



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS BENEFITS ADMINISTRATION

Improper Processing of
Automated Pension
Reductions Based on Social
Security Cost of Living
Adjustments

REVIEW

REPORT #20-03898-236

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Executive Summary

The VA Office of Inspector General (OIG) conducted this review to determine whether VA pension reductions were properly processed when the Veterans Benefits Administration (VBA) reduced benefits due to Social Security cost of living adjustments (COLAs).

A VA pension is a need-based benefit designed to provide a minimum income to certain wartime veterans and their survivors. Wartime veterans who are age 65 or older or who have a permanent and total disability may be eligible for a pension if they have limited income and net worth. Surviving spouses and dependent children of deceased wartime veterans are also eligible if they meet the net worth and income requirements. In fiscal year 2019, the pension program served more than 409,000 veterans and survivors who received an estimated \$4.5 billion in VA benefits.¹

The amount beneficiaries receive is based on the difference between their countable annual income and a limit that Congress sets.² Countable income is how much the beneficiary earns, including Social Security benefits, investment and retirement payments, and any income received by the beneficiary's dependent(s). Countable income can be reduced based on nonreimbursed medical expenses, such as when those expenses are affected by changes in the Supplementary Medical Insurance Benefit (SMIB).³ The beneficiary's countable annual income can also increase—such as when Social Security payments increase due to a COLA. In either case, VBA determines whether and by how much the VA pension should be adjusted.⁴

If a beneficiary's pension is to be reduced, VBA's Pension & Fiduciary (P&F) Service sends two letters to beneficiaries:

- In the **notice of proposed adverse action**, VBA is required to set forth all material facts and detailed reasons for the proposed reduction.⁵ It also gives the beneficiary the opportunity to submit evidence that the reduction should not be made. The evidence must be submitted within 60 days, also known as the due process period.⁶ At the end of this

¹ VBA, Veterans Benefits Administration Annual Benefits Report, Fiscal Year 2019.

² For 2020, that annual limit for VA pensions was \$13,752 for a single veteran without dependents or special circumstances. For a similarly situated surviving spouse, that limit was \$9,224.

³ The SMIB is a Medicare Part B premium that beneficiaries may pay to the Social Security Administration. This premium is a medical expense that can be used to offset beneficiaries' incomes without requiring a submitted medical expense form.

⁴ The purpose of the COLA is to ensure that the purchasing power of Social Security and Supplemental Security Income benefits is not eroded by inflation.

⁵ 38 C.F.R. § 3.105(h).

⁶ VBA Manual M21-1, part I, chap. 2, sec. C, "Adverse Action Proposal Period," February 19, 2019; 38 C.F.R. 3.105(i)(2).

period, VBA is required to consider all evidence of record when making a decision on the proposed reduction.

- In the **final decision letter**, VBA must include the new pension amount and several additional elements, such as the evidence considered, a list of applicable laws and regulations, rate tables and information about the beneficiary's income and medical expenses, and information on potential entitlement to additional benefits.⁷

The OIG received two allegations in 2020 involving multiple veterans and their dependents, with the allegations claiming that veterans were sent letters that failed to provide proper notification before reducing or terminating the pensions. Both the notices of proposed adverse action and final decision letters included in the allegations were sent using an automated process that VBA developed to make reductions based on Social Security COLAs.

Because of these allegations, the OIG conducted this review to determine whether pension reductions were properly processed, as outlined in VA regulations and procedures, when VBA automatically reduced benefits due to Social Security COLAs. The review team assessed whether VBA

- reduced or discontinued the beneficiaries' benefits without proper notification,
- considered the evidence submitted by pension beneficiaries before making a final decision on their benefit amount, and
- provided accurate benefit payments.

What the Review Found

The OIG substantiated the allegations that pensions were not properly processed according to VA regulations and procedures when automatically reduced due to Social Security COLAs. Beneficiaries did not receive proper notices of proposed adverse action. The notices were missing information, such as the new proposed pension amounts. Instead, all the automated notices of proposed adverse action stated that the pensions could be reduced or terminated. The notices of proposed adverse action and final decision letters also did not include information that would help beneficiaries determine what evidence they could submit to VBA to show that the pension should not be reduced, as required by VBA procedures.⁸ In cases where beneficiaries submitted evidence to show that the pension should not be reduced, the automated process did not account for the evidence before reducing the benefit. Finally, the automated process did not

⁷ 38 C.F.R. § 3.103(f); VBA Manual M21-1, part III, sub. v, chap. 2, sec. B, "Decision Notices," January 13, 2020.

⁸ VBA Manual M21-1, part I, chap. 2, sec. B, "Notice of Proposed Adverse Action," July 17, 2019; VBA Manual M21-1, "Decision Notices."

account for increased SMIB premiums to offset any decrease in pension due to Social Security COLAs.

The OIG review covered approximately 13,100 automated pension reductions based on Social Security COLAs with a claim date of December 1, 2019, and completion date of February 5, 2020. For claims establishment purposes, the claim date is the date of the notices of proposed adverse action. The completion date is when the pension was reduced. The team reviewed a statistical sample of 150 pension reductions and determined that all cases were processed incorrectly because there were systematic errors from the automated process. The OIG team estimated that this affected all 13,100 cases, and that multiple errors contributed to the incorrect processing of pension reductions related to COLAs.

None of the notices of proposed adverse action about pension reductions included all material facts and detailed reasons. Also, in cases when beneficiaries provided evidence, the automated process should have moved the cases from automation to a manual process before reducing the benefit. However, in all the cases reviewed where evidence was submitted, the process automatically reduced the benefit.

Additionally, the automated process did not account for the offsetting effect of the increased SMIB premiums paid by beneficiaries before the final reduction in pension benefits. The SMIB premium is information the Social Security Administration shares with VBA. VBA's procedures direct claims processors to allow a deduction to countable income for SMIB premiums as a continuing medical expense without a specific claim from the beneficiary.⁹ In many cases the OIG team reviewed, beneficiaries paying the SMIB premium would have had their pension benefit increased, rather than reduced.

Finally, none of the final decision letters sent to beneficiaries met the basic required elements outlined in the VA regulations and procedures.¹⁰ The letters did not include the evidence considered in the decision, a list of applicable laws and regulations, information on potential entitlement to additional benefits, or an explanation of how income or medical expenses were being counted.

The errors the review team identified were the result of inadequate planning and implementation of the automated pension reduction process. Specifically, P&F Service did not

- consult VA's Office of General Counsel or relevant departments prior to implementation,
- fully test or communicate the process to Pension Management Center staff,
- monitor the results of the automated pension reductions, and

⁹ VBA Manual M21-1, part V, sub. iii, chap. 1, sec. G, "Deductible Medical Expenses," July 15, 2019.

¹⁰ 38 C.F.R. § 3.103(f); VBA Manual M21-1, "Decision Notices," January 13, 2020.

- uphold VA's established core values, characteristics, and customer service principles.

P&F Service consulted with the VA Office of General Counsel about the automated reduction process during the OIG team's review, which was after P&F Service had implemented the process. Although the VA Office of General Counsel stated that there were arguments on both sides as to whether P&F Service satisfied due process requirements, it acknowledged that courts, which generally favor having more information in notices, may deem the notices discussed in this report as noncompliant. The OIG determined the notices of proposed adverse action and final decision letters were noncompliant and, consequently, created a risk of not providing adequate due process to the mostly elderly wartime veterans and spouses who receive pension benefits.

Inadequate processing of pension reductions could result in improper benefit payments and create unnecessary debts.¹¹ While the review team determined the monetary impact on each beneficiary was limited, these reductions could still cause an emotional toll. Pension recipients are financially vulnerable and mostly elderly. Nearly 38 percent of veteran pension recipients and 77 percent of survivor pension recipients are over age 75.

VBA discontinued the automated process for final decisions on pension reductions in April 2020 but continues to automate the notices of proposed adverse action.

What the OIG Recommended

The OIG recommended that the under secretary for benefits update the VBA Adjudication Procedures Manual section related to notices of proposed adverse action. The updates should ensure automated notices align with VA regulations and amend the language of the automated notices of proposed adverse action, which require material facts and detailed reasons for the adjustment. The OIG also recommended a review of pension reductions with COLAs that were automatically completed in fiscal year 2020 to ensure regulations and procedures were followed. The review should include the consideration of supplementary medical insurance premiums and all evidence submitted by the beneficiary.

Management Comments

The OIG made three recommendations. The acting under secretary for benefits concurred in principle with all recommendations and provided comments in response to this report. It was requested that recommendations 1 and 2 be closed, but the acting under secretary has not provided the OIG with sufficient information to show that the manual has been updated to

¹¹ Because benefits are retroactively applied, beneficiaries are overpaid for the months between the date the reduction takes effect and when the reduction is finalized. VA must generally recoup these extra payments.

require rate information and automated notices contain all material facts and detailed reasons as required by the regulation.¹² As a result, all recommendations remain open.

The OIG will close the recommendations when VBA updates the manual to align more closely with the regulation, updates the draft language for the notices of proposed adverse action to include all material facts and detailed reasons, and completes a full review of the fiscal year 2020 automated pension reductions based on Social Security COLAs. The OIG will monitor VBA's progress until all corrective actions are complete.



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¹² 38 C.F.R. § 3.105(h).

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Abbreviations

| | |
|--------|---|
| C.F.R. | Code of Federal Regulations |
| COLA | cost of living adjustment |
| OGC | Office of General Counsel |
| OIG | Office of Inspector General |
| P&F | Pension and Fiduciary |
| SMIB | Supplementary Medical Insurance Benefit |
| VBA | Veterans Benefits Administration |
| VBMS | Veterans Benefits Management System |



Introduction

The VA Office of Inspector General (OIG) conducted this review to determine whether VA pension reductions were properly processed when the Veterans Benefits Administration (VBA) reduced benefits due to Social Security cost of living adjustments (COLAs).¹³

VBA helps veterans and their families cope with financial challenges by providing supplemental income through the Veterans Pension and Survivors Pension benefit programs. A VA pension is a need-based benefit designed to provide certain wartime veterans and their survivors with a minimum level of income that raises their standard of living. Wartime veterans who are age 65 or older or who have a permanent and total disability, and who have limited income and net worth, may be eligible.¹⁴ Veterans who are more seriously disabled may qualify for a pension at a higher rate. Surviving spouses and dependent children of deceased wartime veterans are eligible for monthly pension benefits if they meet the net worth and income requirements.

