



VETERAN DIRECTED CARE (VDC) OPERATIONS MANUAL TEMPLATE

August 2026 VDC Operations Manual Template



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Overview

This Operations Manual Template outlines information about VDC program operations to inform the development of a VDC provider's operations manual. It references the U.S. Department of Veterans Affairs (VA) VDC requirements in footnotes, and program best practices to support program consistency, access, and efficiency. VDC providers may use this template to guide the development of their local program operational policies in accordance with VA requirements and individual Veterans Affairs Medical Centers' (VAMC) standard operating procedures (SOPs).

This template is organized by key operational areas and includes both VA requirements and additional guidance on best practices for operating the VDC program, defined below. The VDC Operational Manual Reference Guide provides a reference for the topics covered related to VA requirements and national program policies and procedures (see [Appendix A](#)).

VA Requirements	Additional Guidance
Mandatory policies and procedures for all operational VDC programs, as specified in VA policy documents (referenced in footnotes).	Best practices for SOPs that guide the development of VDC providers' local program policies.

Section I: VDC Program Background, Guidelines for Participation, Contracts, Preparing to Deliver VDC, and Roles and Responsibilities

This section provides an overview of the VDC program and guidelines for the VDC provider, VAMC, and Veteran participant.

VDC Program Background

VDC serves Veterans of all ages and with all types of disabilities who are enrolled in the Veterans Health Administration (VHA) health care system or who do not require enrollment under [38 CFR 17.37](#),¹ and who are in need of nursing home care.² The VDC program provides Veterans the opportunity to receive home and community-based services (HCBS), supporting them to live independently in their homes. Veterans manage their own monthly budget to directly hire workers and purchase services and goods to meet their needs in their home and community.

VDC is a self-directed program, which is a method of providing long-term services and supports (LTSS) in which individuals determine the services they receive. This includes hiring their own workers and purchasing services and goods from a pre-determined budget and spending plan. The individual receiving services, or their authorized representative, is the employer of the worker providing services.³

¹ 38 CFR 17.37 outlines VA eligibility. Text can be located at [CFR 2025 Title 38 Volume 1 Section 17.37](#).

² VHA VDC Field Guidebook, 2025

³ Ibid

Participant direction is available in all fifty states through a variety of Medicaid waiver programs.⁴ On June 7, 2014, the Secretary of the Department of Health and Human Services (HHS) provided [guidance on person-centered planning and participant direction with regard to Section 2402a of the Affordable Care Act](#) and the [final rule for the Centers for Medicare and Medicaid Services \(CMS\) on Medicaid HCBS](#).⁵ The issued guidance provides standards for administering a consistent policy and approach across programs providing HHS-funded HCBS.

Guidelines for Participation

Veteran Eligibility

All Veterans enrolled in the VHA health care system or who do not require enrollment under [38 CFR 17.37](#) are administratively eligible for services under the “medical benefits package.”⁶ In order to meet clinical eligibility for VDC, Veterans must meet at least one of the following clinical indicators:

1. The Veteran needs assistance in two or more activities of daily living (ADL) dependencies;
2. The Veteran has significant cognitive impairment as evidenced by a deficit in executive decision making or memory;
3. The Veteran needs VDC as adjunct care to community hospice services; and/or
4. The Veteran does not strictly meet the criteria outlined above but is determined by the Veteran’s clinical care team to need these services and the clinical justification is documented in the VHA Electronic Health Record.

Eligibility must be reviewed, at minimum, 180 days after the start of care, with subsequent eligibility reviews performed yearly by the VAMC.⁷

In addition, Veterans must be willing to self-direct their services. Self-directing their own services requires the Veteran or a Veteran’s authorized representative to fully engage in service delivery including assuming responsibility for hiring staff and managing services against a pre-determined budget.

⁴ [Medicaid Self-Directed Services](#)

⁵ [Secretary’s Guidance on Implementing Section 2402\(a\) of the Affordable Care Act](#)

⁶ [38 CFR 17.38](#)

⁷ VHA VDC Field Guidebook, 2025

When identifying a potential Veteran for VDC, VAMCs may also consider the following characteristics:⁸

- Expressed interest or desire for self-direction (Veteran or authorized representative);
- Level of Personal Care Service (PCS) needs greater than the average Veteran served in traditional VA home care programs;
- Complex care needs (e.g., spinal cord injury [SCI], traumatic brain injury [TBI], amyotrophic lateral sclerosis [ALS or “Lou Gehrig’s”], Parkinson’s);
- Mandatory nursing home coverage eligibility, which requires the Veteran to have a service-connected disability rating of 70% or greater;
- Frequent inpatient utilization;
- Desire for more choice and control over their LTSS;
- Lives in rural locations; and/or
- Agency-based home care does not meet the needs of the Veteran.

Fast Facts about Veterans Enrolled in VDC

- Veterans enrolled in VDC experienced:
 - 37% decrease in nursing home utilization in the year following enrollment;
 - 50% reduction in emergency room visits six months’ post-enrollment in VDC;
 - 48% reduction in hospital admissions; and
 - 63% reduction in bed days of care.

Sources: The Lewin Group (December 12, 2017) Veteran Spending in VD-HCBS Ad Hoc Report; [VDC January 2017 Educational Webinar](#).

While these characteristics can be used to identify potential Veteran enrollees, Veterans will not be disqualified or ineligible if they do not meet these characteristics. VDC providers should understand and confirm any additional targeting criteria that is unique to their VAMC for Veterans eligible for the program.

Aging and Disability Network Agency Participation

The VA Maintaining Internal Systems and Strengthening Integrated Outside Networks (MISSION) Act, passed in 2018, includes a provision (Section 1703A. (b)) that enables VA to engage in Veteran Care Agreements (VCAs) with aging and disability network agencies (ADNAs) which include:

- Aging and disability resource centers (ADRCs);
- Area agencies on aging (AAAs);
- Centers for independent living (CILs); and
- State units on aging (SUAs).⁹

⁸ VHA VDC Field Guidebook, 2025

⁹ [Section 1703A.\(b\), Eligible Entities and Providers](#).

The Senator Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act expands on the MISSION Act to enable Indian tribes or tribal organizations receiving assistance under Title VI of the Older Americans Act of 1965 and any other entity deemed appropriate by the HHS Secretary to engage as VDC providers.¹⁰

Eligible entities must meet the VDC readiness criteria before they can sign a VCA to offer VDC and serve Veterans. As VDC providers, eligible entities serve as community providers to the VA and help maximize a Veteran's independence within their home and communities. The readiness criteria demonstrate the eligible entity's capacity to support Veterans to:¹¹

- Receive a person-centered assessment and care planning assistance;
- Decide for themselves, or with an authorized representative, what mix of services and goods will best meet their care needs, culminating in a Veteran spending plan;
- Manage an individual budget with a flexible Veteran-centered spending plan;
- Hire and supervise their own workers, including family or friends;
- Purchase services and goods needed to live independently in the community;
- Have access to Financial Management Services (FMS) and counseling support services which facilitate service delivery (Fiscal/Employer Agent (F/EA) is the preferred model);¹² and
- Utilize traditional service providers, if desired, to supplement VDC for unforeseen emergencies.

