

VA



U.S. Department
of Veterans Affairs

VA Debt Management Center (DMC)

**Veterans Service Organization
Presentation**

Updated September 2024



Bio - Jory Sullivan

- **Department of Veteran Affairs Debt Management Center**
 - Started working at the DMC in 2018 in the call center. In 2021 became a supervisor within the correspondence division.
- **Army Reserves**
 - I enlisted in the Army Reserves in 2011 as a Private First Class where I have accomplished several missions and been deployed twice am now a Sergeant First Class.
- **Family**
 - I am a happy husband and father of a 4 year old. I love the MN Vikings and enjoying fishing whenever possible.

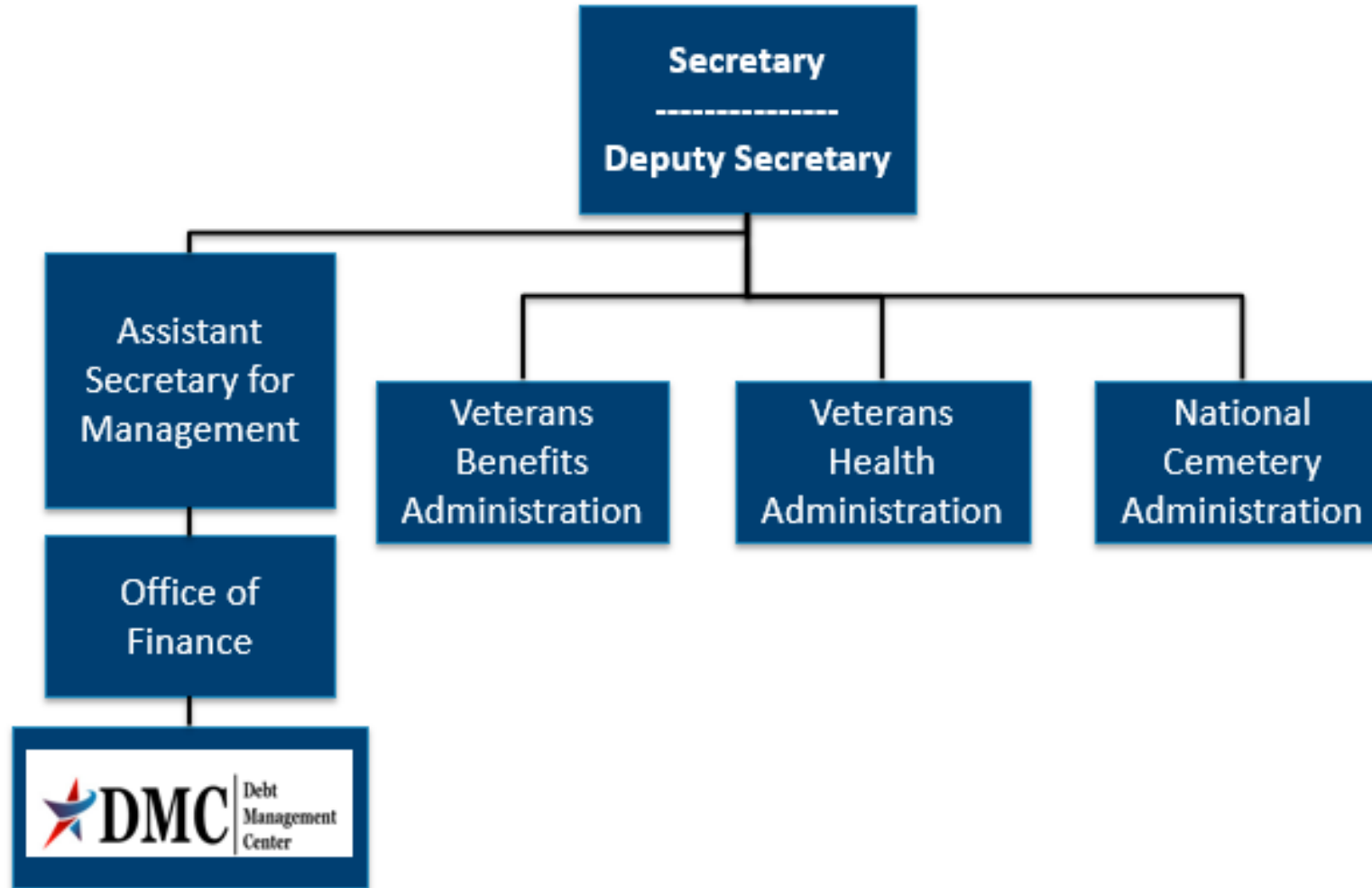


Agenda

- **DMC overview**
- **Debt establishment**
- **Understand collection processes**
- **Ask VA (AVA) Tips**
- **Debt resolution options**
- **Risks of non-payment**
- **Questions**



Organization Chart





DMC Mission

Provide distinctive, high quality accounts receivable services through a compassionate and value-added approach, empowering our stakeholders to focus on core missions.