The amount that beneficiaries receive is based on the difference between their countable annual income and a limit that Congress sets. Countable income is how much the beneficiary earns, including Social Security benefits, investment and retirement payments, and any income received by the beneficiary's dependent(s). Countable income can be reduced based on nonreimbursed medical expenses, such as when those expenses are affected by changes in the Supplementary Medical Insurance Benefit (SMIB).¹⁵ When the beneficiary's countable annual income changes—such as when it increases due to Social Security payments increasing because of a COLA—VBA determines whether and by how much the VA pension should be adjusted.

If a beneficiary's pension is to be reduced, VBA's Pension & Fiduciary (P&F) Service sends two letters to beneficiaries:

- In the **notice of proposed adverse action**, VBA is required to set forth all material facts and detailed reasons for the proposed reduction.¹⁶ It also gives the beneficiary the opportunity to submit evidence that the reduction should not be made. The evidence must be submitted within 60 days, also known as the due process period.¹⁷ At the end of this

¹³ The purpose of the COLA is to ensure that the purchasing power of Social Security and Supplemental Security Income benefits is not eroded by inflation.

¹⁴ 38 C.F.R. § 3.340. Total disability is any impairment of mind or body that is sufficient to render it impossible for the average person to follow a substantially gainful occupation.

¹⁵ The SMIB is a Medicare Part B premium that beneficiaries may pay to the Social Security Administration. This premium is a medical expense that can be used to offset beneficiaries' incomes without requiring a submitted medical expense form.

¹⁶ 38 C.F.R. § 3.105(h).

¹⁷ 38 C.F.R. 3.105(i)(2); VBA Manual M21-1, part I, chap. 2, sec. C, "Adverse Action Proposal Period," February 19, 2019.

period, VBA is required to consider all evidence of record when making a decision on the proposed reduction.

- In the **final decision letter**, VBA must include the new pension amount and several additional elements, such as the evidence considered, a list of applicable laws and regulations, rate tables and information about the beneficiary's income and medical expenses, and information on potential entitlement to additional benefits.¹⁸

In November 2017, VBA's P&F Service automated the notices of proposed adverse action sent to pension beneficiaries. In February 2020, P&F Service expanded the automation process by automatically adjusting pension amounts at the end of the due process period for beneficiaries who had been notified of proposed adverse action and then automatically sending a final decision letter. P&F Service discontinued the automated pension reductions and final decision letters based on Social Security COLAs in April 2020 but continues to automate the notices of proposed adverse action.

The OIG received two allegations in February and March 2020 about VBA's automated process for pension reductions due to Social Security COLAs. The allegations involved multiple veterans and their dependents and claimed that the process did not adequately notify beneficiaries or account for evidence that a pension should not be reduced, resulting in improper reduction or termination of benefits.¹⁹ Both the notices of proposed adverse action and final decision letters were sent using an automated process that VBA developed to make reductions based on Social Security COLAs. The OIG conducted this review to determine whether pension benefit reductions were properly processed, as outlined in VA regulations and procedures, when VBA automatically reduced benefits due to Social Security COLAs. Specifically, the review team determined whether VBA

- reduced or discontinued beneficiaries' benefits without proper notification,
- considered the requested evidence submitted by beneficiaries before making a final decision on their benefit amount, and
- provided accurate pension benefit payments.

Without considering submitted evidence, improper processing could result in incorrect benefit payments or unnecessary debts for beneficiaries. Inadequate notifications could negatively affect pension recipients, who are financially vulnerable and often elderly. These beneficiaries could experience stress from thinking they might lose part or all of their benefits.

¹⁸ 38 C.F.R. § 3.103(f); VBA Manual M21-1, part III, sub. v, chap. 2, sec. B, "Decision Notices," January 13, 2020.

¹⁹ Social Security payments may increase annually based on changes to the cost of living. VBA then reduces pensions for veterans and other beneficiaries because they are receiving more income from another source.

Pension Program

According to VBA's *Annual Benefits Report for Fiscal Year 2019*, the pension program's more than 409,000 veterans and survivors received an estimated \$4.5 billion in VA benefits that year.²⁰ The majority of these beneficiaries are elderly. Nearly 38 percent of veteran pension recipients and 77 percent of survivor pension recipients, the largest category of pension beneficiaries, are over age 75.

Pension benefit payment amounts are based on the difference between a beneficiary's countable annual income and a limit that Congress sets. As previously noted, countable income is how much the beneficiary earns, including Social Security benefits, investment and retirement payments, and any income the beneficiary's dependent(s) receives. For 2020, the annual limit was set by Congress at \$13,752 for a single veteran without dependents or any special circumstances. For a similarly situated surviving spouse, the annual limit was set at \$9,224. The pension benefit equals the difference between the countable income and the congressional limit over the course of the year, to bring beneficiaries' incomes up to that annual limit.

Veterans' pension benefits are overseen by VBA and administered by the P&F Service. To properly decide veterans' claims for pension benefits, claims processors use the Adjudication Procedures Manual, which is derived from the statutes and regulations that legally govern VA benefits. The manual summarizes or restates applicable law in plain language and seeks to clarify any ambiguities. The manual serves as a general guide for processing and adjudicating claims for compensation, pension, and related benefits for veterans and their dependents. VBA benefits decisions, including decisions involved in designing the automated process, are bound by the policies in the manual.

Benefit Adjustment Process

After a pension benefit is awarded, COLAs in Social Security benefits affect beneficiaries' pension rates. A change to the amount of Social Security benefits results in an adjustment to the countable income for VA purposes. Generally, if a COLA increases the Social Security benefits and this increases the countable income, pension benefits should be reduced.

In accordance with VA regulation, if the COLA will result in a reduction of a pension benefit award amount, the beneficiary must be notified of the proposed reduction. In the notification, VBA must set forth all material facts and detailed reasons for the change.²¹ VBA's manual refers to the proposal notice as a notice of proposed adverse action.²²

²⁰ The term "survivors" includes surviving spouses and children.

²¹ 38 C.F.R. § 3.105(h).

²² VBA Manual M21-1, part I, chap. 2, sec. B, "Notice of Proposed Adverse Action," July 17, 2019.

Every notice of proposed adverse action must include five elements:

1. A statement of the proposed decision, including proposed rates of payment
2. The proposed effective date of the decision
3. Information on the possible creation of an overpayment
4. Detailed reasons for the proposed decision
5. The right to present evidence, request a personal hearing, and have representation²³

According to VA regulation, the beneficiary is given 60 days to submit evidence showing why the adverse action should not be taken, generally known as the due process period.²⁴ VBA procedures outline actions to take when a beneficiary submits evidence during the 60-day due process period. Adverse action should not be taken until at least the 65th day to allow time for evidence to reach the development or authorization activity.²⁵ These actions can include requesting information from the beneficiary, requesting additional evidence from medical providers, or scheduling a hearing.²⁶

Before reducing pension benefits, VBA is required to consider whether the beneficiaries have medical expenses not reimbursed by their insurance provider.²⁷ Nonreimbursable medical expenses include expenses such as services by a healthcare provider, health insurance premiums, medications, medical supplies, and medical equipment. One example of significance is the SMIB, an insurance premium that most beneficiaries pay to the Social Security Administration. VBA receives SMIB information directly from the Social Security Administration, and VBA's procedures direct claims processors to allow a deduction to countable income for SMIB premiums as a continuing medical expense without a specific claim from the beneficiary.²⁸ At the end of the due process period, VBA considers all evidence of record and completes the final award action.²⁹

Upon reaching a decision, VBA is then required to send a final decision letter to the beneficiary that includes all the following elements:

1. Identification of the issues adjudicated
2. A summary of the evidence considered

²³ VBA Manual M21-1, "Notice of Proposed Adverse Action."

²⁴ 38 C.F.R. § 3.103(b)(2).

²⁵ 38 C.F.R. § 3.105(i)(2); VBA Manual M21-1, "Adverse Action Proposal Period."

²⁶ VBA Manual M21-1, "Adverse Action Proposal Period."

²⁷ VBA Manual M21-1, part V, sub. iii, chap. 1, sec. G, "Deductible Medical Expenses," July 15, 2019.

²⁸ VBA Manual M21-1, "Deductible Medical Expenses."

²⁹ 38 C.F.R. 3.105(i)(2); VBA Manual M21-1, "Adverse Action Proposal Period."

3. A summary of the laws and regulations applicable to the claim
4. A listing of any findings made that are favorable to the beneficiary
5. For denied claims, identification of the element(s) required to grant the claim(s) that were not met
6. If applicable, identification of the criteria required to grant service connection or the next higher level of compensation
7. An explanation of how to obtain or access evidence used in making the decision
8. A summary of the applicable options available for the beneficiary to seek further review of the decision³⁰

The notification must also include rate tables and information about the beneficiary's income and medical expenses, as well as potential entitlement to additional benefits.³¹

Automated Social Security COLA Pension Reduction Process

VBA began automating pension adjustments so that veterans and their families receive the benefits they are entitled to in the most expedient manner possible. Automation can reduce the average days pending for claims, decrease the number of claims pending completion, free up staff from pension claims, and align staff to other critical areas.³²

In November 2017, P&F Service automated notices of proposed adverse action sent to pension beneficiaries. However, claims processors continued to manually process these cases at the end of a 65-day period, or when the beneficiary responded to the notice of proposed adverse action, because the final decision portion of the process was not yet automated.

In February 2020, P&F Service expanded the automation process by automatically adjusting awards at the end of the due process period for beneficiaries who had been notified of adverse action. This automated decision process used the increased amounts of Social Security COLA to automatically decrease the pension rates on the 65th day after the notice of proposed adverse action was sent. If evidence was received within the due process period, a claims processor would be responsible for updating the system to remove the case from the automated process so that claims processors could process it manually. Figure 1 shows the steps in the automated reduction process and when they occurred.

³⁰ 38 C.F.R. § 3.103(f).

³¹ VBA Manual M21-1, "Decision Notices."

³² "Pension Automation Making a Real Difference for Veterans' Families," US Department of Veterans Affairs, accessed April 1, 2021, <https://www.oit.va.gov/news/article/?read=pension-automation-making-a-real-difference-for-veterans-families>.