Fiscal/Employer Agent (F/EA) Model

In this model, the Veteran or their authorized representative is the common law employer of the employees they hire, train, manage, and discharge. The F/EA FMS entity serves as the *employer's agent* to the common law employer. The F/EA FMS entity serves as the employer's agent.

VCAs and Contracts: VA Community Care Program

As part of the MISSION Act, the Veterans Community Care Program (CCP) governs how eligible Veterans receive necessary hospital care, medical services, and extended care services from non-VA entities or providers in the community. ADNAs, Indian tribes, and tribal organizations are considered non-VA entities or providers in the community.

VA purchases community care for Veterans through the following three purchasing authorities:¹³

1. VCAs (VDC is only purchased through VCAs): VA MISSION Act includes a provision (Section 1703A.(b)) that enables VA to engage in VCAs with SUAs, ADRCs, AAAs, CILs, Indian tribes, tribal organizations, or other entities as deemed appropriate by the HHS

¹⁰ [Section 123 \(b\), Senator Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act.](#)

¹¹ VHA VDC Field Guidebook, 2025

¹² The Fiscal/Employer Agent FMS model can be separated into two sub-models: The *Government F/EA FMS* and *Vendor F/EA FMS*. Each FMS model operates in accordance with [Section 3504 of the IRS code](#), and [Rev. Proc. 2013-39](#) and are the preferred FMS models for the VDC program.

¹³ [VA Community Care, Provider Overview.](#)

Secretary.¹⁴ As of June 6, 2019, VA uses VA MISSION Act appropriations to pay for VDC through VCAs.

2. Community Care Networks (CCNs): signing a contract with VA's CCN contractors (e.g., third party administrators). Currently, these administrators are TriWest HealthCare Alliance and Optum.
3. Indefinite Delivery/Indefinite Quantity (IDIQ) contracts

Please note that VDC providers only deliver VDC under VCAs. VAMCs are instructed not to use CCN or PC3 to refer Veterans for VDC.

Preparing to Deliver VDC: Steps to Consider

(1) Pass the VHA Readiness Review

Eligible entities are required to pass a VHA Readiness Review to certify their capabilities to deliver VDC. The Readiness Review certifies that the eligible entity has the proper education, training, and demonstrated competence to operate as a VDC provider. The eligible entity is required to participate in a two-part process, including a program and FMS Readiness Review. The Readiness Review is tailored to the desired program model of the eligible entity to become either a Sole Proprietor, Hub, or Spoke.¹⁵ Upon successful completion of the Readiness Review, the eligible entity will receive a Certificate of Completion to become a certified VDC provider.

(2) Sign a VCA

VDC providers are required to sign a VCA to receive Veteran referrals for VDC from a VAMC. **VDC providers serving Veterans in partnership with more than one VAMC are only required to sign one VCA and the signed VCA is valid for three years.** VAMCs issue separate and new authorizations for care provided under VCAs. Technical assistance for eligible entities is provided in partnership with VA and the U.S. Administration for Community Living (ACL). VDC providers are required to provide their VCA number to ACL by emailing veterandirected@acl.hhs.gov.

¹⁴ [Section 123 \(b\), Senator Elizabeth Dole 21st Century Veterans Healthcare and Benefits Improvement Act.](#)

¹⁵ [Veteran Directed Care Program \(VDC\): Overview of Veterans Health Administration VDC Readiness Review Process.](#)

(3) Register for a National Provider Identifier Number (NPI)

As a VDC provider, your organization needs an NPI number to bill the VAMC for VDC services. VAMCs verify that health care providers are not included in the HHS Office of Inspector General (OIG) List of Excluded Individuals and Entities (LEIE) using the supplied NPI. Invoices that do not include an NPI, or if the NPI is included in the LEIE, will be rejected by VA. VDC providers are required to provide their NPI to ACL by emailing veterandirected@acl.hhs.gov.

Applying for an NPI Number

- ADNAs may apply for an NPI number using the agency's Employer Identification Number (EIN), mailing address, and phone number through the [NPI registry page](#).
- Most agencies will use the Provider Type "Case Management" – 251B00000X. For more information on how to apply for an NPI, visit the [NPI FAQ resource](#).

(4) Complete VA Vendorization Process

Prior to submitting a VDC invoice, VDC providers must be vendorized by VA's Financial Services Center (FSC). VDC providers must first register for the [System for Award Management \(SAM\)](#). To complete the vendor process, VDC providers need to complete [form VA 10-091](#). The second page of the form includes instructions and a fax number to submit the completed form. If there are any questions, VDC providers can call the VA's FSC at (877) 353-9791.

(5) Sign up for HealthShare Referral Manager (HSRM) and VA's Electronic Claims Adjudication System (eCAMS) Provider Portal (ePP)

HSRM

Benefits of HSRM for VDC Providers

- **Facilitates health information exchanges** between VA and VDC providers through one unified platform
- **Reduces turnaround time** for authorizations and reimbursement
- Provides easy access to **standard episode of care (SEOC) information**
- **Reduces time wasted** waiting for fax, phone, or email contact prior to serving a Veteran

HSRM is a secure, web-based system VA uses to generate and transfer referrals and authorizations to community providers (e.g., VDC providers). HSRM allows community providers and VA to better manage community care referrals and authorizations using a standardized process based on clinical and business rules.¹⁶ Community providers can access HSRM to manage referrals assigned to their facility, thus improving information sharing.

eCAMS ePP

eCAMS is a VA web application for community providers and other registered vendors to research the status of claims received by VA. This includes information on previous, current, and future payments, and provides the option to check the status of CMS 1500 (HCFA-1500) or

¹⁶ [VA Community Care – Care Coordination](#)

CMS 1450 (UB-04) claims forms. VDC providers can sign up for and access an eCAMS ePP account through the [eCAMS Provider Portal log in page](#).

(6) Complete required training

Under the VA MISSION Act, Section D, *Provider Qualifications and Conditions for Provision of Covered Services*, the VCA states that providers must complete VA's online General Competency Training Course within 180 days of signing the VCA.^{17,18}

[VA's Community Care Provider Education and Training Resources](#) webpage provides information on the most current list of VA-required and recommended trainings. To

access VA trainings, VDC providers must [create an account](#) on the [VHA TRAIN website](#). Once VDC providers activate their VHA TRAIN account, they may access the account through the [VHA TRAIN log in page](#) to manage their profile and register for and launch trainings.

Section 133 Required Training Course: A Perspective for Veteran Care

VA has general competency standards and requirements for specialized areas, including but not limited to opioid safety, mental health, and suicide prevention. VDC providers must complete VA's online opioid safety training course, *Community Care Provider Opioid Safety Initiative to be in compliance with these standards*.

(7) Complete required re-certification

VCAs are valid for three years. Prior to their expiration, VDC providers must renew their Readiness Review certificate to verify their competencies in delivering VDC and compliance with VDC procedures. The Readiness Review renewal is a two-part process that includes a program and FMS component to certify that the VDC provider demonstrates competence in the key components of the VDC program and FMS operations.

