

**S. 252: The Veterans Health Care Authorization Act of 2009;
Title VI, Nonprofit Research and Education Corporations**
H.R. 2770: Veterans Research and Education Corporations Enhancement Act of 2009

Objective: Modernize and clarify NPC authorities so that NPCs may meet their full potential in supporting VA research and education, which ultimately results in improved treatments and high quality care for veterans, while ensuring VA and congressional confidence in NPC management. As the NPCs complete twenty years of dedicated service to VA and the original statute enters its third decade, this year is the appropriate occasion to consider updates and clarifications.

Background: Since passage of PL 100-322 in 1988 (codified at 38 U.S.C. §§ 7361-7366), the NPCs have served as an effective "flexible funding mechanism for the conduct of approved research and education" [38 U.S.C. §7361(a)] performed at VA medical centers across the nation. NPCs provide VAMCs with the advantages of on-site administration of research by organizations entirely dedicated to serving VA researchers and educators, but with the reassurance of VA oversight and regulation. According to reports submitted in June 2008, 82 NPCs accepted \$250 million in private sector and non-VA public funding for VA research and education. They expended these funds on behalf of more than 4,000 research and education programs, all of which are subject to VA approval and are conducted in accordance with VA requirements.

Legislation: Although the authors of the original statute were remarkably successful in crafting a unique authority for VA medical centers, differing interpretations of the wording and the intent of Congress, gaps in NPC authorities that curtail their ability to fully support VA research and education, and evolution of VA health care delivery systems have made revision of the statute increasingly compelling in recent years. Title VI of S. 252 and H.R. 2770, which are identical, promulgate revisions that will resolve all of these and will allow the NPCs to better serve VA research and education programs while maintaining the high degree of oversight applied to these nonprofits.

Primary Enhancements and Clarifications:

- Allow "multi-medical center research corporations;" that is, voluntary sharing of one NPC among two or more VA medical centers while still preserving their fundamental nature as medical center-based organizations without requiring all of the statutory VA board members from each facility to serve on the NPC board.
- Clarify – not change – the legal status of the NPCs as private sector, tax exempt organizations subject to VA oversight and regulation.
- Modernize NPC funds acceptance and retention authorities as well as board membership qualifications and the ethics requirements applicable to officers, directors and employees.
- Clarify and strengthen VA's authority to guide expenditures.
- Resolve the circumstances under which NPCs may charge and retain fees for educational programs NPCs administer.
- Authorize reimbursements from NPCs to VAMCs for research and education services and from VA to NPCs pursuant to Intergovernmental Personnel Act assignments.
- Replace the "peer" review requirement with "scientific" review of NPC-administered projects.

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