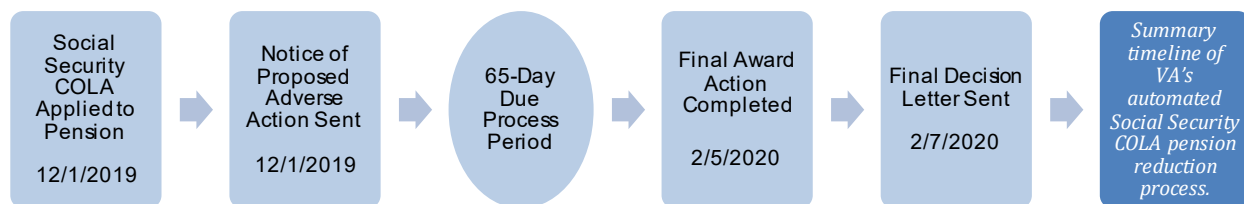


Figure 1. Summary timeline of VA's automated Social Security COLA pension reduction process.
Source: VA OIG analysis of VBA's Manual M21-1, Adjudication Procedures Manual.

Due Process for VA Benefits

The due process period helps protect beneficiaries' constitutional rights established by the Fifth Amendment, which requires that the government not deprive a person of "life, liberty, or property without due process of law."³³ In 2009, the United States Court of Appeals for the Federal Circuit observed "it is well established that disability benefits are a protected property interest and may not be discontinued without due process of law."³⁴

Due process rights are codified in the Code of Federal Regulations (C.F.R.) and the manual.³⁵ The C.F.R. explains that every beneficiary has the right to written notice of the decision made on his or her claim, the right to a hearing, and the right of representation.³⁶ Additionally, the regulation highlights that VA has an obligation to help the beneficiary gather the facts pertinent to the claim and to render a decision that grants every benefit while protecting the interests of the government.³⁷ Another regulation applies specifically to reductions or discontinuances, and explains that in such cases a proposal will be prepared setting forth all material facts and detailed reasons.³⁸ Finally, due process requires consideration of any evidence submitted by beneficiaries.³⁹

VA Core Values, Characteristics, and Customer Service Principles

VA has codified its core values, characteristics, and customer service principles.⁴⁰ Accordingly, these values and principles carry the force and effect of law, presumably representing VA's

³³ U.S. Const. amend. V.

³⁴ *Cushman v. Shinseki*, 576 F.3d 1290, 1297-98 (Fed. Cir. 2009).

³⁵ 38 C.F.R. § 3.103; 38 C.F.R. § 3.105; VBA Manual M21-1, part 1, chap. 2, sec. A, "General Information on Due Process," June 2, 2020.

³⁶ 38 C.F.R. § 3.103.

³⁷ 38 C.F.R. § 3.103(a).

³⁸ 38 C.F.R. § 3.105(h).

³⁹ 38 C.F.R. § 3.103.

⁴⁰ 38 C.F.R. § 0.601; 38 C.F.R. § 0.602; 38 C.F.R. § 0.603.

commitment to ensuring all administrations, staff offices, and employees appreciate the importance of caring for veterans and eligible beneficiaries.⁴¹

The pension benefit adjustment process, like other VA efforts, must adhere to VA's core values and customer service principles. In 2012, VA amended its regulations concerning the standards of ethical conduct and related responsibilities of its employees by adding a new subpart for VA's Core Values and Characteristics. These core values are integrity, commitment, advocacy, respect, and excellence—spelling ICARE.⁴² These values state, “VA employees will be truly veteran-centric by identifying, fully considering, and appropriately advancing the interests of veterans and other beneficiaries.”⁴³

Additionally, VA has codified its customer experience principles. These principles state:

VA will provide the best customer experience in its delivery of care, benefits, and memorial services to veterans, servicemembers, their families, caregivers, and survivors. The delivery of exceptional customer experience is the responsibility of all VA employees and will be guided by VA's Core Values and Characteristics.⁴⁴

These principles were codified to ensure they “receive proper emphasis at all levels within VA, are clearly understood by the workforce, and, most importantly, become an enduring part of the VA culture.”⁴⁵

⁴¹ “About VA,” US Department of Veterans Affairs, accessed June 16, 2021, https://www.va.gov/ABOUT_VA/index.asp.

⁴² Core Values and Characteristics of the Department, 77 Fed. Reg. 41,273 (July 13, 2012).

⁴³ 38 C.F.R. § 0.601.

⁴⁴ 38 C.F.R. § 0.603.

⁴⁵ 77 Fed. Reg. 41,273.

Results and Recommendations

Finding: VBA's Efforts to Automate Pension Adjustments Resulted in Insufficient Due Process and Inaccurate Benefit Payments

The OIG substantiated the allegations that automated pension reductions due to Social Security COLAs were not properly processed as required by laws, regulations, and procedures. All the estimated 13,100 cases contained notification errors that made it difficult for beneficiaries to determine what action they should take, such as submitting evidence that the benefit should not be reduced or requesting a hearing. Specifically, the team found that none of the automated notices of proposed adverse action and subsequent final decision letters included all required elements. None of the notices of proposed adverse action notifying beneficiaries that their pension would be reduced or terminated included all material facts and detailed reasons necessary to adequately contest the proposed reduction. The final decision letters did not include the evidence considered in the decision, a list of applicable laws and regulations, information on potential entitlement to additional benefits, or an explanation of how income or medical expenses were being counted. In addition, the team identified errors that affected the accuracy of the reductions, including an estimated 5,300 cases where evidence provided by beneficiaries was not considered and 12,100 cases where increased SMIB premiums were not considered.

The review team identified errors that were the result of inadequate planning and implementation of the automated pension reductions process. Specifically, P&F Service did not

- consult VA's Office of General Counsel (OGC) or relevant departments prior to implementation,
- fully test or communicate the process to Pension Management Center staff,
- monitor the results of the automated pension reductions, and
- uphold VA's established core values, characteristics, and customer service principles.⁴⁶

P&F Service consulted with OGC, but only during the course of the review team's work and after the fully automated process had reduced the pensions of thousands of beneficiaries. Although OGC stated that there were arguments on both sides as to whether P&F Service satisfied due process requirements, it acknowledged that courts, which generally favor having more information in notices, may deem the notices discussed in this report as noncompliant.

As a result of these errors, P&F Service jeopardized the due process rights of one of the most vulnerable groups of beneficiaries served by VA, created unnecessary debts, increased the

⁴⁶ The Pension Management Centers perform work related to pension awards and all survivors' claims.

burden on beneficiaries, and did not fulfill VA's established core values, characteristics, and customer service principles. These shortcomings resulted in payments that were improper and an increase in manual reworking of the cases by Pension Management Center claims processors.⁴⁷

What the OIG Did

The review population included an estimated 13,100 automated pension reductions based on Social Security COLAs with a claim date of December 1, 2019, the date the automated system sent the notices of proposed adverse action, and a completion date of February 5, 2020, 65 days following the proposal. From that population, the team reviewed a statistical sample of 150 automated pension reductions. Using VBA's electronic system, Veterans Benefits Management System (VBMS), the team reviewed relevant documentation required to assess whether pension reductions were properly processed as outlined in VA regulations and procedures when automatically reduced due to Social Security COLAs.⁴⁸ To gain an understanding of VA regulations and procedures for the automated processing of these reductions, the team interviewed key staff at the Pension Management Centers in Milwaukee, Wisconsin; Philadelphia, Pennsylvania; and St. Paul, Minnesota, as well as officials with P&F Service and with the Hines Information Technology Center. See appendix A for more information about the review's scope and methodology, and appendix B for the statistical sampling methodology.

The OIG's finding is supported by the following determinations, which are discussed in the sections that follow:

- Automated pension adjustment process based on Social Security COLAs improperly reduced pension benefits.
- P&F Service inadequately planned and implemented the automated reduction process.

Automated Pension Adjustment Process Based on Social Security COLAs Improperly Reduced Pension Benefits

The review team determined that all estimated 13,100 cases contained notification errors that could affect the ability of the beneficiaries to understand the reasons for the reductions to properly contest them.

⁴⁷ The review team determined the monetary impact on each beneficiary was limited. However, considering the financial vulnerability of this population of beneficiaries, these reductions could cause an emotional toll.

⁴⁸ VBMS is a web-based, electronic claims processing portal created to give VA the ability to process veterans' claims paper-free.

Specifically, the team found

- notices of proposed adverse action did not include all required elements (category 1 in table 1), and
- final decision letters did not include all required elements (category 4 in table 1)

In addition, the team identified errors that affected the accuracy of the reduction, including an estimated

- 5,300 cases where evidence provided by beneficiaries was not considered prior to reducing benefits (category 2 in table 1)
- 12,100 cases where increased SMIB premiums were not considered (category 3 in table 1)

The team determined that all cases were processed incorrectly because they were systematic errors from an automated process. Table 1 shows the number of cases involving systematic errors, organized into four categories based on the results of the automated pension reduction review.

Table 1. Summary of Errors

| Categories of errors | Cases reviewed | Number of errors | Estimated cases in population |
|---|----------------|------------------|-------------------------------|
| 1: Notices of proposed adverse action did not include required elements | 150 | 150 | 13,100 |
| 2: Evidence provided by beneficiaries was not considered | 60* | 60 | 5,300 |
| 3: Increased SMIB premiums were not considered | 138 | 138 | 12,100 |
| 4: Final decision letters lacked required elements | 150 | 150 | 13,100 |

Source: VA OIG analysis of statistically sampled automated pension reductions based on Social Security COLAs with a claim date of December 1, 2019, and completion date of February 5, 2020.

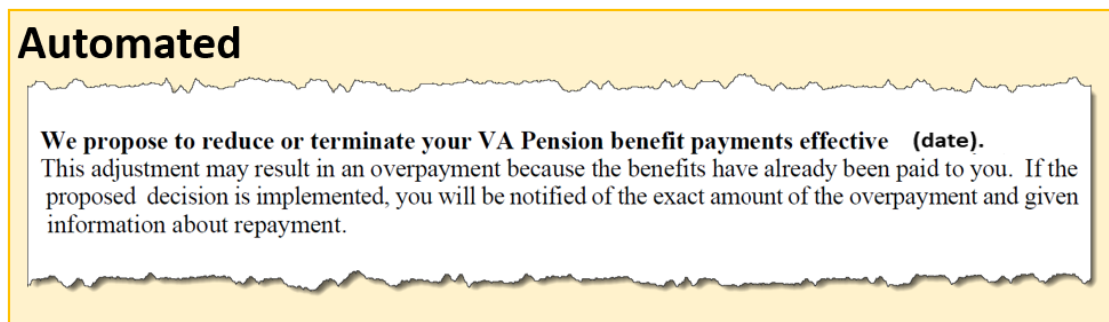
**This is the total number of cases in the sample in which the beneficiary provided evidence. While this is a subset of the 150 cases in the sample, 60 cases represent the total of cases in the sample in which evidence was provided by the beneficiary.*

This is the total number of cases in the sample where the beneficiary was paying a SMIB premium. While this is a subset of the 150 cases in the sample, 138 cases represent the total of cases in the sample with an increased SMIB premium.