VAMC, VDC Provider, and Participant Roles and Responsibilities

1. VDC providers' responsibilities are to:¹⁹

- Conduct a person-centered assessment;
- Facilitate and support care and service planning;
- Assist Veterans in developing a spending plan using person-centered approaches;
- Educate and support Veterans in the role of employer;
- Provide FMS (see [Appendix B](#));
- Engage in ongoing monitoring of Veterans' receipt of services and their well-being;
- Provide ongoing counseling and support to Veterans, their families, and caregivers;

¹⁷ [VA Form 10-10171, Veterans Care Agreement](#)

¹⁸ [VA MISSION Act Sections 131 and 133](#)

¹⁹ OCC Procedures Guide, June 2015

- Bill VA timely and accurately, submitting VDC invoices electronically using Electronic Data Interchange (EDI) 837;²⁰ and
- Develop and submit detailed monthly services reports to the VAMC VDC Coordinator.

2. FMS' responsibilities are to:

- Provide the Veteran with support to manage their employer tasks, including:
 - Documentation and paperwork for hiring employees;
 - Payment for Veteran employees; and
 - Management of services and goods in accordance with local, state, and federal regulations.
- Assist the Veteran with tracking their spending plan through the development of monthly services reports; and
- Prepare and submit claims timely (see [Appendix B](#)).

FMS

Most frequently, the FMS is a subcontractor to the VDC provider. In some instances, the FMS function is performed by the VDC provider in-house. The FMS supports the Veteran with budget and employer responsibilities. The FMS functions are to:

- Establish Veteran as the employer, ensuring completion and filing of paperwork;
- Assist in enrolling employees in required government programs;
- Manage payroll, including tax filings;
- Assist with Veteran purchase of services and goods; and
- Provide data on Veteran services to meet reporting requirements.

3. VAMCs' responsibilities are to:²¹

- Establish the role of the VDC Coordinator, who provides coordination and oversight of VDC services;
- Determine Veteran eligibility and identify and refer Veterans to the VDC provider;
- Develop an agreement with the local ADNA to designate them as a provider of VDC services;
- Authorize services;
- Determine the budget amount using the Purchased HCBS Case Mix Tool and Case Mix Budget Calculator;
- Review and approve spending plans, monthly spending reports, and requests for changes in budgets or spending plans; and
- Reimburse the VDC provider in a timely and accurate manner.

²⁰ VDC providers using the UB-04 claim form to submit paper VDC invoices should review the guidance in the [VDC Billing and Invoicing Guide](#) and consider local strategies for converting to electronic invoices.

²¹ VHA VDC Field Guidebook, 2025

4. Veterans' responsibilities are to:

- Define their goals for independent living;
- Decide what mix of services and goods will best meet their care needs as well as those of their primary caregiver(s);
- Develop and manage an individualized budget and flexible spending plan to track expenditures, and work with the VDC provider to make approved changes as needs or circumstances change;
- Fulfill and comply with all employer responsibilities such as hiring and supervising their own workers, including family or friends; and
- Purchase services or goods needed to live independently in the community.

Veteran's Role

In VDC, the Veteran is at the center of the program as they identify their goals to live independently, design a spending plan to achieve their goals, and manage the employees that provide their PCS.

5. Person-Centered Counselors' (PCC) responsibilities are to:

- Educate Veterans on the VDC program;
- Work with the Veteran to assess, identify, coordinate, and monitor supports and services on an ongoing basis;
- Support the Veteran to create and manage their spending plan; and
- Monitor all VDC spending along with the Veteran, FMS, and VAMC.

PCC

The PCC is hired by the VDC provider and serves as an advocate and coach to the Veteran, caregiver(s), and/or authorized representative. The PCC is an extension of the VAMC, supporting the Veteran and monitoring their health and well-being. The PCC is a paid professional who is trained in self-direction, including budget development, person-centered practices, and Veterans' health and support needs.

6. Authorized representatives' responsibilities are to:

- Manage the program on behalf of any Veteran who is uncomfortable or unable to independently manage VDC employer responsibilities, including Veterans with a VA fiduciary.

Authorized Representative

An authorized representative may be an individual's legal guardian, family member, friend, or any other person identified by the individual to manage the program on their behalf and in their best interest. Veteran representatives may not serve as paid workers.

In most cases, authorized representatives are considered the Employer of Record, therefore, the Employer Identification Number (EIN), should be obtained in the name of the authorized representative.

Veterans can select an authorized representative to manage the budget on their behalf. A power of attorney (POA) may serve in the authorized representative role if designated or otherwise legally authorized to act on behalf of the Veteran.

Each authorized representative candidate must pass a criminal background check prior to serving in the representative role. Effective February 1, 2024, authorized representative candidates must pass a background check in accordance with worker background check requirements outlined in this document.

Section II: Referral and Intake

This section describes the Veteran referral process, including information provided by the VAMC in the initial referral, how the referral is transmitted, standard forms used, the point of contact at the VDC provider for receiving the referral, and timeframes for the VDC provider to respond to the initial referral.

Additionally, it describes the intake process with the Veteran, including the initial call, home visit, and person-centered assessment, as well as forms used, topics discussed with the Veteran, and timeframes for submission of documents.

Referral Process

Once a VDC provider has a signed and approved VCA with VA, they are eligible to begin receiving referrals and authorizations from VAMCs to provide VDC. Referrals and authorizations are sent to the VDC provider through HSRM, encrypted email, or a combination of HSRM and encrypted email.

The VDC provider and VAMC determine what information to share in the referral. This may include:

- Demographic information;
- Primary diagnosis;
- ICD-10 code of the primary diagnosis or applicable diagnoses;
- Medication list;
- Qualifying criteria;
- Completion of the VDC Budget Calculator;
- VDC budget information that may include the total budget for authorization, average monthly budget, and assessment and monthly administrative fees;
- Consent to share information; and
- Authorization number.

The VDC provider, in consultation with the VAMC, develops procedures for the receipt of referrals from the VAMC, including:

- Forms used;

- Mechanisms for sharing information (e.g., HSRM, fax, secure email). Policies should address how the sharing of Protected Health Information and Personally Identifiable Information, if any, will be protected;
- Responsible party, title, or position at the VDC provider organization for receiving and responding to the referral; and
- Expected communication between the VDC provider and VAMC.

Caregiver Identification

Identification of caregivers prior to a referral is a common and best practice, enabling the Veteran to complete the enrollment process with the VDC provider faster and more efficiently.

The VDC provider acknowledges receipt of referral from the VAMC **within one business day**. The VDC provider contacts the Veteran **within two business days of receiving the referral** to schedule an intake home visit. The VDC provider documents any delays in the Veteran's file and communicates this delay to the VAMC.

Intake Process Steps

1. The VDC provider receives the Veteran referral from the VAMC through HSRM, encrypted email, or a combination of HSRM and encrypted email.
2. Within two business days of receiving a referral, the VDC provider contacts the Veteran to ask or answer any initial questions, confirm the Veteran's interest in proceeding with the assessment process, and schedule the intake visit with the Veteran according to their preferences.
3. Within five business days of receiving a referral, the VDC provider conducts a face-to-face intake home visit with the Veteran.

