

**STATEMENT OF  
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BEFORE THE  
SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS  
HOUSE COMMITTEE ON VETERANS' AFFAIRS**

**SEPTEMBER 27, 2006**

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the VA Pension Programs. I am pleased to be accompanied by Mr. Steve Simmons, Deputy Director of the Compensation and Pension Service.

**Pension Program Requirements and Eligibility**

The VA pension programs provide financial assistance to wartime veterans and surviving spouses and children of wartime veterans based on financial need. Pension recipients currently number over 530,000, including 330,000 veterans and 200,000 survivors. Annual benefit payments total approximately \$3.5 billion.

The disability pension program assists wartime veterans with low income who are permanently and totally disabled due to causes not related to military service. Low-income veterans age 65 or older may be eligible for a service pension, the requirements and conditions for which are the same as the disability pension program except there is no requirement that the veteran be permanently and totally disabled.

Both the disability pension program and the age 65 and older service pension require 90 days or more of active military service during a period of war or 90 days or more of continuous active military service beginning or ending during a period of war. For veterans who entered active duty on or after Sept. 8, 1980, or officers who entered active duty on or after Oct. 16, 1981, the length-of-service requirement is 24 months of continuous active duty or the full period for which the person was called or ordered to active duty, whichever is shorter. Exceptions to the length-of-service requirement are authorized in certain circumstances, such as discharge due to service-connected disability. The veteran's discharge must have been under conditions other than dishonorable, and his or her disability must be for reasons other than one's own willful misconduct.

In addition to needy veterans, VA also provides pensions to low-income surviving spouses and unmarried children of deceased veterans with wartime service. To be eligible, spouses must not have remarried and children must be under age 18, or under age 23 if attending school. Children who become incapable of self-support because of a disability before age 18 may be eligible for death pension as long as the condition exists, unless the child marries or the child's income exceeds the applicable limit.

Under the VA pension programs, payments are made to bring the beneficiary's total income (including all earnings, as well as retirement and Social

Security income) to a level set by Congress. The maximum annual pension currently payable to a veteran with no dependents and no other income is \$10,579. The maximum annual death pension payable to a surviving spouse with no dependents is currently \$7,094. Payments are reduced dollar for dollar by the amount of countable income of the veteran, spouse or dependent children. Additional amounts are payable if the beneficiary has dependents; is in a nursing home or otherwise needs the aid and attendance of another person; or is permanently housebound. Medical expenses for which the beneficiary is not reimbursed by private insurance, Medicare, or Medicaid may be deducted from the beneficiary's countable income and thereby increase the amount of pension payable.

When a veteran without a spouse or a child is furnished nursing home or domiciliary care at VA expense, the pension is reduced to an amount not to exceed \$90 per month after three calendar months of care. The reduction may be delayed if nursing home care is being continued to provide the veteran with rehabilitation services.

The current pension programs, referred to as Improved Pension, were established by Public Law 95-588 and became effective January 1, 1979. Pension beneficiaries who were receiving VA pension on Dec. 31, 1978, and who did not wish to elect Improved Pension continue to receive the pension rate they were receiving on that date, subject to increases in the income limitations

commensurate with increases in the maximum pension rates under the Improved Pension program. VA currently has about 12,000 veterans and 49,000 survivors receiving benefits under prior pension programs.

### **Outreach**

The VA pension rolls have declined steadily from a high of almost two million beneficiaries in 1978 to current levels of just over 530,000. While VA has not evaluated the precise causes for the reduction of almost 75% in the number of pension recipients, there are obvious contributing factors. Foremost would be the increasing death rate among veterans of World War II and earlier wartime periods, since most veterans who meet the income requirements for pension are eligible based on age, and the low income limits of the programs. There is some evidence that the decline is leveling off. Since a large number of Vietnam Era veterans are now approaching age 65, it is conceivable that the number of pension recipients could increase.

The sharp decline in the number of pension recipients has also raised concern in VA that our most needy veterans and survivors, among them the homeless and the destitute elderly, might not be aware of the pension programs or that they may qualify for monthly benefits. As a result of this concern, VBA has been expanding our outreach to elderly, low-income veterans and surviving spouses.

