



HVAC FACT SHEET FOR OFFSETS CONTAINED IN THE CONFERENCE REPORT ON H.R. 3230

The total offsets in sections 703 through 706 total roughly \$5 billion pending final CBO analysis.

Section 703

The VA pension program is generally designed to bring the veteran to about the poverty level. For example, a single wartime veteran who is totally disabled would be entitled to about \$12,500 per year in pension. That amount is offset by any income on a dollar-for-dollar basis with some allowances for medical expenses.

Section 703 would extend the current reduction in the amount of pension furnished by VA to \$90 per month for totally disabled non-service connected wartime veterans with no dependents who are residing in Medicaid-covered nursing facilities to from November 30, 2016, to September 30, 2024. This reduction has been in place for several years.

Section 704

Veterans are entitled to VA-guaranteed home loans and pay a funding fee ranging from on-half of one percent to three point three of the principle depending on several factors. Funding fees may be rolled into the principle of the loan.

Funding fees have been part of the Loan Guaranty program for years and there have been adjustments to the fees to meet previous paygo offset requirements. Section 704 would extend the several funding fee rates for housing loans guaranteed by VA to September 30, 2024.

Section 705

VA has been paying out about \$400 million in bonuses for several years. Section 705 would limit the aggregate amount of awards and bonuses paid to VA employees each fiscal year to achieve a total offset of \$400 million over ten years.

Section 706

As a means to reduce overpayments and fraud, VA has had the authority for several years to use IRS income information to determine the amounts of payments under the pension program to which the beneficiary would be entitled.

Section 706 would extend from September 30, 2016, to September 30, 2024, VA's authority to obtain information from the Internal Revenue Service or the Social Security Administration for income verification purposes for needs-based benefits.

Additional Incidental Offsets

Additional offsets due to improvements to access will accrue due to savings from provisions like enhanced collections for treatment of non-service connected conditions (about \$200M) and the Choice program (about \$1.7B) due to reductions in Medicare payments for a total of about \$1.9B.