Intake Process Delays

Delays in the intake process are allowable at the request of the Veteran. The VDC provider shall discuss any delays with the VAMC and document in the Veteran's HSRM referral or via encrypted email to the VAMC, and in internal VDC provider files.

During the home visit, the PCC gathers any additional demographic information from the Veteran not collected during the initial referral and describes the VDC program, including benefits to and responsibilities of the Veteran:

- Orientation to Veteran-direction;
- Roles of Veteran, PCC, VAMC, VDC provider, and FMS;
- Role as an employer;
- Veteran's ability to conduct tasks associated with VDC, including risks and responsibilities;
- Option to select an authorized representative;
- Process and frequency for re-assessments;
- Process for changing the spending plan;

Sample Budget

During the home visit, the PCC may opt to provide a sample budget for the Veteran to understand and begin developing their spending plan.

- Choice of VDC services and care providers, including family members hired as caregivers;
- Veteran rights and process for resolving grievances; and
- Resources for unpaid caregivers, if applicable.

The VDC provider should have a documented procedure for collecting information from the Veteran, including which forms or tools require completion and which VDC provider staff is responsible for intake.

If the VDC provider believes it is impractical to conduct separate home visits for intake, assessment, and development of the spending plan due to Veteran preference, urgency to begin services, or geographic distance from the Veteran, the VDC provider will discuss this need with the VAMC and may conduct the intake by phone with agreement from both the VAMC and Veteran.

Section III: Assessment and Spending Plan Development

This section describes the assessment process, including tools used and timeframes for completing the assessment and submitting documentation to the VAMC.

This section also describes the process for development and approval of a spending plan, including forms used, contents of the spending plan, timeframes for submission to the VAMC, the VAMC approval process, and discussion and negotiation of potential risks with the Veteran.

Assessment Process

It is recommended that each VDC provider supports the Veteran to document oversight procedures to ensure that services are delivered on time and in a safe manner. At a minimum, the VDC provider is expected to conduct the initial assessment, reassessments, make contact with the Veteran monthly, and collaborate with the Veteran to develop spending plans annually or when there is a new service authorization. In addition, the VDC provider conducts face-to-face in-home visits at least quarterly to monitor well-being..²²

VAMC staff monitor the status of the Veteran and review their VDC program service utilization during 180-day and reauthorization reviews conducted with the Veteran, and more often if needed, as well as through monthly communications with the VDC provider. Periodically, the VDC provider meets with the Veteran and their family to assure services are provided and the Veterans' needs are met.

²² If face-to-face is not an option for health reasons, the PCC may seek VDC coordinator approval to schedule a virtual meeting with the Veteran, although face-to-face meetings are strongly preferred.

Additional Information on the Assessment Process

Within 10 business days of the intake visit, the PCC conducts a person-centered assessment using the assessment tool approved during the Readiness Review process. The PCC may also use additional tools (e.g., fall risk, home safety assessments), as appropriate.

The PCC uses a person-centered assessment process and documents Veteran's goals, preferences, and needs as the foundation for the Veteran's spending plan. The VDC provider specifies how PCCs will conduct a person-centered assessment process, including:

- The tool(s) or form(s) to be used;
- Topics to be discussed; and
- Information to be collected.

If the Veteran has an unpaid caregiver, the PCC will offer a caregiver assessment tool (e.g., [Modified Caregiver Strain Assessment](#)) to determine caregiver needs. The PCC and the VDC Coordinator also document whether the Veteran is capable of directing their own services (i.e., can make decisions about their ADLs/IADLs with an understanding of the impact of their choice) or if an authorized representative is needed as determined by the Veteran and/or legal representative (e.g., POA, guardian).

Spending Plan Development

Monthly Spending Plan

VDC providers assist in arranging Veteran-directed services based upon the needs and preferences of the Veteran. In addition to ongoing person-centered counseling support services (including care management) and FMS, this support initially results in a person-centered assessment and Veteran spending plan. Using a person-centered approach, the PCC works face-to-face with the Veteran to develop a monthly spending plan, based on the Veteran's approved annual budget, that aligns with the Veteran's personal care needs and preferences. VDC providers may use the [VDC Monthly Spending Plan template](#) to help map how Veterans intend to use their VDC budget and estimate spending during their authorization period.

A Veteran's spending plan includes information about the workers hired by the Veteran, as well as other services and goods the Veteran plans to purchase to meet their needs.²³ In addition, the

Spending Plan Development

When developing the spending plan with the Veteran, VDC providers may consider:

- Creating sample spending plans within the Veteran's authorized budget to provide details of options available to the Veteran; developing budget breakdowns annually, monthly, biweekly, weekly, and daily to provide Veterans with a complete understanding of their proposed spending; and
- Communicating with the Veteran that the spending plan is not intended to exhaust the entire budget initially to enable flexibility in the budget for unexpected expenses (e.g., employee wage changes or purchases of a good).

²³ VHA VDC Field Guidebook, 2025

spending plan delineates the amount the Veteran is estimated to spend in each month, including expenditures for one-time purchases of services and goods, as well as planned recurring purchases. The VDC spending plan is an essential tool for the Veteran, PCC, VDC provider oversight staff, FMS, and VAMC to help ensure the Veteran's spending aligns with their needs and preferences and to help prevent episodes of overspending that could result in the Veteran exceeding their authorized annual budget.

The PCC updates the spending plan throughout the year to reflect changes in need or circumstance. Spending plan changes may be initiated by the Veteran or occur under the guidance of a PCC and communicated to VA staff through the VDC provider.

Each month, the VAMC VDC Program Coordinator receives a detailed report (see [Monthly Service Report](#)) of the Veteran's spending for the previous month that explains the hours of care the Veteran received and the wage rate, purchases of services and goods, and administrative fees.²⁴ Only items included in the approved VDC spending plan will be approved for payment.

Additional Information to Consider about the Monthly Spending Plan

The PCC submits the spending plan to the VAMC VDC Program Coordinator, on a form approved during the VDC provider's Readiness Review process, and addresses:

- The service(s), support(s) or good(s) that will help the Veteran live in the community;
- How and why this service, support, or good will help the Veteran;
- Who will help provide the service, support, or good;
- Start date and end date of the plan;
- Frequency, hours, and amount; and
- Cost of services, supports, or goods.

When overtime is anticipated or approved for a Veteran's worker, the VDC provider should ensure the related cost is reflected in the Veteran's spending plan, including the frequency, hours, and estimated cost, as applicable. Overtime should be used sparingly and monitored to ensure the Veteran's spending remains within the approved authorization period budget. If overtime becomes routine, the VDC provider should work with the Veteran, FMS, and VAMC VDC Program Coordinator to determine whether the spending plan should be adjusted or whether alternative staffing arrangements are needed.

