The Department of Veterans Affairs Revised Prosthetic Contract Template

In September of 2014, the Department of Veterans Affairs (VA) released a revised prosthetic contract template that would be issued for use by contracting officers to procure prosthetic services for Veterans through private providers of orthotics and prosthetics. The contract template was designed to ensure consistency across the 23 Veterans Integrated Service Networks (VISNs) and to improve the quality of prosthetic services provided to Veteran beneficiaries. AOPA supports the need for consistent contractual terms as well as improved quality of care available to Veterans, but has the following concerns regarding the revised prosthetic contract template.

Ensuring Veteran Access to Community Providers

- Since World War II, Veterans with limb loss have had the opportunity to receive care from a convenient and trusted community-based provider of their choice
- Recent, highly publicized, problems with delays in care through the VA system led Congress to pass the Veterans’ Access, Choice and Accountability Act which was designed to reduce wait times for health care services for Veterans by guaranteeing access to community based providers

However, the recently released VA prosthetic contract template appears to encourage a reduction in the number of community based prosthetic providers, effectively reducing a Veterans opportunity to receive community based prosthetic care; creating a conflict between the goal of the Veterans’ Choice Act and the stated goals of the prosthetic template.

Payment Rates

- The Veterans’ Choice Act authorizes VA payment to community based providers at the same rate as the current Medicare fee schedule

However, the new VA prosthetic template requests that providers offer a percentage discount off of the current Medicare fee schedule. Also, the template sets the payment rate for not otherwise classified (NOC) procedure codes at 150% of the provider’s acquisition cost minus any negotiated contractual discount. The costs of providing items/services using a NOC procedure code go beyond the simple purchase price of item. Data gathered as part of AOPA’s annual Operating Performance Report indicates that the acquisition cost of prosthetic components represents only 30% of the overall cost of providing the completed prosthesis. Other important factors include labor costs associated with patient evaluation, fabrication, and follow up care, professional costs of preparing and filing claims, and general overhead costs to operate the business. A reimbursement rate of 150% of the acquisition cost of prosthetic component(s) described by a NOC procedure code will typically fall short of the overall cost of providing the completed prosthesis without considering any additional negotiated discount to be applied after the 150% is calculated.

General Concerns

The VA prosthetic template, in its current form, may have the unintended consequences of reducing or eliminating Veterans access to quality, community based, prosthetic care as low reimbursement rates for NOC codes may discourage providers from offering Veterans prostheses that include advanced technologies that may offer better outcomes; and the VA prosthetic contract template appears to be in direct conflict with the goals of the Veteran’s Choice Act and establishes a price over quality approach for the delivery of prosthetic services to Veterans

For more information contact the American Orthotic & Prosthetic Association (AOPA) at (571) 431-0876 or www.AOPAnet.org