Error Category 1: P&F Service’s Notices of Proposed Adverse Action Did Not Include Required Elements

None of the 150 automated notices of proposed adverse action reviewed included all material facts and detailed reasons for the proposed decision, as required by VA regulation.⁴⁹ Rather, the notices were templated documents with the same information for every beneficiary whose pension benefits were proposed to be reduced.

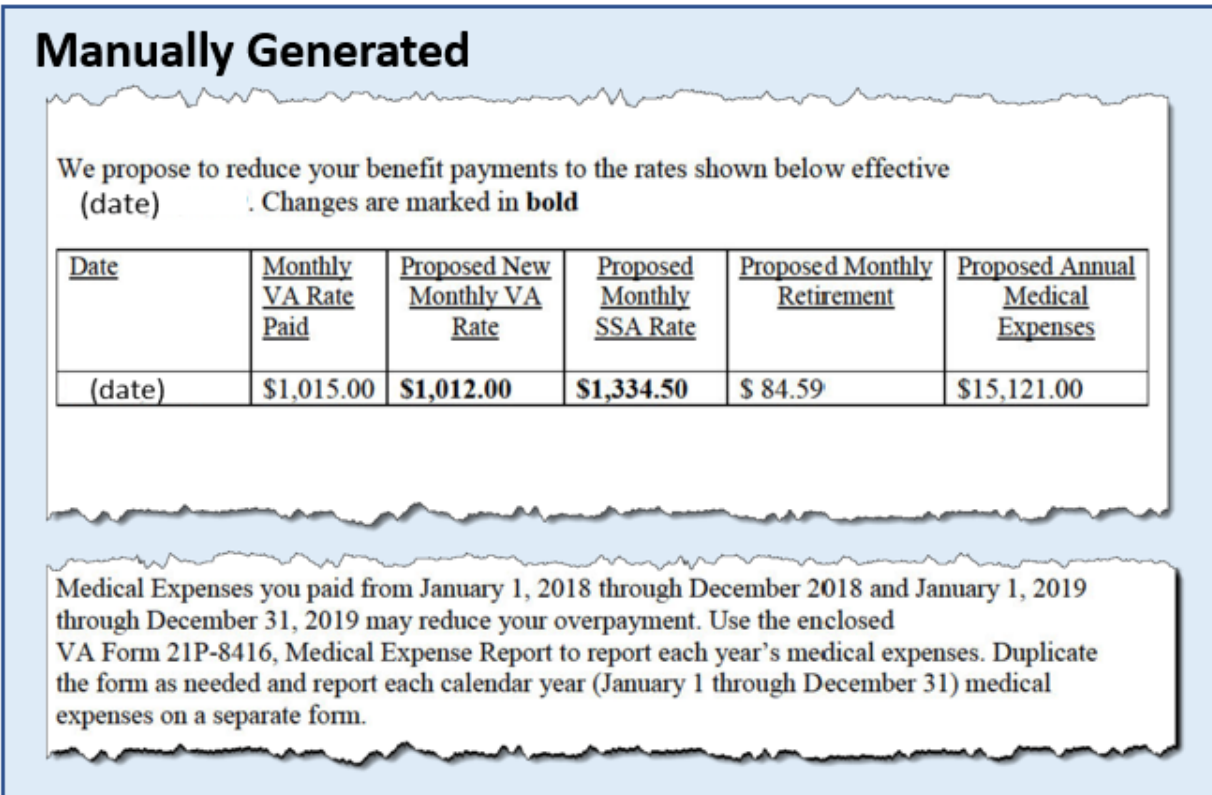
As seen in figure 2, the automated notice of proposed adverse action did not identify the specific decision being proposed—whether to reduce or to terminate—but rather indicated that VA might take either option. The notice also did not provide the current rate or proposed new rate. As a result, beneficiaries would not know whether their pension would be slightly reduced or fully terminated until they received the final decision letter. Beneficiaries were also told that they might owe VA money, but not how much. All these elements had the potential to cause beneficiaries undue stress regarding the unknown change in their benefits.



*Figure 2. Excerpt from the VA notice of proposed adverse action sent on December 1, 2019.
Source: OIG sample notice modified from VBMS.*

Before these notices of proposed adverse action were generated automatically, claims processors produced them manually and included more details about the proposed decision. The manually generated notice informed the beneficiary that the proposed decision was a reduction in benefit payments and provided the current monthly benefit amount, the proposed new monthly benefit amount, the new monthly rate of Social Security benefits, other income counted, and medical expenses counted. The manually produced notices of proposed adverse action also told the beneficiary what to submit for VA to consider additional medical expenses incurred that were not represented in the benefit calculation, as shown in figure 3.

⁴⁹ 38 C.F.R. § 3.105(h).



*Figure 3. Excerpt from VA manually generated notice of proposed adverse action.
Source: OIG sample notice modified from VBMS.*

This information provided the beneficiary with the material facts and detailed reasons to confirm whether the amounts used by VA to calculate the pension benefit were accurate or should be adjusted with the submission of additional evidence. The automatically generated notices of proposed adverse action did not include this specific information, which made it difficult for beneficiaries to determine what action they should take, such as submitting evidence that the benefit should not be reduced or requesting a hearing.

Error Category 2: P&F Service Did Not Consider Evidence Provided by Beneficiaries

Of the 150 cases reviewed, 60 beneficiaries submitted evidence in response to the notices of proposed adverse action. In all 60 cases, the automated process reduced benefits even though the evidence had not been accounted for, as shown in example 1.

Example 1

On December 1, 2019, a notice of proposed adverse action was sent to a 90-year-old surviving spouse of an Army veteran. The notice proposed to reduce or terminate her pension benefit effective January 1, 2020, based on information

VA received from the Social Security Administration that showed that her gross monthly Social Security benefits had increased. The notice indicated that she could request a personal hearing on the matter and that her benefits would continue at their current rate if the request for the hearing was received in a timely manner.

On December 28, 2019, VA received a letter from the surviving spouse indicating that she was responding to the December 1, 2019, notice and requesting a hearing to increase her pension amount. She wrote that a reduction in her income would severely affect her quality of life as a 90-year-old in poor health who was confined to her home and required assistance at home and with transportation to and from her medical visits. Her letter and request for a hearing were received within the necessary timeframe, but the request was not considered and a hearing was never conducted as required.⁵⁰ Although her benefits should not have been reduced before a hearing, the beneficiary's pension payments were automatically reduced from \$172 to \$170 per month effective January 1, 2020.

After considering the beneficiary's verified Social Security income and SMIB premium referred to in example 1, the review team determined that the beneficiary's monthly pension rate should have been \$179. This would represent an increase in the beneficiary's monthly benefit over her previous rate. The automated process incorrectly reduced her benefit, causing an underpayment of \$9 per month. Additionally, if VA had conducted a hearing for this beneficiary as requested, she might have provided additional information that could have resulted in an even greater pension benefit amount.

After the cases were corrected and submitted evidence was considered, 36 of the 60 cases resulted in a pension benefit adjustment with an average increase of approximately \$36 per month.

Error Category 3: P&F Service Did Not Consider Increased SMIB Premiums Prior to Reducing Benefits

The team's sample of 150 cases included 138 in which the beneficiary was paying an increased SMIB premium. The automated process did not account for the increased SMIB premium prior to final reduction in any of the 138 cases. If a beneficiary is paying a higher premium for Medicare Part B, or SMIB, the cost of the premium can offset a pension reduction when calculating the beneficiary's countable income. Although claims processors were required to check and apply SMIB premiums when manually processing pension reductions, the automated process was not designed to account for increased SMIB premiums. From 2019 to 2020, the standard monthly SMIB premiums were adjusted from \$135.50 to \$144.60, resulting in

⁵⁰ 38 C.F.R. § 3.103(c)(1).

approximately \$9 of increased monthly medical expenses for each beneficiary paying a standard SMIB. If considered, the increased SMIB premiums could have negated reductions and resulted in higher pension benefits for all 138 beneficiaries, such as the veteran in example 2.

Example 2

On December 1, 2019, a notice of proposed adverse action was sent to the legal custodian of an 88-year-old Army veteran. He was previously granted entitlement to a higher-level pension because he required another person to assist with activities of daily living. The beneficiary was also determined to be incompetent to handle disbursement of his funds due to dementia. The notice proposed to reduce or terminate the pension benefit effective January 1, 2020, based on information VA received from the Social Security Administration that showed that his gross monthly Social Security benefits had increased.

However, VBA did not consider an offset for an increase in the beneficiary's SMIB premium, as required by VBA procedures.⁵¹ On February 5, 2020, VA automatically reduced the veteran's pension rate by one dollar, from \$64 to \$63 per month, notifying him of this final decision in a letter dated February 7, 2020.

After considering the beneficiary's verified Social Security income and SMIB premium, the review team calculated that the beneficiary should have received \$96 per month, rather than the \$63 calculated through the automated process. This would represent an increase in the veteran's monthly VA benefits of approximately 52 percent.

If the verified rates had been calculated at the beginning of the automated process, a notice of proposed adverse action would never have been needed. The automated process caused an underpayment of \$33 per month from the time the beneficiary received the notice of proposed adverse action to the final decision letter of reduction.

Error Category 4: P&F Service's Final Decision Letters Lacked Required Elements

None of the 150 final decision letters reviewed contained all the information required by the regulation and the manual.⁵² Similar to the notices of proposed adverse action, the final decision letters generated by the automated process were simply template letters without specific information or evidence. The final decision letters did not summarize evidence (except in very general terms), provide applicable laws and regulations, or include rate tables and information

⁵¹ VBA Manual M21-1, "Deductible Medical Expenses."

⁵² 38 C.F.R. § 3.103(f); VBA Manual M21-1, "Decision Notices."

about the beneficiary’s income and medical expenses. Finally, the letters did not provide sufficient detail regarding the rationale for the decision to ensure the beneficiary would understand its basis, as shown in example 3.

Example 3

On February 7, 2020, a final decision letter was sent to the 94-year-old surviving spouse of a Navy veteran. The letter informed the beneficiary that VA received evidence that her Social Security benefits had increased and that her pension benefits were reduced from \$202 to \$195 effective January 1, 2020. The letter also informed the beneficiary of her options to disagree with the decision and how to obtain or access evidence used in making this decision. The letter did not include a summary of the evidence considered, the laws and regulations applicable to the claim, information about any additional benefits to which the beneficiary may be entitled, or information about adjusted rates and the claimant’s income and medical expenses, as required.⁵³

Table 2 shows four of the required elements identified as missing or insufficient in the automated final decision letters. The letters provided an insufficient summary of the evidence considered and were missing three of the required elements. Not including these elements can make it difficult for the beneficiary to acquire the necessary information to adequately respond to the decision.