²⁴ Ibid

The spending plan includes an individualized emergency back-up plan that ensures services are delivered if, for example, a worker is unable to keep their schedule or has planned time off. The emergency back-up plan is reviewed at least quarterly to confirm the availability of the persons listed. The emergency back-up plan may include purchasing community home health agency services while the regular worker is unavailable.

The PCC ensures the spending plan balances with the budget and meets the Veteran's needs.

The PCC should submit the spending plan to the VAMC within five days of completion.

The PCC discusses with the VAMC which supporting documents, if any, are to be submitted with the spending plan.

The VAMC is required to approve the spending plan prior to the Veteran using their VDC monthly budget and reflect any spending the Veteran incurs while enrolled in VDC.²⁵

Monthly Spending Plan

An individualized plan is developed based on a person-centered assessment process which describes how the Veteran will use the budget each month. The PCC, collaborating with the Veteran or their authorized representative, develops the spending plan and then submits the plan to the VAMC for approval. The spending plan may include personal care, services and goods, and agency administrative fees.

Allowable Expenditures

Expenditures on services and goods should meet all the following criteria:

1. Meets the identified needs, goals, and outcomes in the Veteran's spending plan; AND
2. Improves the Veteran's ability to remain safely in their home; AND
3. Addresses activities of daily living or instrumental activities of daily living needs of the Veteran; AND
4. Be the least costly alternative that reasonably meets the Veteran's identified needs; AND
5. Not be provided or paid for by VA, Medicare, Medicaid, TRICARE, or other agency, organization, program, service, or insurance; AND²⁶
6. Not be the responsibility of the homeowner to maintain, repair, or replace; AND
7. Must meet one or more of the following goals:
 - a. Enhance community inclusion and support the Veteran's ability to remain in their home and access their community resources and network;
 - b. Increase the Veteran's independence;

²⁵ VHA VDC Field Guidebook, 2025

²⁶The Veteran can elect to use VDC funds on a good or service if the timeliness, style, make, or brand that best meets their needs is not available through another source. The VDC spending plan should specifically document how the timeliness, style, make, or brand of the good or service increases the level of independence for the Veteran more than what would be provided by another source.

- c. Develop, maintain, or improve personal, social, physical, and/or work-related skills;
 - d. Decrease dependence on formal support services (i.e., reduce the need for human assistance);
 - e. Increase the Veteran's safety in their home and community; and/or
 - f. Enhance family involvement by increasing the ability of direct care workers and caregivers, including family members and friends, to receive education and skills training needed to provide support to the Veteran. AND;
8. Be for the Veteran.

Additional Information on Allowable Expenditures

The VDC provider discusses Veteran requests for services and goods that require clarification based on VA's policy with the VAMC VDC Program Coordinator. The VDC provider documents the VAMC's determination.

If state policy affects a Veteran's ability to purchase services and goods allowable under VA policy (e.g., nurse practice regulations), the VDC provider discusses the restriction with the VAMC and specifies how the Veteran will comply with applicable state and local policies.

Non-Employee Services and Goods

The VDC provider develops written procedures for the purchase of non-employee services and goods that:

- Ensure all purchases are approved by the VAMC and documented in the spending plan;
- Specify the documentation the selected vendor submits to the FMS;
- Specify the process by which the Veteran requests payment for the vendor; and
- Address how the PCC will support the Veteran to plan for emergency back-up care and planned purchases, as needed.

VAMC Monthly Spending Plan Approval

The VAMC VDC Program Coordinator reviews the spending plan and supporting documents, if applicable, to assure no duplication of services and that all items relate to a need on the assessment summary. The VAMC VDC Program Coordinator either approves the spending plan or indicates proposed changes and returns it to the VDC provider to review with the Veteran. The Veteran, PCC, and VAMC VDC Program Coordinator will continue spending plan discussions until an agreement is reached. The PCC will support the Veteran with making any required changes to update and finalize the VDC spending plan.

Once approved, copies of the authorized plan are distributed to the Veteran, VDC provider oversight staff, PCC, and FMS. The VDC provider will retain a copy of the approved spending plan in its files.

All changes to a Veteran's spending plan — including adjustments to recurring costs, unexpected expenses, or one-time purchases — must be submitted to the VAMC VDC Program Coordinator and approved before any spending occurs. Approved plans take effect on the date signed by the VAMC VDC Program Coordinator or their designee. VDC providers are encouraged to work with VAMC VDC Program Coordinators to establish a process for addressing urgent plan changes to prevent delays in care.

Veterans are encouraged to stay within their monthly budget; however, they have access to and may use their global budget at any time during the authorization period, even if this results in spending above their monthly average. Overspending is allowed as long as all changes are reflected in an updated spending plan, receive VAMC VDC Program Coordinator approval, and do not exceed the Veteran's total authorized budget. This approach removes the previous requirement to document planned savings.

It is the responsibility of the Veteran, with support from the VDC provider, to develop a VDC spending plan that is below the authorized amount, track and monitor VDC spending, and make any necessary changes to the VDC spending plan to ensure spending does not exceed the authorized budget. The Veteran's authorized budget is designed to meet the Veteran's needs for the entire authorization period. The VDC provider must support the Veteran to develop a spending plan that avoids overspending. If overspending repeatedly occurs, the VDC provider will develop a plan with the Veteran to align their spending with the approved spending plan. Please see the Remediation Training and Termination Policy call out box for additional information. **VAMCs are not required to reimburse for any VDC spending that exceeds the Veteran's authorized budget.**

Monthly Service Report

VDC providers keep a record of the Veteran's monthly expenses and share it with their VAMC partners. At a minimum, this includes the following:²⁷

- Average Veteran monthly budget;
- Monthly administrative fees;
- Amount spent on services and goods in the month;
- Amount spent on emergency back-up care and planned purchases; and
- Amount of total Veteran authorized budget spent and remaining to date.

If the VAMC VDC Program Coordinator sees a discrepancy between the spending plan and the actual spending for the month, the VAMC VDC Program Coordinator will direct the VDC

²⁷ [VDC Billing and Invoicing Guide, 2023](#)

provider to review the spending plan with the Veteran and, when appropriate, adjust to reflect the authorized spending amount and care needs of the Veteran.²⁸

Section IV: Initiating Services and Hiring Workers

This section describes the process and person(s) responsible for initiating services and hiring workers, including forms completed and requirements or restrictions on the employees the Veteran or their authorized representative may hire, and the purchase of non-employee goods or services.

Initiating Services

The VAMC VDC Program Coordinator must approve the VDC spending plan before the Veteran initiates services. The Veteran is responsible for coordinating services, supports, and goods, and for training and managing the people who will provide services and supports.

Hiring Workers

VDC employees are paid in accordance with federal, state, and local laws. The majority of VDC worker hourly rate ranges from \$15.00 – \$21.00/hour (excluding employer tax costs) but may be exceeded if necessary to meet the Veterans' personal care service needs. The Veteran, as an employer, has the right to determine and establish hourly rates within the funds available in their spending plan and in accordance with federal, state, and locality minimum wage requirements. The [VDC Wage Workbook and Tool](#) is available to Veterans and caregivers to assist with estimating appropriate wage ranges for three primary VDC service categories: Personal Care, Homemaker, and Environmental Support. The current tool accounts for geographic area and employee age range for the years 2024-2026. The tool does not set wages, and Veterans must balance wages in the context of their need for personal care service hours and their monthly budget.

