SEC. ___. AUTHORITY TO PLAN, DESIGN, AND CONSTRUCT, OR LEASE, SHARED MEDICAL FACILITIES WITH DEPARTMENT OF VETERANS AFFAIRS.

(a) AUTHORITY OF DEPARTMENT OF DEFENSE.—

(1) IN GENERAL.—Chapter 55 of title 10, United States Code, is amended by inserting after section 1104 the following new section:

"§1104a. Shared medical facilities with Department of Veterans Affairs

"(a) AGREEMENTS.—The Secretary of Defense may enter into agreements with the Secretary of Veterans Affairs for the planning, design, and construction, or the leasing, of facilities to be operated as shared medical facilities.

"(b) TRANSFER OF FUNDS BY SECRETARY OF DEFENSE.—(1) The Secretary of Defense may transfer to the Secretary of Veterans Affairs amounts as follows:

"(A) Amounts, not in excess of the amount authorized by law for an unspecified minor military construction project, for the construction of a shared medical facility if—

"(i) the amount of the share of the Department of Defense for the estimated cost of the project does not exceed the amount authorized under section 2805(a)(2) of this title; and

"(ii) the other requirements of such section have been met with respect to funds identified for transfer.

"(B) Amounts appropriated for the Defense Health Program for the purpose of the planning, design, and construction, or the leasing of space, for a shared medical facility.

"(2) The authority to transfer funds under this section is in addition to any other authority to transfer funds available to the Secretary of Defense.

"(3) Section 2215 of this title does not apply to a transfer of funds under this subsection.

"(c) TRANSFER OF FUNDS TO SECRETARY OF DEFENSE.—(1) Any amount transferred under title 38 to the Secretary of Defense by the Secretary of Veterans Affairs for necessary expenses for the planning, design, and construction of a shared medical facility, where the amount of the share of the Department of Defense for the cost of such project does not exceed the amount specified in section 2805(a)(2) of this title, may be credited to accounts of the Department of Defense available for the construction of a shared medical facility.

"(2) Amounts transferred under title 38 to the Secretary of Defense by the Secretary of Veterans Affairs for the purpose of the planning and design, or the leasing of space, for a shared medical facility may be credited to accounts of the Department of Defense available for such purposes, and may be used for such purposes.

"(3) Using accounts credited with transfers from the Secretary of Veterans Affairs under paragraph (1), the Secretary of Defense may carry out unspecified minor military construction projects, if the share of the Department of Defense for the cost of such project does not exceed the amount specified in section 2805(a)(2) of this title.

"(d) MERGER OF AMOUNTS TRANSFERRED.—Any amount transferred to the Secretary of Veterans Affairs pursuant to subsection (b), and any amount transferred to the Secretary of Defense as described in subsection (c), shall be merged with, and be available for the same purposes and the same time period as, the appropriation or fund to which transferred.

"(e) SHARED MEDICAL FACILITY DEFINED.—In this section, the term 'shared medical facility' means a building or buildings, or a campus, intended to be used by both the Department of Defense and the Department of Veterans Affairs for the provision of health-care services, whether under the jurisdiction of the Secretary of Defense or the Secretary of Veterans Affairs,

and whether or not located on a military installation or on real property under the jurisdiction of the Secretary of Veterans Affairs. Such term includes any necessary building and auxiliary structure, garage, parking facility, mechanical equipment, abutting sidewalks, and accommodations for attending personnel.”.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1104 the following new item:

“1104a. Shared medical facilities with Department of Veterans Affairs.”.

(b) AUTHORITY OF DEPARTMENT OF VETERANS AFFAIRS.—

(1) IN GENERAL.—Chapter 81 of title 38, United States Code, is amended by inserting after section 8111A the following new section:

“§8111B. Shared medical facilities with Department of Defense

“(a) AGREEMENTS.—The Secretary of Veterans Affairs may enter into agreements with the Secretary of Defense for the planning, design, and construction, or the leasing, of facilities to be operated as shared medical facilities.