Table 2. Comparison of Required Elements in Final Decision Letters

| Element | Automated | Manually generated |
|---|--|---|
| Summary of evidence considered | We received information from the Social Security Administration which shows your gross monthly Social Security benefits increased. | Evidence Used to Decide Your Claim: In making our decision, we used the following evidence: • VA Letter dated XX/XX/XXXX • Social Security information obtained XX/XX/XXXX |
| Summary of laws and regulations applicable to the claim | Missing | (enclosure “VA Form 21P-10198” attached to letter) |

⁵³ 38 C.F.R. § 3.103(f); VBA Manual M21-1, “Decision Notices.”

Improper Processing of Automated Pension Reductions
Based on Social Security Cost of Living Adjustments

| Element | Automated | Manually generated |
|--|-----------|---|
| Information about additional benefits to which the beneficiary may be entitled | Missing | To claim family medical expenses, complete the enclosed VA Form 21-8416, "Medical Expense Report," and return it to this office no later than (date). We may consider family medical expenses you paid after (date). A few examples are listed below. More examples are shown on the enclosed Medical Expense Report form. <ul style="list-style-type: none"> • Medicare/health insurance premiums • Prescriptions • Medical/dental expenses (also, enclosure "VA Form 21-8416" attached to letter) |
| Explanation of how income or medical expenses were being counted | Missing | We counted the income shown below to adjust your pension from (date). <ul style="list-style-type: none"> • \$X from other sources, • \$X from Social Security, • \$X income from retirement, • \$X from interest/dividends. We used your medical expenses of \$X which represents the amount you pay for Caregiver Fees, Medicare Part B Premiums and Private Medical Insurance as a continuing deduction from (date). This reduces your countable income to \$X. If the amounts you pay for medical expenses changes or you are no longer paying medical expenses, tell us immediately. If you don't tell us about changes in your medical expenses, we may pay you too much money. You would have to pay back this money. |

Source: VA OIG analysis of VBA's final decision letters.

Due to the issues identified, P&F Service discontinued the final decision portion of the fully automated process in April 2020 for fiscal year 2021 pension reductions due to Social Security COLAs.

P&F Service Inadequately Planned and Implemented the Automated Reduction Process

Inadequate planning and implementation of the automated adjustment process resulted in improper reductions of pension benefits for beneficiaries, a loss of fundamental due process rights for beneficiaries, and a failure to follow VA regulations and procedures.

This occurred because in planning and implementing the automated process, P&F Service did not

- consult relevant departments,
- properly test the full process,
- communicate requirements to P&F Service staff to ensure that the automation worked properly, or
- put a formal monitoring system in place to identify and remediate issues with the automated process.

Additionally, P&F Service's automated process did not rise to the standard of VA's established core values, characteristics, and customer service principles.

P&F Service Did Not Consult Relevant Departments in Planning and Implementing the Automated Pension Adjustments

Relevant VA departments, such as OGC, Policies and Procedures, and Quality and Oversight, were not involved in planning and implementing the automated process. Without the guidance of subject matter experts, the automated process failed to provide basic due process and ensure that vulnerable beneficiaries received all the benefits to which they were entitled. While P&F Service used a letter change control board when implementing changes to letter language, the board's function was to provide feedback about whether the letter read well and was sufficient for its purposes, according to a program analyst assigned to the board. However, the review team found no evidence that the board analyzed whether the notices of proposed adverse action or final decision letters met regulatory and procedural requirements.

P&F Service Did Not Involve the Office of General Counsel

VA OGC provides legal advice and services to the Secretary and all organizational components of VA. A memorandum issued by the VA general counsel on October 20, 2017, explained how it is critical that no VA employee outside of OGC provide statutory or regulatory interpretations. VA had a regulatory requirement to consult OGC on all interpretative legal advice involving construction or application of laws, including statutes, and regulations.⁵⁴

However, P&F Service managers, including those in senior leadership positions, were unable to confirm or provide any documentation to show that VA OGC was consulted about automated pension reductions.⁵⁵ On February 18, 2021, P&F Service provided input from VA OGC, which it received in response to the errors found by the OIG review team. The input was provided more

⁵⁴ 38 C.F.R. § 14.500.

⁵⁵ 38 C.F.R. § 14.500.

than one year after the automated process was implemented. In its response, VA OGC related that VA regulations require P&F Service to provide a notice setting forth all material facts and reasons for a proposed reduction. VA OGC continued that, while there are arguments to be made on either side on whether the notices of proposed adverse action provided were compliant with the regulation, in VA OGC's experience the US Court of Appeals for Veterans Claims and the US Court of Appeals for the Federal Circuit generally favor having more information in such notices and might deem the notices as noncompliant.⁵⁶ The OIG believes the notices are noncompliant and, consequently, create a risk of not providing adequate due process to the mostly elderly wartime veterans and spouses who receive pension benefits.⁵⁷

P&F Service Did Not Involve Other Departments

The P&F Service departments of Quality and Oversight and of Policy and Procedures could have helped ensure the automated process followed procedural and regulatory requirements. According to the chief of the Quality and Oversight department, her staff completes national quality reviews and special focus reviews. The chief of Policy and Procedures explained that his staff is focused on ensuring that all the field procedural guidance, primarily contained in the manual, contains the necessary instructions for staff to be able to do their jobs properly. By consulting with these departments, P&F Service could have ensured that the automated process followed relevant regulatory and procedural requirements.

The main P&F Service department involved in implementing the automated pension COLA adjustment process was the Business Management staff office. The chief of the Business Management staff did not know if any other departments were consulted as part of the planning and implementation of the automated COLA adjustment process.

Both the chief of the Quality and Oversight department and an analyst confirmed that they were not involved in developing the notice of proposed adverse action. While they were generally aware of the COLA automation process, they were unaware that the COLA process would be

⁵⁶ VA OGC did not cite any specific cases when providing input to P&F Service. However, the OIG agrees that, when reviewing various due process challenges, the US Court of Appeals for Veterans Claims and the US Court of Appeals for the Federal Circuit have required VA to provide claimants and beneficiaries with sufficient information regarding benefits and ensure due process. See *Noah v. McDonald*, 28 Vet.App. 120 (2016) (VA's notice letter regarding time for submitting evidence failed to satisfy the requirements of procedural due process); *Majeed v. Principi*, 16 Vet.App. 421 (2002) ("Moreover, a review of the pertinent regulations shows that the Secretary has established rather detailed procedural safeguards for a variety of situations in which a claimant's benefits may be reduced, see, e.g., 38 C.F.R. § 3.105(e)-(i) (2001), and there is no indication that the Board of Veterans' Appeals considered the applicability of any such process to the instant context"). See also *Ruel v. Wilkie*, 918 F.3d 939 (Fed. Cir. 2019) (reversing Board of Veterans' Appeals decision where decision regarding claim failed to satisfy regulatory notice requirements).

⁵⁷ The OIG determination that the automated pension reduction process was not compliant with regulations and procedures is based on the review team's analysis covered in the subsequent sections.

completely automated. The chief of Policy and Procedures related that he was unaware of his department being involved to any meaningful extent in the automation activities.

P&F Service Did Not Follow Regulatory or Procedural Requirements

Despite not including VA OGC or relevant subject matter experts in planning the automation of pension reductions, the assistant director of P&F Service responsible for pension processing stated that she felt the automated reductions were legally and regulatorily compliant. When asked whether the notices of proposed adverse action sent by the automated process met regulatory requirements, P&F Service explained that the notices met the requirements because they proposed the most adverse action possible—to terminate benefits—and therefore no further information was needed. This appears to have been for the convenience of P&F Service rather than any realistic expectation that benefits would be terminated, as termination avoids the need for the automated process to provide new rates. The review team’s analysis of 150 claims completed by the automated process did not show that any beneficiary’s pension would have been terminated as a result of the Social Security COLA.

P&F Service also said that having the proposed notice of adverse action simply state that VA received information from the Social Security Administration showing an increase in income was sufficient to satisfy the requirement for all material facts and detailed reasons for the proposed decision. For the automated final decision letters, P&F Service stated that those letters contain a summary of the evidence considered by indicating that information from Social Security shows an increase in gross monthly benefits. P&F Service acknowledged that the final decisions did not include laws and regulations applicable to the claim, but said that this was an oversight.

In consideration of P&F Service’s responses, the review team requested legal analysis from the OIG’s legal staff. The OIG legal staff noted:

The December 2019 notice did not include rate change information which, given the nature of the proposed changes, was important to the beneficiary’s consideration of the action. Surprisingly, the P&F Service explained that the rate change information was unnecessary, because VA proposed to take “the most adverse action to terminate” the benefits. The December 1, 2019, notice itself belies that explanation. The notice clearly signals VA’s intent “to reduce or terminate” pension benefit payments. The potential for a reduction of benefits again makes the need for rate change information important for the beneficiary who may respond to the notice.

Based on this analysis, the review team determined that the notices of proposed adverse action and final decision letters do not meet the regulatory due process requirements.

VBA's manual also contains pension-specific procedures that require claims processors to consider the SMIB premium and provide beneficiaries the opportunity to offset increases in income with medical expenses. These procedures are followed when COLAs are manually processed but were not incorporated into the automated process. Claims processors reported that the manual procedures to consider the SMIB are mandatory when adjusting pension benefits.

The procedural requirement to consider the SMIB was confirmed by P&F Service's Quality and Oversight department. After the automated process was finalized, a program analyst with Quality and Oversight conducted a review on his own initiative and highlighted the issues with the automated COLA reduction process in an email to the department's chief. The email noted that the process did not take into account the SMIB premium, and that the decision letters did not solicit for additional medical expenses, provide income information, identify the medical expenses used to calculate the benefit, or list applicable laws and regulations. The email further explained that these issues would result in errors. If the Quality and Oversight department had been consulted as part of the planning and implementation process, this omission could have been avoided.