The Veteran is responsible for recruiting and interviewing staff, with support from the PCC as desired by the Veteran. The Veteran hires employees who are legally allowed to work in the United States and are not the Veteran's authorized representative.

The VDC provider specifies any additional hiring requirements, as dictated by state policy.

The VDC provider specifies the requirements and procedure for conducting background checks²⁹ with the Veteran's workers in accordance with state policies, which include:³⁰

²⁸ VHA VDC Field Guidebook, 2025

²⁹ [VDC Background Check Guidance](#)

³⁰ [February 2022 VDC Educational Webinar](#)

- Process and guidelines for conducting background checks of workers;
- Having the worker candidate sign a release of information for sharing the results with the Veteran, if necessary;
- Procedures for discussing findings with the Veteran; and
- Process for developing a risk mitigation strategy to address any findings from the background check that are of concern but not an automatic disqualifying event.

Disqualifying Events

A worker cannot be hired if one of the following disqualifying events are identified during a background check:

- Felony for fraud;
- Abuse; and/or
- exploitation of a person of any age.

Other disqualifying events for hiring a worker and the length of time they are in place can vary by state.

The cost of background checks varies by type and state, depending on local VDC provider procedures. Background checks may be paid for:

1. Out of the Veteran's budget (VA's preferred method)
 - a. The VDC provider must discuss the cost of the background check with the Veteran and include it in the Veteran's spending plan.
2. By the VDC provider
 - a. The VDC provider absorbs the cost of the background check.
 - b. The VDC provider pays for the background checks through the monthly VF/EA FMS fee.

The VDC provider reports the background check results to the VAMC VDC Program Coordinator and shares with the Veteran if their worker passed or not. If the worker does not pass, the VAMC VDC Program Coordinator will be informed and the VDC provider will discuss with the Veteran and authorized representative, if applicable.³¹

It is the responsibility of the VDC provider (not the VAMC VDC Coordinator) to determine if any of the negative remarks on the background report, which are not national VDC automatic disqualifiers, would be deemed a disqualifying offense per the state statutes. Potential VDC employees and authorized representatives should not be hired or onboarded until a disposition has been made on all charges on the background report. This approach is nondiscriminatory and keeps Veteran safety at the forefront. It also determines how the hiring process should proceed (i.e., hire the employee, hire with a mitigation plan in place, or deny employment).

If the results show other events that are not disqualifying but present a concern for Veteran health and safety, the PCC discusses them with the Veteran and authorized representative. If the Veteran insists on the hire, the Veteran is required to sign an Informed Risk Agreement or Waiver. It is recommended that the Veteran develop a risk management plan related to the hire with their PCC. The risk management plan should be monitored multiple times during the year

³¹ [VDC Background Check Guidance](#)

(e.g., during onsite visits with the Veteran) and updated, as appropriate, while the Veteran employs the worker.

The VDC provider specifies the process and documents that are completed to establish the Veteran as employer and their workers as employees.

The FMS develops policies for payroll and timesheets to include:

- Frequency of payroll;
- Process for completing and submitting timesheets;³²
- Process for paying workers (e.g., check by mail, direct deposit); and
- Payment for over-time, if needed, in accordance with federal and state law.

The VDC provider must stress the importance of the accuracy and timely submission of timesheets. Paying workers for hours not worked is fraud and may be criminally prosecuted.

Home Care Agency Services

As a general rule, Veterans enrolled in VDC cannot use home care agencies for personal care services.³³ However, during their VDC enrollment period, Veterans may purchase PCS from home care agencies for up to 90 days while they are recruiting and training VDC employees. VDC Veterans may also use agency services in limited situations, such as emergency respite and planned employee vacations. Use of VA Community Care Network (CCN) agencies is not required in these cases. Agency care in these limited situations must be included in the Veteran's VDC spending plan and is limited to 30 days per year. An additional 30 days (for a total of 60 days per year) may be approved by the VDC Coordinator when attempts by the Veteran, with the assistance of the VDC Provider, to find a temporary employee have been unsuccessful. The majority of the care provided, however, must continue to be self-directed.

PCCs ensure that the Veteran's spending plan outlines how they plan to use agency services while they work toward employing their own workers.

Veterans who prefer to receive the majority of their personal care assistance from home care agencies should consider enrolling in VA's Homemaker/Home Health Aide (H/HHA) Program which is available at all VAMCs.

There are limited exceptions when VAMCs may allow a Veteran in VDC to use agency services:

- The Veteran's overall need for personal care services is best met through a self-directed model of home care; however, agency services are the only available option;

³² Please note Veterans must have the option to use a paper timesheet and they cannot be required to use an electronic system for timekeeping.

³³ VDC Reference Sheet: Use of Home Care Agencies in VDC for Community Care (CC) and Geriatrics and Extended Care (GEC) Staff, February 2017 [Current as of October 7, 2016]

- The PCC has aided the Veteran in identifying potential workers either through existing worker registries or by helping the Veteran identify potential workers and all attempts have been unsuccessful; and
- The Veteran's use of agency services is a limited amount of the Veteran's overall monthly spending while most personal care services are provided by direct employees of the Veteran, or the Veteran's needs or geographic location require the use of a private home care agency. The VAMC VDC Coordinator will consult with VA Central Office's (VACO) Geriatrics and Extended Care (GEC) prior to authorizing the use of traditional agency care due to the Veteran's needs or geographic location in VDC.

Section V: Ongoing Monitoring

This section describes the VDC provider's policies for monitoring services and Veteran well-being, including the Veteran's spending, and the process for disenrolling from the program.

Ongoing Monitoring

Each VDC provider is required to have oversight procedures that support the Veteran to ensure services are delivered on time and in a safe manner. At a minimum, the PCC is expected to conduct reassessments and work with the Veteran to develop spending plans annually (semi-annually in the first year) and conduct face-to-face visits at least quarterly to monitor well-being.

VAMC staff monitor the status of a Veteran and their VDC program service utilization by phone biannually. The VDC provider may meet with a Veteran and their family or primary caregiver periodically to ensure services are provided and the Veterans' needs are met.³⁴

The PCC monitors the Veteran's health, safety, and the outcomes of services provided in the spending plan.

The PCC documents interactions with the Veteran/authorized representative, including:

- Date of contact;
- What was discussed; and
- Plans for follow-up, if necessary.

The VDC provider ensures that documentation is available for review by the VAMC VDC Program Coordinator to verify proper monitoring has occurred.

The VDC provider specifies the process for serious occurrence reporting, including instances of abuse, neglect, or exploitation. The process includes:

- Timeframes for reporting to Adult Protective Services (APS), law enforcement, or other local authorities, as appropriate;

³⁴ VHA VDC Field Guidebook, 2025

- Timeframes for reporting serious occurrences to the VDC provider by the PCC and the VAMC; and
- Documentation and response to serious occurrences.