“(b) TRANSFER OF FUNDS BY SECRETARY OF VETERANS AFFAIRS.—(1) The Secretary of Veterans Affairs may transfer to the Department of Defense amounts appropriated for ‘Construction, minor projects’ for use for the planning, design, or construction of a shared medical facility, if the estimated share of the project costs of the Department of Veterans Affairs does not exceed the amount specified in section 8104(a)(3) of this title.

“(2) The Secretary of Veterans Affairs may transfer to the Department of Defense amounts appropriated for ‘Construction, major projects’ for use for the planning, design, or construction of a shared medical facility if—

“(A) the estimated share of the project costs of the Department of Veterans Affairs exceeds the amount specified in section 8104(a)(3) of this title; and

"(B) the other requirements of section 8104 of this title have been met with respect to funds identified for transfer.

"(3) The Secretary of Veterans Affairs may transfer to the Department of Defense amounts appropriated to the applicable Department medical appropriation for the purpose of leasing space for a shared medical facility, if the estimated share of the Department of Veterans Affairs for the lease costs does not exceed the threshold for a major medical facility lease pursuant to section 8104(a)(3)(B) of this title.

"(c) TRANSFER OF FUNDS TO SECRETARY OF VETERANS AFFAIRS.—(1) Any amount transferred under title 10 to the Secretary of Veterans Affairs by the Secretary of Defense for necessary expenses for the planning, design, and construction of a shared medical facility, if the estimated share of the project costs of the Department of Veterans Affairs does not exceed the amount specified in section 8104(a)(3) of this title, may be credited to the 'Construction, minor projects' account of the Department of Veterans Affairs and used for the necessary expenses of constructing such shared medical facility.

"(2) Any amount transferred under title 10 to the Secretary of Veterans Affairs by the Secretary of Defense for necessary expenses for the planning, design, and construction of a shared medical facility, if the estimated share of the project costs of the Department of Veterans Affairs exceeds the amount specified in section 8104(a)(3) of this title, may be credited to the 'Construction, major projects' account of the Department of Veterans Affairs and used for the necessary expenses of constructing such shared medical facility if the other requirements of section 8104 of this title have been met with respect to funds identified for the transfer.

"(3) Any amount transferred under title 10 to the Secretary of Veterans Affairs by the Secretary of Defense for the purpose of leasing space for a shared medical facility may be

credited to accounts of the Department of Veterans Affairs available for such purposes, and may be used for such purposes.

"(d) MERGER OF AMOUNTS TRANSFERRED.—Any amount transferred to the Secretary of Defense pursuant to subsection (b), and any amount transferred to the Secretary of Veterans Affairs as described in subsection (c), shall be merged with, and be available for the same purposes and the same time period as, the appropriation or fund to which transferred.

"(e) SHARED MEDICAL FACILITY DEFINED.—In this section, the term 'shared medical facility' means a building or buildings, or a campus, intended to be used by both the Department of Defense and the Department of Veterans Affairs for the provision of health-care services, whether under the jurisdiction of the Secretary of Defense or the Secretary of Veterans Affairs, and whether or not located on a military installation or on real property under the jurisdiction of the Secretary of Veterans Affairs. Such term includes any necessary building and auxiliary structure, garage, parking facility, mechanical equipment, abutting sidewalks, and accommodations for attending personnel.".

(c) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 8111A the following new item:

"8111B. Shared medical facilities with Department of Defense.".

