DEPARTMENT OF THE NAVY
BUREAU OF MEDICINE AND SURGERY
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Canc frp: Mar 2002
IN REPLY REFER TO
BUMEDNOTE 4283
BUMED-04
21 Mar 2001

BUMED NOTICE 4283

From: Chief, Bureau of Medicine and Surgery
To: Ships and Stations Having Medical Department Personnel

Subj: HEALTH CARE CONTRACTING

Ref: (a) BUMEDINST 4283.1

1. Purpose. To provide policy and guidance on the use of Franchise Business Activities (FBA) contracts by medical and dental treatment facilities. FBA was authorized by the Government Reform Act of 1994 and is managed by the Department of Treasury.

2. Action. MTFs and DTFs shall not use FBA for the provision of direct health care services. The rationale for this directive follows:

a. Health care services contracts may be either personal or non-personal. FBA is identified as a non-personal services contract, but it lacks the clauses necessary to properly indemnify the Navy in the event of medical malpractice. FBA lacks the authority to award personal services contracts; however, FBA is marketed by its proponent as a means to supplement existing staff in a manner that may create an employer or employee relationship per the Federal Acquisition Regulation, Part 37.104.

b. The use of FBA as a means for the provision of direct health care workers may result in an illegal, and unenforceable, contract that places the MTF or DTF and the health care worker at unacceptable risk.

c. FBA is an appropriate source of "common, administrative support services," as stipulated in the FBA charter. MTFs and DTFs may use FBA to acquire clerical, administrative, and information processing support, for example.

3. Cancellation Contingency. Retain until incorporated into reference (a).

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Deputy

Available at: http://navymedicine.med.navy.mil/instructions/external/external.htm