PCCs schedule monthly interactions with the Veteran, caregiver, and/or authorized representative, if possible. During monthly meetings and quarterly in-person visits, the PCC observes and discusses the following with the Veteran and/or authorized representative:

- Health status changes in the Veteran;
- Potential caregiver burnout;
- Signs of neglect or abuse of the Veteran by the caregiver or hired workers;
- Whether the Veteran's spending plan is meeting their needs or if the Veteran desires any changes to the spending plan; and
- Identification of other services and supports outside of VDC that may help the Veteran live independently.

Managing Spending

It is the responsibility of the Veteran, with support of the VDC provider, to develop a VDC spending plan that falls within the authorized amount, track and monitor VDC spending, and make any necessary changes to the VDC spending plan to ensure spending does not exceed the authorized budget. VAMCs are not required to reimburse for any VDC spending that exceeds the Veteran's authorized budget.³⁵ Exceptions may be permitted if the costs are legally required and outside the Veteran's control, such as instances in which states pass mandatory paid sick leave laws.³⁶

Veterans are strongly encouraged to keep their spending within their monthly budget. However, situations, such as routine care, planned purchases, and emergency back-up care,³⁷ may arise that result in spending that exceeds the monthly budget. This is permissible if:

- The overspending is pre-approved by the VAMC
- The overspending is not recurring

Managing Spending

- The PCC and FMS assist the Veteran in monitoring spending and following their budget.
- The PCC and Veteran receive monthly service reports and review these monthly during phone calls and face-to-face visits.
- The VDC provider specifies their process for responding to Veteran over- or under-spending, including any actions that may be taken for consistent spending that is not approved in the Veteran's spending plan.

³⁵ [VDC Billing and Invoicing Guide, 2023](#)

³⁶ [Paid Sick Leave Guidance](#)

³⁷ [VDC Billing and Invoicing Guide, 2023](#)

- The spending plan is updated with all spending changes and pre-approved by the VAMC
- The overspending does not cause the Veteran to exceed their total authorized budget

This guidance eliminates the need to account for “planned savings” that was previously used in VDC.

All proposed changes to the spending plan — including any adjustments to recurring costs and any one-time purchases of services or goods — must be submitted to the VAMC VDC Program Coordinator for review and receive explicit approval before any spending can take place. Please refer to the Spending Plan Development and VAMC Monthly Spending Plan Approval sections for further details.

Disenrollment

Veterans may voluntarily disenroll at any time by notifying their VDC provider or VAMC VDC Program Coordinator. Veterans who demonstrate an inability to self-direct services due to misuse of funds, consistent non-adherence to program rules, including refusal to cooperate with the assessment, monthly contacts with the VDC provider, or quarterly in-home visits; or inability or refusal to complete required employer/employee paperwork, or present an ongoing health and safety risk to themselves or others, must select an authorized representative to assist them with the responsibilities of self-direction. Veterans who refuse to select an authorized representative, cannot locate a representative who is able and willing to manage the services, or if they lose an authorized representative and cannot locate a suitable replacement, will be required to disenroll from the program. The VDC provider and VAMC VDC Program Coordinator will then help the Veteran locate suitable alternative services.³⁸

The VDC provider, in consultation with the VAMC VDC Program Coordinator, may decide to involuntarily disenroll a Veteran for the following reasons only:

- Inability to manage their services and the unwillingness or inability to identify an appropriate authorized representative;
- Fraudulent use of VDC funds; or
- Compelling health or safety issues that have led to poor health outcomes such as several preventable emergency room visits or hospitalizations.

Involuntary disenrollment requires written documentation of the reason for disenrollment. Once the decision is made to disenroll a Veteran, the VAMC VDC Program Coordinator sends a notice to the Veteran with the date of termination and the reason for the disenrollment. A copy is retained by the VDC provider and VAMC VDC Program Coordinator. The PCC and the VAMC VDC Program Coordinator collaborate with the Veteran to develop a transition plan to other services.

³⁸ VHA VDC Field Guidebook, 2025

Section VI: Billing and Invoicing

This section describes the primary VA requirements for complying with the VDC program billing and invoicing procedures.

Billing and Invoicing

The following sections outline the key topics of billing and invoicing. For full details, please reference the [VDC Billing and Invoicing Guide](#).

Monthly Responsibilities

The following activities are completed by the VDC provider monthly:³⁹

- Submit monthly invoices to the VAMC for the administrative fee and purchases made as part of the Veteran's spending plan.
- Keep a monthly record of the Veteran's VDC monthly budget and expenses. At a minimum, this includes:
 - Veteran's monthly case-mix rate;
 - Monthly administrative rate;
 - A breakout of services and goods purchased in the month by employee, good, and service; and
 - The total dollar amount in an invoice (which includes Veteran spending as well as the monthly administrative fee).

Invoice Correction

The VDC provider alerts the VAMC VDC Program Coordinator if any invoices require correction and resubmission for a particular month and for which Veteran.

Monthly Services Report

Each month, the VAMC VDC Program Coordinator receives a Monthly Services Report of the Veteran's spending for the previous month, which details the hours of care the Veteran received and the wage rate, all purchases of services and goods the Veteran made, and all administrative fees. VDC providers may use the [Monthly Services Report template](#) to track Veteran VDC spending by documenting actual spending. If the VAMC VDC Program Coordinator sees a discrepancy between the spending plan and the actual spending, the VAMC VDC Program Coordinator will direct the VDC provider to review the spending plan with the Veteran and, when appropriate, adjust to reflect the care needs of the Veteran for that month in the spending plan.⁴⁰

³⁹ [VDC Billing and Invoicing Guide, 2023](#)

⁴⁰ VHA VDC Field Guidebook, 2025

VDC Claims

VDC providers only bill for actual services purchased by the Veteran and for the monthly administrative fee. VAMCs and VDC providers establish local procedures for submission of monthly invoices, including at a minimum:

- When they will be submitted;
- How they will be submitted;
- Who will receive invoices and documentation; and
- How to submit corrected claims.

Guidance for the submission of VDC claims can be found in the VDC [Billing and Invoicing Guide](#).

Additional Processes for Billing and Invoicing

VAMCs and VDC providers will develop policies and procedures for the following:

- Communication and processes for when an enrolled Veteran is admitted to an inpatient setting, including nursing facility or hospital, to adjust billing; and
- Procedures for corrected claims.

The VDC provider specifies how they will conduct the required billing functions of the VDC program, including:

- Processes for collecting and submitting required data;
- Forms or tools to be used;
- Person(s) responsible for conducting billing and invoicing functions;
- Timeframes for completion of billing and invoicing tasks; and
- Monitoring of accounts receivables.

As a best practice, VDC providers submit VDC invoices within 30 days following the end of the month, and preferably sooner if possible.

Section VII: Quality

This section specifies how the VDC provider monitors and improves service quality, including procedures for reviewing files, conducting satisfaction surveys, responding to complaints and grievances, and interacting with subcontractors.

File Review

The VDC provider audits files quarterly for program compliance and quality. The VDC provider reviews all files at least once annually and retains a form documenting the audit.