Section-by-Section Analysis

This proposal would extend the collaborative relationship between the Department of Defense (DoD) and Department of Veterans Affairs (VA) beyond the sharing of existing health care resources and permit proactive, joint planning and capital investment in shared medical facilities with the goal of improving access to and the continuity, quality, and cost effectiveness of the direct health care provided to the Departments' respective beneficiaries. Joint construction and leasing of shared medical facilities to meet the combined requirements of both Departments fall outside of the existing statutory authorities of section 1104 of title 10, United States Code (U.S.C.), and section 8111 of title 38, U.S.C., for DoD-VA resource sharing of existing health care resources. This legislation would permit the Departments to optimize expenditures to enable collaboration where the Secretaries determine it is in the best interest of the Departments

to do so. There is a corresponding legislative proposal by VA, which includes the addition of a new section in title 38, U.S.C., to facilitate and permit this joint effort.

Subsection (a) of this proposal would create a new section in chapter 55 of title 10, U.S.C., to allow the Department of Defense to enter into agreements with the Department of Veterans Affairs for the planning, designing, constructing, or leasing of shared medical facilities with the goal of improving the access to, and quality and cost effectiveness of, the health care provided by the Departments to their respective beneficiaries.

Subsection (a) also would provide authority to the Departments to both transfer and accept funds appropriated for planning and design, minor construction projects, and leasing of shared medical facilities. Specifically, both Departments desire authority to use minor construction dollars within their respective thresholds to fund worthy collaborative projects, without having the aggregation of these funds convert a minor project into a major one. This legislative proposal would provide authority to both Departments to transfer and accept funds appropriated for minor projects. Each Department's contribution for minor construction is limited to its respective dollar threshold and contributions from the other Department are not counted towards the receiving Department's minor construction threshold. The result is that a minor construction project may be carried out using funds combined by both Departments as long as neither Department exceeds their respective minor construction authority.

While the Economy Act clearly includes purchasing and contracting, including services for renting and leasing, within the authorized support services, the Departments do not currently have sufficient statutory authority under the Economy Act, or elsewhere, to permit the transfer and receipt of funds between Departments to lease a shared medical facility (one that exceeds the needs of either Department individually but would meet the combined requirements). Consequently, this legislative proposal also would permit the Departments to transfer funds in furtherance of a combined/joint lease for shared medical facilities.

As a result of joint facility planning and shared services supported by the like legislation, DoD and VA beneficiaries will have more and easier access to healthcare facilities. In addition, DoD may realize a savings in facility lifecycle costs through future DoD/VA co-locations and joint facility operations. Over the years, DoD built large hospitals and clinics at installations where missions and healthcare delivery practices have changed. These changes have resulted in potential available capacity. That capacity may be used by the VA. When VA and DoD identify specific opportunities to co-locate or jointly operate facilities, the burden of facility operating costs can then shift from DoD only to DoD/VA sharing.

Facility operating cost sharing is significant. In the lifecycle of a healthcare facility, the two major cost components are the initial construction costs and the long-term operating/upkeep costs. Through a 50 or more year facility life, the initial construction cost is about 10% of the lifecycle cost and the operating/upkeep costs are 90%. For example, a facility that costs $100M to construct will require approximately $900M for operating/upkeep over its lifecycle.

Currently the Capital Asset Planning Committee has presented 9 facilities to the Joint Executive Committee (JEC) as possible candidates for joint planning study. The JEC fully endorses this proposed legislation.

DoD Facility Enterprise is collaborating with the VA Market Assessment Teams to determine DoD and VA beneficiary medical care requirements in 11 markets, in coordination with the implementation of the VA Mission Act.

Budget Implications: The resources impacted are reflected in the table below and are included within the Fiscal Year (FY) 2021 President's Budget.

RESOURCE REQUIREMENTS ($ MILLIONS)									
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**Appropriation**	**Budget Activity**	**BLI/ SAG**	**Program Element**
Defense Health Program	0.0	0.0	0.0	$1.65	$0.65	Defense Health Program, Operation and Maintenance	07	070	-

Changes to Existing Law: This proposal would add a new section 1104a to chapter 55 of title 10, United States Code, and a new section 8111B to chapter 81 of title 38, United States Code, as shown in full in the legislative text above.