Despite the Quality and Oversight department's analysis, P&F Service informed the review team that it was not required to notify beneficiaries of potential entitlement to additional pension benefits. The response continued that it was the beneficiaries' job to determine their potential entitlement, and the procedure instructing claims processors to solicit for medical expenses was merely a "best practice." However, the manual requires claims processors to notify the beneficiary of entitlement to increased pension based on unreimbursed medical expenses and provide the beneficiary a Medical Expense Report to notify VBA of those expenses.⁵⁸

P&F Service Did Not Fully Test or Communicate the Automated Process to Pension Management Center Staff, Causing Evidence to Not Be Considered

When implementing new programs and initiatives, managers should establish activities that monitor the success of the program and identify any issues that might need to be fixed. It is also important for managers to communicate necessary information for appropriate staff to achieve the objectives of any new program.⁵⁹

To implement the fully automated process, P&F Service submitted business requirements for the automated pension adjustment process to information technology staff. The review team spoke to an information technology specialist, whose involvement with the project included translating P&F Service's business needs into the technical requirements. He explained that these

⁵⁸ VBA Manual M21-1, "Decision Notices."

⁵⁹ GAO, "Information and Communication" and "Monitoring," *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

requirements included, in certain situations, a request for cases to be removed from the automated final decision process. For instance, this could occur when a claim had been closed or canceled, or when claims processors manually updated VBMS to indicate evidence had been received from the beneficiary.

The review team found that in each case in which evidence had been received, there was no update in VBMS to prompt the removal from automated processing. When asked if they received communication regarding the automated COLA process, many claims processors stated that they did not receive any information regarding automated processing. Additionally, P&F Service could not provide any documentation that this requirement was communicated to claims processors.

Because P&F Service did not communicate this system update requirement to claims processors, the VBMS updates requiring manual action to ensure cases were removed from automated processing did not occur. Of the 13,100 cases completed by the automated process, about 5,300 beneficiaries submitted evidence during the due process period and claims processors did not review this evidence before the pension benefits were automatically reduced.

Even if the removal requirements implemented by information technology staff had been properly communicated to claims processors, P&F Service did not conduct testing to ensure this control would function as intended. In the cases reviewed in which additional evidence was received, the team identified that the VBMS updates never occurred, so there is no conclusive proof that the technical requirements would have met the need to remove cases from the automated process. Although the review team was told limited testing occurred, full system functionality was not tested—including whether the automated process would identify and remove cases from final automated processing if beneficiaries submitted evidence. The former executive director of P&F Service stated this was due to a lack of concrete requirements when the process was implemented.

If P&F Service had fully tested the entire process and communicated to staff their role in the process, it is likely that VA would have avoided making decisions without considering the evidence from beneficiaries.

P&F Service Did Not Monitor the Results of the Automated Pension Reductions

P&F Service did not have any formal monitoring requirements in place when it implemented the automated pension reduction process. The former executive director of P&F Service explained in an interview that there was a lack of concrete requirements for planning and implementing the automated reductions, including monitoring of any sort. Monitoring is essential to ensure that the

program is aligned with the changing objectives, environment, laws, resources, and risks, and can lead to corrective actions to achieve objectives.⁶⁰

Although there was no monitoring in place, P&F Service Business Management was notified of issues with the automated pension reductions shortly after the reductions were finalized on February 5, 2020. The issues were identified by a Pension Management Center manager and a program analyst with P&F Service Quality and Oversight. On his own initiative, the analyst conducted a special focused review of the automated pension reductions. The review found that a majority of the automated adjustments were incorrect, evidence received was not considered, and the notification letters were not compliant with regulation. The review also revealed that SMIB premiums were not considered, thereby creating unnecessary overpayments and increasing the burden on beneficiaries.⁶¹

Based on the results of the special focused review, P&F Service began identifying the need for corrective action for automated pension reductions from March 20, 2020, through June 3, 2020. According to a program analyst with P&F Service Business Management, the corrective action review included automated pension reductions for which mail had been received during the due process period. P&F Service did not include cases for corrective action based on its failure to consider SMIB premiums or to correct the notification letters found to be noncompliant with VA regulations and procedures. Despite manual procedures to the contrary, the chief of P&F Service Business Management informed the review team that SMIB premiums need to be claimed by the beneficiary and are not part of the COLA process. As a result of the review, the Pension Management Centers took corrective action from the week of July 24, 2020, through the week of September 14, 2020.

Although P&F Service attempted to fix issues with the automated process, the OIG review team identified cases that remained uncorrected. Based on the sample reviewed, the team determined that, out of an estimated 13,100 cases,

- 5,300 had additional evidence received during the due process period that was not considered.
 - 3,200 of those cases had been corrected by P&F Service after the automated process reduced benefits, but
 - 2,100 of those cases were uncorrected.

Of the 2,100 uncorrected cases with evidence, approximately 1,300 had evidence that would have resulted in a higher benefit amount. This evidence included Social Security Administration

⁶⁰ GAO, “Monitoring,” Standards for Internal Control in the Federal Government.

⁶¹ Because benefits are retroactively applied, beneficiaries are overpaid for the months between the date the reduction takes effect and when the reduction is finalized. VA must generally recoup these extra payments.

documentation showing the COLA percentage for 2020 and Social Security monthly income, as well as any deductions, which can include SMIB premiums. That evidence could have prevented a reduction in benefit payments and the creation of an overpayment to the beneficiary.

Additionally, the review completed by P&F Service did not include all cases in which the beneficiary provided additional evidence. The team identified an estimated 700 cases that were not included in P&F Service's review to determine if corrective action was needed.

The review team also found that P&F Service did not consistently determine which cases required corrective action, even when beneficiaries submitted the same type of evidence. For instance, two beneficiaries responded in a timely manner, with the solicited Social Security evidence showing an increased SMIB premium from the previous year. Both cases should have been corrected; however, one case was determined to need correction and the other was not, without justification provided for the different determinations.

P&F Service's attempt to identify all cases in which corrective action was needed missed the mark. Although the review focused solely on cases in which additional evidence was received, it did not identify all cases in which the beneficiaries provided evidence that could have resulted in an increased pension rate. Additionally, because the efforts solely focused on evidence provided by the beneficiaries, it did not take into account the increased SMIB premiums, nor did the review correct the notices of proposed adverse action or final decision letters found to be noncompliant with VA regulations and procedures. The former executive director of P&F Service stated that there is room for improvement and that P&F Service intends to provide the best product to its customers. P&F Service discontinued automating the final decisions on COLA reductions in April 2020 but continues to automate the notices of proposed adverse action.

P&F Service Did Not Uphold VA's Established Core Values, Characteristics, and Customer Service Principles

In planning and implementing the automated COLA reduction process, P&F Service did not fully commit to VA's core values. Specifically, it did not provide the best customer service experience in its delivery of benefits to veterans and survivors.⁶² VA regulations codify these values to ensure they guide all VA employees.⁶³

During interviews with the review team, claims processors who manually adjust pension benefits stated that the automated COLA adjustment was a disservice to beneficiaries that resulted in poor customer service. This is because the notices of proposed adverse action and final decision letters did not provide the information beneficiaries needed to contest the reductions. One claims processor explained the problem by asking, "How can [the beneficiary] argue against something if [they] do not know what that something is?" Claims processors also expressed concern that

⁶² 38 C.F.R. § 0.603.

⁶³ 38 C.F.R. § 0.601; 38 C.F.R. § 0.602; 38 C.F.R. § 0.603.

proposing to terminate benefits could cause distress for pension beneficiaries, many of whom are elderly and of limited means. This concern was also mentioned by a program analyst with Quality and Oversight, who stated that in his opinion customer service was lacking in the postaward decision letter.

The poor customer service was not only limited to the letters sent by the automated process, but also in the consideration of medical expenses that would have increased pension benefits. Claims processors explained that when manually processing pension reductions, they first check the Social Security Administration inquiry tool to make sure that they have the correct Social Security benefit amount and consider any increase in the beneficiary's SMIB premium. Claims processors also noted that they provide medical expense forms when they send letters to beneficiaries to help them provide uncounted medical expenses. The former executive director of P&F Service agreed that the SMIB premiums should have been considered before reducing beneficiary pensions. He stated that while VA technically does not have to make that adjustment unless it is claimed by the beneficiary, P&F Service wants to provide the best product to its customers.

The manual requires VBA to consider the increased SMIB premiums, even when unclaimed by the beneficiary. P&F Service explained its deviation from the manual provisions by stating that VBA did not possess the SMIB premium, as it must be individually requested from the Social Security Administration.⁶⁴ This position is contradicted by the fact that claims processors routinely review and apply the SMIB to pension cases using internal VA systems and without being notified by beneficiaries to consider this medical expense. P&F Service also explained that it is not required to notify beneficiaries of potential entitlement to additional pension benefits based on unreimbursed medical expenses in the COLA automated decision notices. However, this is contradicted by the manual, which requires VBA to notify the claimant of any additional benefit(s) to which potential entitlement exists.⁶⁵

In addition to following the manual, P&F Service should have followed the regulations about customer service to provide beneficiaries a positive experience.⁶⁶ VA's customer experience principles state that VA will provide the best customer experience in its delivery of benefits, and this exceptional customer experience is the responsibility of all VA employees.⁶⁷ By not including income information, taking the increased SMIB premiums into account, or giving beneficiaries the opportunity to offset pension reductions by providing them a medical expense form, P&F Service did not uphold VA's established core values, characteristics, and customer

⁶⁴ VBA Manual M21-1, "Deductible Medical Expenses."

⁶⁵ 38 C.F.R. § 3.103(f); VBA Manual M21-1, "Decision Notices."

⁶⁶ 38 C.F.R. § 0.601; 38 C.F.R. § 0.603.

⁶⁷ 38 C.F.R. § 0.603.

service principles.⁶⁸ This process did not comport with the values and principles that VA intends to guide the agency's interactions with veterans and other beneficiaries.⁶⁹

Conclusion

The OIG substantiated the allegations that VBA's automated process for pension reductions due to Social Security COLAs did not adequately notify beneficiaries or consider evidence, ultimately resulting in improper reductions of benefits. The review team determined that VBA's automated process incorrectly processed an estimated 13,100 pension reductions. The automated process violated VA regulatory and procedural requirements governing due process by not including the required information in notifications, considering evidence, or taking SMIB premiums into account.

The errors the review team identified were the result of inadequate planning and implementation of the automated pension reduction process. Specifically, P&F Service did not follow regulations or procedures to ensure beneficiaries received due process to which they were entitled. In addition, P&F Service failed to consult VA's OGC or relevant departments during planning and implementation of the automated process. If P&F Service had followed its regulatory obligation to consult with VA OGC prior to implementing the automated process to reduce pensions, P&F Service could have avoided the risk of failing to provide adequate due process. The review team also found that P&F Service's automated pension reduction process was not fully tested, communicated to Pension Management Center staff, or adequately monitored. As a result, P&F Service improperly reduced benefits, created unnecessary debts, increased the burden on beneficiaries, and failed to uphold VA's established core values, characteristics, and customer service principles.