A supervisor or designee not responsible for providing person-centered counseling services to Veterans whose files are under review completes the file audit.

The VDC provider should maintain records for seven years.

The VDC provider describes its procedure for conducting file audits, including:

- The selection process for files;
- The person responsible for the audit;
- Items to be reviewed during audit; and
- Follow-up procedures.

Satisfaction Survey

The VDC provider surveys Veterans, at a minimum, after enrollment in the program, at six months, and annually thereafter. Veterans disenrolling from the program also receive a survey during the discharge process.

The survey assesses:

- The Veteran's experience in VDC;
- Care, support, and information received; and
- The VDC team, including the PCC.

The VDC provider develops a new satisfaction survey tool or adopts an existing tool for use in the VDC program and specifies the tool they intend to use.

The VDC provider develops procedures for administering the satisfaction survey, including:

- Person responsible for survey administration;
- Person responsible for compiling and analyzing results, if different;
- Process by which surveys will be conducted (e.g., phone, face-to-face); and
- How the compiled survey data will be used by the VDC provider.

The VDC provider conducts the survey by phone or in-person and the person who administers the survey must have no connection to the Veteran's services. VDC providers may opt to mail surveys; however, phone or in-person surveys are preferred.

The VDC provider compiles and analyzes the results and conducts follow-up as needed to address any concerns or care service needs identified in the survey.

Complaints

The VDC provider either develops a new complaint or grievance procedure or adopts an existing procedure for the VDC program.

The VDC provider shares a copy of the complaint or grievance procedure with the Veteran and/or authorized representative during the initial intake visit.

All Veteran complaints or grievances are documented and maintained by the VDC provider and shared with the VAMC VDC Program Coordinator.

Monitoring Quality of Service Delivery and Subcontractors

If applicable, the VDC provider specifies the process for monitoring their FMS provider for quality, as defined in the FMS Readiness Review.

If applicable, VDC providers with subcontractor relationships for person-centered counseling (i.e., Hubs) specify:

- Processes for monitoring the services provided by their subcontractors (i.e., Spokes), including file review;
- Documents to be submitted to the Hub and timeframes for submission;
- Mechanism for entering into a formal agreement with the Spoke (e.g., contract, Memorandum of Understanding [MOU]); and
- Communication processes and methods between the Hub, Spoke, and VAMC.

Appendix A. Veteran Directed Care Operations Manual Template Reference Guide

The Veteran Directed Care (VDC) Operations Manual Template, referred to as the “Manual,” is the framework that outlines seven key operational areas that VDC providers should incorporate into their policies and procedures for the VDC program. The following guide serves as a reference for the components included in the U.S Department of Veterans Affairs (VA) requirements and national program policies and procedures delineated in the Manual.

Section I: VDC Program

Background, Guidelines for Participation, Contracts, Preparing to Deliver VDC, and Roles and Responsibilities

- ☐ [Veteran Directed Care Program Background](#)
- ☐ [Guidelines for Participation](#)
- ☐ [Veteran Care Agreements and Contracts: VA Community Care Program](#)
- ☐ [Preparing to Deliver Veteran Directed Care: Steps to Consider](#)
- ☐ [VAMC, VDC Providers, and Participant Roles and Responsibilities](#)

Section II: Referral and Intake

- ☐ [Referral Process](#)
- ☐ [Intake Process](#)

Section III: Assessment and Spending Plan Development

- ☐ [Assessment Process](#)
- ☐ [Spending Plan Development](#)
- ☐ [VAMC Monthly Spending Plan Approval](#)

- ☐ [Monthly Service Report](#)

Section IV: Initiating Services and Hiring Workers

- ☐ [Initiating Services](#)
- ☐ [Hiring Workers](#)
- ☐ [Homecare Agency Services](#)

Section V: Ongoing Monitoring

- ☐ [Ongoing Monitoring](#)
- ☐ [Managing Spending](#)
- ☐ [Disenrollment](#)

Section VI: Billing and Invoicing

- ☐ [Billing and Invoicing](#)

Section VII: Quality

- ☐ [File Review](#)
- ☐ [Satisfaction Survey](#)
- ☐ [Complaints](#)
- ☐ [Monitoring Quality of Service Delivery and Subcontractors](#)

Appendix B. Veteran Directed Care Financial Management Service Requirement for Hubs and Sole Proprietors

Background

One of the core responsibilities of a Veteran Directed Care (VDC) provider operating as a Hub or Sole Proprietor is to ensure successful program administration. This includes the provision of financial management services (FMS) and oversight of these services, maintaining proper VDC paperwork and documentation, and adhering to the U.S Department of Veterans Affairs' (VA) standardized billing requirements and payment processes.⁴¹

VDC providers either operate the FMS function within their organization or through a subcontract with an external FMS provider. The FMS function is crucial to providing the Veteran with support to manage their employer tasks, including documentation and paperwork for hiring employees, paying employees, and managing other services and goods in accordance with local, state, and federal regulations. Additionally, the FMS function assists the Veteran with tracking their spending plan through the development of monthly services reports.

FMS Requirements Effective October 1, 2025

New VDC Provider Requirement

Effective October 1, 2025, VA requires that new VDC providers (Hubs or Sole Proprietors) subcontract with a qualified FMS agency for a minimum of two years before operating the FMS function within their organization (if preferred). Prior to transitioning from a subcontracted FMS agency to organizational FMS services, the VDC provider must pass an FMS Readiness Review. The FMS Readiness Review will require the VDC provider to demonstrate their competence and experience providing FMS, in addition to preparing and submitting claims to the VA for Veterans enrolled in VDC.

Subcontractor FMS Requirements

Effective October 1, 2025, VA requires that subcontractor FMS entities provide the essential functions of monthly service report preparation and claims preparation and submission. Subcontractor FMS entities that do not currently provide monthly service report preparation and claims preparation and submission are granted six months from the effective date to establish processes and procedures to become compliant with the VA requirement. Limited exceptions will be granted for VDC providers who are compliant with accurate monthly service report submission within 30 days and timely billing with limited rejected claims that require resubmission.⁴²

⁴¹ [File a Claim for Veteran Care—Information for Providers - Community Care](#)

⁴² Exemption requests must include the following information:

- Clearinghouse for VDC claims.
- A one year claims summary report with the number of:

Current VDC Provider Requirement

VDC providers currently providing FMS within their organization must demonstrate competence and success in the preparation and submission of VA claims. VA will require VDC providers who consistently experience claims denials or are unable to meet VA's timely filing requirements to subcontract with a qualified FMS entity. VDC providers who are required to subcontract with a qualified FMS entity are granted six months to subcontract with a qualified FMS entity. There will be no exceptions granted.

-
- Claims, assessment fees, and adjustments;
 - Rejected claims;
 - Rejected claims repaired and submitted;
 - Rejected claims in the process of correcting;
 - Submissions made within the 180-day timely filing period;
 - Explanation for any claims submissions outside of the 180-day timely filing period; and
 - Turnaround time for Monthly Service Report Submission.