this section.

(n) Modification of pilot programs. The Secretary may modify elements of a pilot program in a manner that is consistent with the parameters of the Congressional approval of the waiver described in paragraph (e) of this section. Such modification does not require a submission to Congress for approval under paragraph (e) of this section.

(o) Termination of pilot programs. If VA determines that a pilot program is not producing quality enhancement or quality preservation, or is not resulting in the reduction of expenditures, and that it is not possible or advisable to modify the pilot program either through submission of a new waiver request under paragraph (e) of this section or through modification under paragraph (i) of this section, VA will terminate the pilot program within 30 days of submitting an interim report to Congress that states such determination. VA will also publish a document in the Federal Register regarding such termination.
ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 180

Fenbuconazole; Pesticide Tolerances

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: This regulation establishes tolerances for residues of fenbuconazole in or on tea. Dow Agrosciences, LLC requested these tolerances under the Federal Food, Drug, and Cosmetic Act (FFDCA).

DATES: This regulation is effective October 25, 2019. Objections and requests for hearings must be received on or before December 24, 2019 and must be filed in accordance with the instructions provided in 40 CFR part 178 (see also Unit I.C. of the SUPPLEMENTARY INFORMATION).

ADDRESSES: The docket for this action, identified by docket identification (ID) number EPA–HQ–OPP–2018–0300, is available at http://www.regulations.gov or at the Office of Pesticide Programs Regulatory Public Docket (OPP Docket) in the Environmental Protection Agency Docket Center (EPA/DC), West William Jefferson Clinton Blvd., Rm. 3334, 1301 Constitution Ave. NW, Washington, DC 20460–0001. The Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Public Reading Room is (202) 566–1744, and the telephone number for the OPP Docket is (703) 305–5805. Please review the visitor instructions and additional information about the docket available at http://www.epa.gov/dockets.

FOR FURTHER INFORMATION CONTACT: Michael Goodis, Registration Division (7505P), Office of Pesticide Programs, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460–0001; main telephone number: (703) 305–7090; email address: RDFRNotices@epa.gov.

SUPPLEMENTARY INFORMATION:

I. General Information

A. Does this action apply to me?

You may be potentially affected by this action if you are an agricultural producer, food manufacturer, or pesticide manufacturer. The following list of North American Industrial Classification System (NAICS) codes is not intended to be exhaustive, but rather provides a guide to help readers determine whether this document applies to them. Potentially affected entities may include:

• Crop production (NAICS code 111).
• Animal production (NAICS code 112).
• Food manufacturing (NAICS code 311).
• Pesticide manufacturing (NAICS code 32532).

B. How can I get electronic access to other related information?


C. How can I file an objection or hearing request?

Under FFDCA section 408(g), 21 U.S.C. 346a, any person may file an objection to any aspect of this regulation and may also request a hearing on those objections. You must file your objection or request a hearing on this regulation in accordance with the instructions provided in 40 CFR part 178. To ensure proper receipt by EPA, you must identify docket ID number EPA–HQ–OPP–2018–0300 in the subject line on the first page of your submission. All objections and requests for a hearing must be in writing and must be received by the Hearing Clerk on or before December 24, 2019. Addresses for mail and hand delivery of objections and hearing requests are provided in 40 CFR 178.25(b).

In addition to filing an objection or hearing request with the Hearing Clerk as described in 40 CFR part 178, please submit a copy of the filing (excluding any Confidential Business Information (CBI)) for inclusion in the public docket. Information not marked confidential pursuant to 40 CFR part 2 may be disclosed publicly by EPA without prior notice. Submit the non-CBI copy of your objection or hearing request, identified by docket ID number EPA–HQ–OPP–2018–0300, by one of the following methods:

• Federal eRulemaking Portal: http://www.regulations.gov. Follow the online instructions for submitting comments. Do not submit electronically any information you consider to be CBI or other information whose disclosure is restricted by statute.

Mail: OPP Docket, Environmental Protection Agency Docket Center (EPA/DC), (28221T), 1200 Pennsylvania Ave. NW, Washington, DC 20460–0001.

Hand Delivery: To make special arrangements for hand delivery or delivery of boxed information, please follow the instructions at http://www.epa.gov/dockets/contacts.html. Additional instructions on commenting or visiting the docket, along with more information about dockets generally, is available at http://www.epa.gov/dockets.

II. Summary of Petitioned-For Tolerance

In the Federal Register of July 24, 2018 (83 FR 34968) (FRL–9980–31), EPA issued a document pursuant to FFDCA’s section 408(d)(3), 21 U.S.C. 346a(d)(3), announcing the filing of a pesticide petition (PP 8E8678) by Dow Agrosciences, LLC, 9330 Zionsville Road, Indianapolis, IN 46268. The petition requested that 40 CFR 180.480 be amended by establishing tolerances for residues of the fungicide fenbuconazole, in or on the raw agricultural commodities tea, dried at 10 parts per million (ppm); and tea, instant at 10 ppm. That document referenced a summary of the petition prepared by Dow Agrosciences, LLC, the registrant, which is available in the docket, http://www.regulations.gov. There were no comments received in response to the notice of filing.

After the publication of the notice of filing in the Federal Register, Dow Agrosciences, LLC requested that its requested tolerance for residues on tea be established at 30 ppm in/on tea, dried and tea, instant based on additional magnitude of the residue studies conducted in 2016 and 2017. Based upon the data reviewed by the Food Safety Commission of Japan, EPA is establishing tolerances for tea, dried and tea, instant at 30 ppm. The reason for these changes are explained in Unit IV.D.

III. Aggregate Risk Assessment and Determination of Safety

Section 408(b)(2)(A)(i) of FFDCA allows EPA to establish a tolerance (the legal limit for a pesticide chemical residue in or on a food) only if EPA determines that the tolerance is “safe.” Section 408(b)(2)(A)(ii) of FFDCA defines “safe” to mean that “there is a reasonable certainty that no harm will result from aggregate exposure to the pesticide chemical residue, including all anticipated dietary exposures and all other exposures for which there is reliable information.” This includes exposure through drinking water and in