P&F Service discontinued the fully automated pension reduction process starting with the fiscal year 2021 Social Security Administration COLAs. Therefore, the OIG will not make recommendations for improvement regarding inadequate testing, communication, and monitoring of the automated reduction process.

Recommendations 1–3

The OIG made three recommendations to the under secretary for benefits:

1. Update the Veterans Benefits Administration's adjudication procedures manual section related to notices of proposed adverse action to ensure automated notices

⁶⁸ 38 C.F.R. § 0.601; 38 C.F.R. § 0.602; 38 C.F.R. § 0.603.

⁶⁹ By highlighting the issues concerning the core values, characteristics, and customer service principles, the OIG does not suggest that all program flaws result in violations of VA's core values, characteristics, and customer service principles.

align with the Veterans Affairs regulation, which requires material facts and detailed reasons for the proposed decision.

2. Amend the language of the automated notices of proposed adverse action to include all material facts and detailed reasons for the proposed decision.
3. Review all automatically completed fiscal year 2020 pension reductions based on Social Security cost of living adjustments to ensure regulations and procedures were followed, including consideration of supplementary medical insurance premiums and all evidence submitted by the beneficiary.

Management Comments

The acting under secretary for benefits concurred in principle with recommendations 1–3 and requested closure for recommendations 1 and 2. Appendix C provides the full text of the acting under secretary’s comments.

The acting under secretary requested closure of recommendation 1, stating that the guidance in M21-1, *Adjudication Procedures Manual*, is in alignment with VA regulation.⁷⁰ He stated that the manual specifically excludes rate change information from being required in automated notices of proposed adverse action, and this would not necessarily violate the requirement under 38 C.F.R. § 3.105(h) to set forth all “material facts and reasons.”

The acting under secretary further noted that the M21-1 manual is used as a procedural guide for claims processors who manually review claims and generate notifications. Where notification requirements differ for system-generated letters, the content of the automated letters themselves would be the primary determining factor in establishing compliance with regulatory or statutory requirements.

To address recommendation 2, the acting under secretary stated P&F Service updated the automated due process letter template to provide additional context and explanation for the proposed adjustment and provided a copy of the updated template for OIG review. In addition to these updates, the acting under secretary stated P&F Service is pursuing the inclusion of language to invite medical expenses to offset income or reduce a potential overpayment.

To address recommendation 3, the acting under secretary stated P&F Service completed a review of approximately 6,200 pension reductions based on Social Security COLA where the automated reduction did not consider evidence received. He stated VBA will review the remaining population with an expected completion date of November 30, 2021.

⁷⁰ Specifically, the acting under secretary indicated that M21-1, part I, chapter 2, section B.2.a-b, “Description of Elements in Notice of Proposed Adverse Action,” outlines notification requirements that are consistent with the regulatory standards prescribed under 38 C.F.R. § 3.103 and 38 C.F.R. § 3.105.

OIG Response

Although the acting under secretary concurred in principle with recommendation 1, no corrective action was provided. The acting under secretary's response indicated the manual was reviewed and "is in alignment with the VA regulation[s]." He added that the manual applies as a guide for claims processors who manually review claims and generate notifications.

The OIG disagrees with the acting under secretary's assertion that the manual is in alignment with the VA regulations. By excluding rate change information from automated processes, the manual does not align with the regulations as required.⁷¹ After the automated process reduced pension benefits, changes were made to the manual to add an exception that notices of proposed adverse action do not need to include the proposed pension rates if the notices are processed automatically. The requirement does apply if VBA staff process the claims manually. VBA should not exclude material facts and choose when regulatory provisions apply based on the method of the proposed action, whether automated or manually processed. The after-the-fact exclusion from the manual does not make the manual consistent with regulatory requirements. Rather, it is a clear acknowledgment that the regulatory requirements are not being followed. In short, provisions that allow an exception to exclude a material fact, such as proposed rates, are incompatible with the regulatory requirements. At a minimum, VBA must update the manual to remove the exception for rate change information as applied to automated notices of proposed adverse action found in section B.2.b.⁷²

Although VBA suggests that the manual only applies to claims processors, the manual serves as a general guide for all VBA employees for processing and adjudicating claims for pension benefits for veterans and their dependents.⁷³ However, it is noted that relevant regulations take precedence over procedural guidance and these regulations do not distinguish between manual and automated adjudication.⁷⁴

As no corrective action has been taken toward recommendation 1, it remains open. The OIG will monitor VBA's progress and follow up until the manual has been updated to align more closely with the regulations.

In response to recommendation 2, the OIG acknowledges VBA's efforts to update its template for automated notices of proposed adverse action. However, the templated letter is still missing key information, as the proposed language does not include all material facts and detailed

⁷¹ 38 C.F.R. § 3.103; 38 C.F.R. § 3.105.

⁷² VBA Manual M21-1 part I, chap. 2, sec. B.2.b, "Description of Elements in Notice of Proposed Adverse Action," March 25, 2020, was relocated to VBA Manual M21-1 part X, sub. ii, chap. 3, sec. A.2.a, "Required Elements for Notice of Proposed Adverse Action," August 19, 2021.

⁷³ VBA Manual M21-1, "Prologue," May 13, 2019.

⁷⁴ 38 C.F.R. § 3.103; 38 C.F.R. § 3.105.

reasons as required by the regulation.⁷⁵ Specifically, the notice still does not provide the current and proposed monthly benefit amounts, the proposed monthly rate of Social Security benefits, other income counted, as well as the amount of proposed annual medical expenses being counted. The manual requires claims processors to include these material facts when producing the notices manually. As previously stated, the regulations do not include an exception for automatically processed notices.

In the absence of all required elements in the automated notices, recommendation 2 will remain open. The OIG will monitor VBA's progress and follow up on the implementation of this recommendation.

In response to recommendation 3, P&F Service stated they conducted a review of approximately 6,200 automated pension reductions. The OIG analyzed P&F Service's corrective action review and determined it was incomplete, as it only focused on cases in which additional evidence was received. The review did not take into account increased SMIB premiums, nor did staff correct notification letters found to be noncompliant with VA regulations and procedures. As discussed in this report, the review team identified cases with additional evidence received that remain uncorrected. Accordingly, VBA should complete a full review of the fiscal year 2020 automated pension reductions based on Social Security COLA adjustments to ensure the findings identified in this report are corrected for all affected beneficiaries. The OIG will monitor VBA's progress and follow up on implementation of this recommendation until all corrective actions are completed.

⁷⁵ 38 C.F.R. § 3.105(h).

Appendix A: Scope and Methodology

Scope

The review team conducted its work from October 2020 through July 2021. The team reviewed a sample of automated pension reductions based on Social Security COLAs that had a claim date of December 1, 2019, and completion date of February 5, 2020.

Methodology

To accomplish the objective, the review team assessed applicable laws, regulations, procedures, and guidelines related to pension reductions. The team interviewed P&F Service officials and obtained information associated with these automated pension reductions. The team also interviewed staff at the Pension Management Centers in Milwaukee, Wisconsin; Philadelphia, Pennsylvania; and St. Paul, Minnesota, in October 2020.

In coordination with an OIG statistician, the team reviewed a statistical sample of 150 pension reductions using VBA's electronic systems, including VBMS. The team reviewed relevant documentation to assess whether pension beneficiaries were afforded proper processing as outlined in VA regulations and procedures when VBA automatically reduced for COLA. The review team discussed the findings with VBA officials and included their comments where appropriate.

Fraud Assessment

The review team assessed the risk that fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, significant within the context of the review objectives, could occur during this review. The team exercised due diligence in staying alert to any fraud indicators by

- identifying laws, regulations, and procedures related to the review subject matter to help detect noncompliance or misconduct;
- examining previous reviews, audits, and inspections as reported by VA OIG and other auditing organizations regarding VBA;
- completing the Fraud Indicators and Assessment Checklist; and
- requesting relevant OIG Hotline complaints for reports of fraud in the area under review.

The OIG did not identify any instances of fraud or potential fraud during this review.

Data Reliability

The OIG used computer-processed data from VBA's Corporate Database. To test for reliability, the team determined whether any data were missing from key fields, included any calculation errors, or were outside the time frame requested. The team also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, the team compared veterans' names, file numbers, dates of claims, and end product closed dates as provided in the data received to the 150 VBMS records reviewed.

Testing of the data disclosed that they were sufficiently reliable for the review objective. Comparison of the data with information contained in the veterans' VBMS records reviewed did not disclose any problems with data reliability.

Government Standards

The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix B: Statistical Sampling Methodology

Approach

To accomplish the objective, the review team analyzed a statistical sample of automated pension reductions based on Social Security COLAs with a claim date of December 1, 2019, and a completion date of February 5, 2020.

Population

The review population included 13,404 automated pension reductions based on Social Security COLAs with a claim date of December 1, 2019, and completion date of February 5, 2020. The team excluded three records as the adjustments were not completed on February 5, 2020. Since the excluded sample cases represent others in the original review population that may also be out of scope, the team estimates the population eligible for this review is about 13,100.

Sampling Design

In coordination with an OIG statistician, the team reviewed a statistical sample of 150 automated pension reductions based on Social Security COLAs with a claim date of December 1, 2019, and completion date of February 5, 2020. The statistical sample is based on a design precision of 6.7 percent, a 90 percent confidence level, and an expected error rate of 50 percent of the total.

Weights

The estimates in this report were calculated using weighted sample data. Samples were weighted to represent the population from which they were drawn. The team used the weights to compute estimates. For example, the team calculated the error rate point estimates by summing the sampling weights for all sample records that contained the error, then dividing that value by the sum of the weights for all sample records.

Projections and Margins of Error

The point estimate (e.g., estimated error) is an estimate of the population parameter obtained by sampling. The margin of error and confidence interval associated with each point estimate is a measure of the precision of the point estimate that accounts for the sampling methodology used. If the review team repeated this review with multiple samples, the confidence intervals would differ for each sample but would include the true population value 90 percent of the time.

The OIG statistician employed statistical analysis software to calculate the weighted population estimates and associated sampling errors. This software uses replication methodology to calculate margins of error and confidence intervals that correctly account for the complexity of the sample design.

The sample size was determined after reviewing the expected precision of the projections based on the sample size, potential error rate, and logistical concerns of the sample review. While precision improves with larger samples, the rate of improvement does not significantly change as more records are added to the sample review.