In November 2005, we issued a news article entitled *VA Reaches Out to Veterans and Their Families from Every Generation* that has been printed in 176 newspapers in 23 states, with a readership of 10.5 million. VBA is also working closely with the Veterans Health Administration (VHA) and the National Cemetery Administration (NCA) to reach potentially eligible veterans and surviving spouses. Information about pension benefits is now included in the Enrollment Welcome Letters sent by VHA to veterans eligible for health care under Category 5. Copies of VBA Pamphlet 21-00-1, *A Summary of VA Benefits and Services*, are distributed to VHA facilities for placement in locations where veterans often visit, such as pharmacy waiting areas. Better communications have been established with the VHA Social Work Service to ensure social workers are aware of the pension programs and can identify and assist veterans who may have entitlement. VBA Pamphlet 21-03-1, *VA Benefits for Survivors*, is now distributed to all national cemeteries, and training on our benefit programs is provided to cemetery directors.

There are also other venues through which VBA is seeking to expand outreach to the elderly veteran population. VBA distributes copies of VA Pamphlet 21-00-1, *A Summary of VA Benefits and Services*, to over 1,300 Social Security Administration (SSA) offices. VBA has also strengthened its working relationship with the Department of Health and Human Services' Administration on the Aging, and we have become more actively involved locally with area agencies on the aging. To help spread the word about our pension programs, we set up information booths at such events as AARP conferences and funeral directors'

conventions. We will have an exhibit at the AARP annual conference next month, and a link to the VA web site has been added to the AARP web site.

### **Consolidation of Pension Maintenance Activities**

In January 2002, VBA activated three Pension Maintenance Centers or PMCs at the Philadelphia, Milwaukee, and St. Paul Regional Offices to process all pension award adjustments and account maintenance activities. Only original claims for pension benefits remain under the jurisdictions of the local regional offices.

There were two particularly important considerations in the decision to consolidate. First, by moving pension maintenance activities out of other regional offices, the regional offices are able to focus their attention and resources on processing of new and reopened disability compensation claims and appeals. This also reduced the job complexity and associated training requirements for the veterans service representatives.

The second consideration was that by consolidating to three PMCs, we could increase the efficiency and improve the quality and consistency of our pension processing activities. At the PMCs, we have claims processors who are specially trained in the complexities of the pension programs. Pension maintenance activities include the processing of supplemental claims such as cyclical income and cost-of-living adjustments; benefit adjustments based on

unanticipated changes in income, hospitalization, incarceration, etc.; and entitlement to special monthly pension based on housebound status or on the need for aid and attendance in the functions of daily living. PMC personnel also process Eligibility Verification Reports or EVRs, which are submitted annually by beneficiaries to certify continued entitlement to pension. This year, nearly 84,000 pension beneficiaries received EVRs.

The Income Verification Matching Programs are also administered by the PMCs. These programs match information on VA pension beneficiaries and their reported incomes with information provided by the Internal Revenue Service and the Social Security Administration to identify inconsistencies in reporting that could potentially affect eligibility or the amount of benefits payable.

### **Improved Accuracy and Training**

National accuracy reviews of pension processing are conducted in accordance with VBA's Systematic Technical Accuracy Review system (STAR). STAR reviews show that the accuracy of claims processed by the PMCs has significantly increased in the past year, from 80% in FY 2005 to 91% in FY 2006.

VBA has implemented a number of changes to improve the quality and consistency of pension maintenance activities. In March 2006 each PMC designated a quality review coordinator responsible for quality improvement oversight. These individuals monitor all quality issues, such as training,

mentoring, monthly quality reviews, and local and national STAR findings. Each quality review coordinator also works closely with the other two PMC quality review coordinators and keeps division management apprised of all efforts through regular conference calls and meetings.

Also in March 2006, the Compensation and Pension (C&P) Service developed national standardized training for new PMC employees. This national training curriculum is available on-line and includes basic claims development, basic claims processing, advanced claims processing, and income adjustments. A refresher training curriculum is currently under development and includes topics such as medical expenses and resultant income adjustments. Customer service training was provided for PMC public contact teams by the Philadelphia Insurance Center in April and May 2006.

PMC job aids have been developed and are available on the C&P Service Training web site. These job aids assist claims examiners in processing IVM programs and hospitalization, incarceration, and incompetency cases. The C&P Service is finalizing three other job aids related to Old Law Pension, apportionments, and dependency issues.

We will continue our efforts to improve our training programs and tools and ensure the quality and consistency of pension benefits delivery.

Mr. Chairman, this concludes my testimony. I greatly appreciate being here today and look forward to answering your questions.