SEC. ___. EXTENSION OF THE JOINT DEPARTMENT OF DEFENSE-DEPARTMENT OF VETERANS AFFAIRS MEDICAL FACILITY DEMONSTRATION PROJECT.

Section 1704(e) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2567), as most recently amended by section 732 of the National Defense Authorization Act for Fiscal Year 2020 (Public Law 116-92), is further amended by striking "September 30, 2021" and inserting "September 30, 2023".

[Please note: The "Changes to Existing Law" section below sets out in red-line format how the legislative text would amend existing law.]

Section-by-Section Analysis

This proposal would amend title XVII of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2567), which authorized the Department of Defense (DoD)-Department of Veterans (VA) Affairs Medical Facility Demonstration Project in North Chicago and Great Lakes, Illinois. The purpose of this proposal is to authorize the continuation of the demonstration project. A comprehensive assessment of the demonstration project concluded that continued joint operation of a medical center in the North Chicago-Great Lakes area serves the needs of both departments and continues to provide a valuable demonstration of VA-DoD medical system collaboration.

This proposal would amend would amend section 1704 of title XVII to extend the term of the Joint Medical Facility Demonstration Fund from September 30, 2021, to September 30, 2023. Continued use of the joint fund is essential to the program.

Budget Implications: The resources reflected in the table below are included within the FY 2021 President's Budget; however, they are subject to update based upon the final reconciliation of prior year costs, as agreed to by the Department of Defense and the Department of Veterans Affairs.

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**Appropriation**	**Budget Activity**	**BLI/ SAG**	**Program Element**
Defense Health Program	130.40	134.04	137.78	141.62	146.91	Defense Health Program, Operation and Maintenance	01	3_01	-
Total	130.40	134.04	137.78	141.62	146.91	--			

Changes to Existing Law: This proposal would make the following changes to section 1704 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 2190):

SEC. 1704 JOINT FUNDING AUTHORITY.

(a) JOINT MEDICAL FACILITY DEMONSTRATION FUND.--

(1) ESTABLISHMENT.--There is established on the books of the Treasury under the Department of Veterans Affairs a fund to be known as the `Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund' (in this section referred to as the `Fund').

(2) ELEMENTS.--The Fund shall consist of the following:

(A) Amounts transferred to the Fund by the Secretary of Defense, in consultation with the Secretary of the Navy, from amounts authorized and appropriated for the Department of Defense specifically for that purpose.

(B) Amounts transferred to the Fund by the Secretary of Veterans Affairs from amounts authorized and appropriated for the Department of Veterans Affairs specifically for that purpose.

(C) Amounts transferred to the Fund from medical care collections under paragraph (4).

(3) DETERMINATION OF AMOUNTS TRANSFERRED GENERALLY.--The amount transferred to the Fund by each of the Secretary of Defense and the Secretary of Veterans Affairs under subparagraphs (A) and (B), as applicable, of paragraph (2) each fiscal year shall be such amount, as determined by a methodology jointly established by the Secretary of Defense and the Secretary of Veterans Affairs for purposes of this subsection, that reflects the mission-specific activities, workload, and costs of provision of health care at the James A. Lovell Federal Health Care Center of the Department of Defense and the Department of Veterans Affairs, respectively.

(4) TRANSFERS FROM MEDICAL CARE COLLECTIONS.--

(A) IN GENERAL.--Amounts collected under the authorities specified in subparagraph (B) for health care provided at the James A. Lovell Federal Health Care Center may be transferred to the Fund under paragraph (2)(C).

(B) AUTHORITIES.--The authorities specified in this subparagraph are the following:

(i) Section 1095 of title 10, United States Code.

(ii) Section 1729 of title 38, United States Code.

(iii) Public Law 87-693, popularly known as the `Federal Medical Care Recovery Act' (42 U.S.C. 2651 et seq.).

(5) ADMINISTRATION.--The Fund shall be administered in accordance with such provisions of the executive agreement under section 1701 as the Secretary of Defense and the Secretary of Veterans Affairs shall jointly include in the executive agreement. Such provisions shall provide for an independent review of the methodology established under paragraph (3).

(b) AVAILABILITY.--

(1) IN GENERAL.--Funds transferred to the Fund under subsection (a) shall be available to fund the operations of the James A. Lovell Federal Health Care Center, including capital equipment, real property maintenance, and minor construction projects that are not required to be specifically authorized by law under section 2805 of title 10, United States Code, or section 8104 of title 38, United States Code.

(2) LIMITATION.--The availability of funds transferred to the Fund under subsection (a)(2)(C) shall be subject to the provisions of section 1729A of title 38, United States Code.

(3) PERIOD OF AVAILABILITY.--

(A) IN GENERAL.--Except as provided in subparagraph (B), funds transferred to the Fund under subsection (a) shall be available under paragraph (1) for one fiscal year after transfer.

(B) EXCEPTION.--Of an amount transferred to the Fund under subsection (a), an amount not to exceed two percent of such amount shall be available under paragraph (1) for two fiscal years after transfer.

(c) FINANCIAL RECONCILIATION.--The executive agreement under section 1701 shall provide for the development and implementation of an integrated financial reconciliation process that meets the fiscal reconciliation requirements of the Department of Defense, the Department of the Navy, and the Department of Veterans Affairs. The process shall permit each of the Department of Defense, the Department of Navy, and the Department of Veterans Affairs to identify their fiscal contributions to the Fund, taking into consideration accounting, workload, and financial management differences.

(d) ANNUAL REPORT.--The Secretary of Defense, in consultation with the Secretary of the Navy, and the Secretary of Veterans Affairs shall jointly provide for an annual independent review of the Fund for at least three years after the date of the enactment of this Act. Such review shall include detailed statements of the uses of amounts of the Fund and an evaluation of the adequacy of the proportional share contributed to the Fund by each of the Secretary of Defense and the Secretary of Veterans Affairs.

(e) TERMINATION.--The authorities in this section shall terminate on ~~September 30, 2021~~September 30, 2023.