Figure B.1 shows the effect of progressively larger sample sizes on the margin of error.

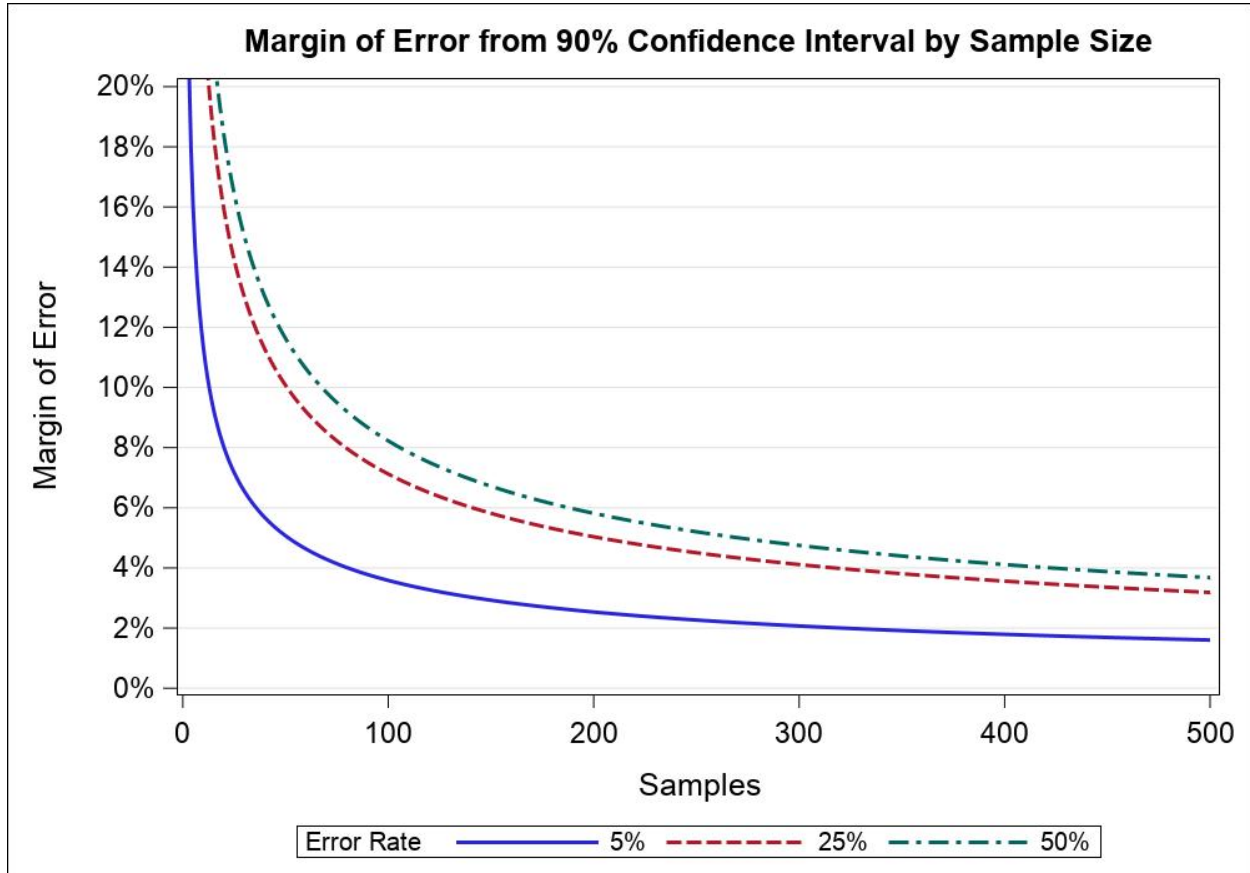


Figure B.1. Effect of sample size on margin of error.

Source: VA OIG statistician's analysis.

Projections

The tables below detail the review team's analysis and projected results.

Table B.1. Statistical Summary for Population of Automated Pension Reductions Based on Social Security COLAs

| Result | Estimate | Margin of error based on 90 percent confidence interval | 90 percent confidence interval lower limit | 90 percent confidence interval upper limit | Sample size |
|------------|----------|---|--|--|-------------|
| Population | 13,141 | 249 | 12,892 | 13,391 | 150 |

Source: VA OIG statistician's summary of estimated automated pension reduction population.

Table B.2. Statistical Summary for Case Types of Automated Pension Reductions Based on Social Security COLAs

| Result | Estimate | Margin of error based on 90 percent confidence interval | 90 percent confidence interval lower limit | 90 percent confidence interval upper limit | Sample size |
|--|----------|---|--|--|-------------|
| Cases in which evidence provided by beneficiaries was not considered | 5,256 | 878 | 4,378 | 6,135 | 60 |
| Cases in which increased SMIB premiums were not considered | 12,090 | 535 | 11,555 | 12,625 | 138 |

Source: VA OIG statistician's summary of estimated automated pension reduction case types.

Table B.3. Statistical Summary for Corrective Action of Automated Pension Reductions Based on Social Security COLAs Where Evidence Provided by Beneficiaries Was Not Considered

| Result | Estimate | Margin of error based on 90 percent confidence interval | 90 percent confidence interval lower limit | 90 percent confidence interval upper limit | Sample size |
|---|-----------------|--|---|---|--------------------|
| Cases corrected when evidence provided was not considered | 3,154 | 763 | 2,391 | 3,917 | 36 |
| Cases not corrected when evidence provided was not considered | 2,103 | 654 | 1,448 | 2,757 | 24 |
| Cases not corrected when evidence provided was not considered and evidence included Social Security Administration information | 1,314 | 535 | 779 | 1,849 | 15 |
| Cases not corrected and not identified in VBA's review to determine if corrective action was needed when evidence provided was not considered | 701 | 401 | 300 | 1,101 | 8 |

Source: VA OIG statistician's summary of estimated automated pension reduction cases corrected and not corrected.

Appendix C: Management Comments

Department of Veterans Affairs Memorandum

Date: August 19, 2021

From: Under Secretary for Benefits (20)

Subj: OIG Draft Report – Improper Processing of Automated Pension Reductions Based on Social Security Cost of Living Adjustments. [Project No. 2020-03898-BI-0004]

To: Assistant Inspector General for Audits and Evaluations (52)

1. Attached is VBA's response to the OIG Draft Report: Improper Processing of Automated Pension Reductions Based on Social Security Cost of Living Adjustments.

The OIG removed point of contact information prior to publication.

(Original signed by)

Thomas J. Murphy

Acting

Attachments

Veterans Benefits Administration (VBA)
Comments on OIG Draft Report

Improper Processing of Automated Pension Reductions Based on Social Security Cost of Living Adjustments

VBA provides the following comments: VBA concurs in principle with OIG's findings specific to the recommendations. Comments specific to recommendations are provided below.

The following comments are submitted in response to the recommendation in the OIG draft report:

Recommendation 1: Update the Veterans Benefits Administration's adjudication procedures manual section related to notices of proposed adverse action to ensure automated notices align with the VA regulation, which requires material facts and detailed reasons for the proposed decision.

VBA Response: VBA concurs in principle. VBA reviewed the M21-1, *Adjudication Procedures Manual* on August 5, 2021, and the manual guidance in place is in alignment with VA regulation. Specifically, M21-1, Part I, Chapter 2, Section B.2.a-b outlines notification requirements that are consistent with the regulatory standards prescribed under 38 C.F.R. § 3.103 and 38 C.F.R. § 3.105. The guidance within M21-1 I.2.B.2.a. *Required Elements for Notice of Proposed Adverse Action*, requires that each notice of proposed adverse action must include the following elements:

- A statement of the proposed decision, including proposed rates of payment,
- The proposed effective date of the decision,
- Information on the possible creation of an overpayment,
- Detailed reasons for the proposed decision, and,
- The right to
 - Present evidence
 - Request a personal hearing, and
 - Have representation.

The guidance within M21-1 I.2.B.2.b. *Description of Elements in Notice of Proposed Adverse Action*, provides a detailed description of each element indicated in the preceding block. While rate change information is specifically excluded from being required in automated notices of proposed adverse action (particularly for three situations not relevant to this report), that alone would not necessarily violate the requirement under 38 C.F.R. § 3.105(h) to set forth all "material facts and reasons." The M21-1 is used as a procedural guide for claims processors who manually review claims and generate notifications. Therefore, where notification requirements differ for system-generated letters, the content of the automated letters themselves would be the primary determining factor in establishing compliance with regulatory or statutory requirements.

VBA's manual section related to notices of proposed adverse action is in alignment with the VA regulation. VBA requests closure of this recommendation.

Recommendation 2: Amend the language of the automated notices of proposed adverse action to include all material facts and detailed reasons for the proposed decision.

VBA Response: VBA concurs in principle. Please see response to recommendation 1 pertaining to the general processing requirements for notices of adverse action.

Pension & Fiduciary Service (P&FS) updated the automated due process letter template to provide additional context and explanation for the proposed adjustment. A copy of the revised letter is attached for your reference. The automated fiscal year (FY) 2022 Social Security Cost of Living Adjustment (COLA) due process letter will provide:

- The current amount of monthly Social Security income being counted,
- Greater explanatory language in the letter including that the proposal to reduce VA benefits is based on increase in Social Security income, with a dollar-for-dollar reduction that is:
 - Based on Social Security increase effective December 1 (current year), and,
 - Applied to VA benefit determination effective January 1 (following year).
- The standardized overpayment paragraphs remain. Overpayment is not determined until all evidence is received and considered at decision.

In addition to these updates, P&FS is pursuing the inclusion of language to invite medical expenses to offset income or reduce a potential overpayment. This language is currently in concurrence for inclusion in the attached FY 2022 Social Security COLA letter.

[. . .]

The amended language of the automated notice of proposed adverse action template includes all material facts and detailed reasons for the proposed action. VBA requests closure of this recommendation.

Recommendation 3: Review all automatically completed fiscal year 2020 pension reductions based on Social Security cost of living adjustments to ensure regulations and procedures were followed, including consideration of supplementary medical insurance premiums and all evidence submitted by the beneficiary.

VBA Response: VBA concurs in principle. In 2020, P&FS completed a review of approximately 6,200 pension reductions based on Social Security COLA where the automation reduction did not consider evidence received. VBA will review the remaining population.

VBA expects to complete the reviews and initiate corrective actions as needed by November 30, 2021.

Target Completion Date: November 30, 2021

For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.

OIG Contact and Staff Acknowledgments

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