Debt Establishment

Regional Office (RO)/Regional Processing Office (RPO) Receives information

- Education Certification
- Change in circumstances affecting benefit eligibility or entitlement

RO/RPO Processes Claim/Award

- Evaluates eligibility/entitlement
- Issues payments and establishes debts
- Sends a letter when payments are issued or debt created

DMC Collects Debts

- Sends collection letters for debts
- Processes collection actions



Debt Establishment

Compensation/ Pension

- Changes in income or net worth
- Active-duty time or drill pay days
- Change in dependency
- Fugitive felon status or incarceration
- Payments issued after death of beneficiary

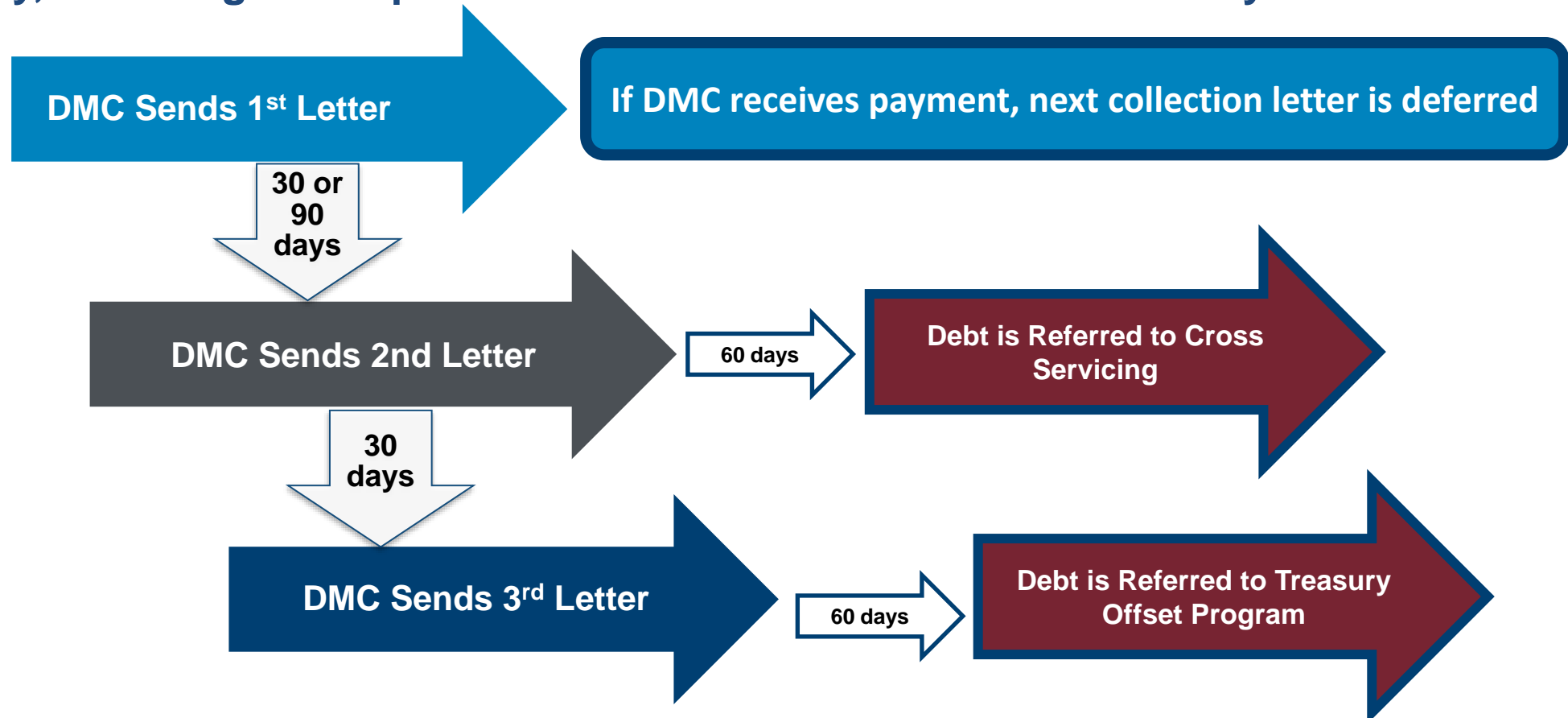
Education

- Withdrawal from class
- Not attending class
- Class did not count toward graduation
- Change in active-duty status



Collection Process

DMC sends Notice of Indebtedness letters, monitors accounts, and advises debtor of any delinquency, including the requirement to refer their account to Treasury





Relief, Resolution, and Referrals

DMC sends Debt Notice

Debtor contacts DMC

- Pay In Full
- Benefits Offset in Full or in Part
- Payment plan
- Compromise
- Waiver/Waiver Reconsideration
- Dispute
- Temporary Suspension

No Action/Payment

- Benefits offset in Full
- Referral to:
 - TOP
 - Cross-Servicing



Letter Example: No Automated Plan



DEPARTMENT OF VETERANS AFFAIRS
Debt Management Center
Bishop Henry Whipple Federal Building
P.O. Box 11930

The Department of Veterans Affairs recently sent you a letter explaining that your entitlement to education benefits had changed. As a result, you were paid more than you were entitled to receive. This overpayment represents

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We regret the inconvenience and would like to help you manage your debt. For questions or assistance:

We regret the inconvenience and would like to help you manage your debt. For questions or assistance:

- Call 1-800-827-0648 (6:30 a.m. to 6:00 p.m. CT, Monday through Friday), or
- Visit our Debt Portal at www.va.gov/manage-va-debt

PLEASE TAKE ACTION
To avoid referral to the Department of the Treasury, which can increase your debt amount by more than 30%, please contact us or pay this bill. Please refer to the back of this letter for payment methods.

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To avoid referral to the Department of the Treasury, which can increase your debt amount by more than 30%, please contact us or pay this bill. Please refer to the back of this letter for payment methods.

FOR PROPER CREDIT TO YOUR ACCOUNT, PLEASE DETACH AND RETURN WITH YOUR PAYMENT

Department of Veterans Affairs PAYMENT REMITTANCE

* FILE NO.	AMOUNT ENCLOSED	ENTER YOUR CHECK# ADDRESS BELOW ONLY IF THE ONE ABOVE IS INCORRECT. PLEASE INCLUDE YOUR ZIP CODE.
PAYEE NO.	\$	
PERSON ENTITLED	YOUR TELEPHONE NO. (Include Area Code)	
DEDUCTION CODE		

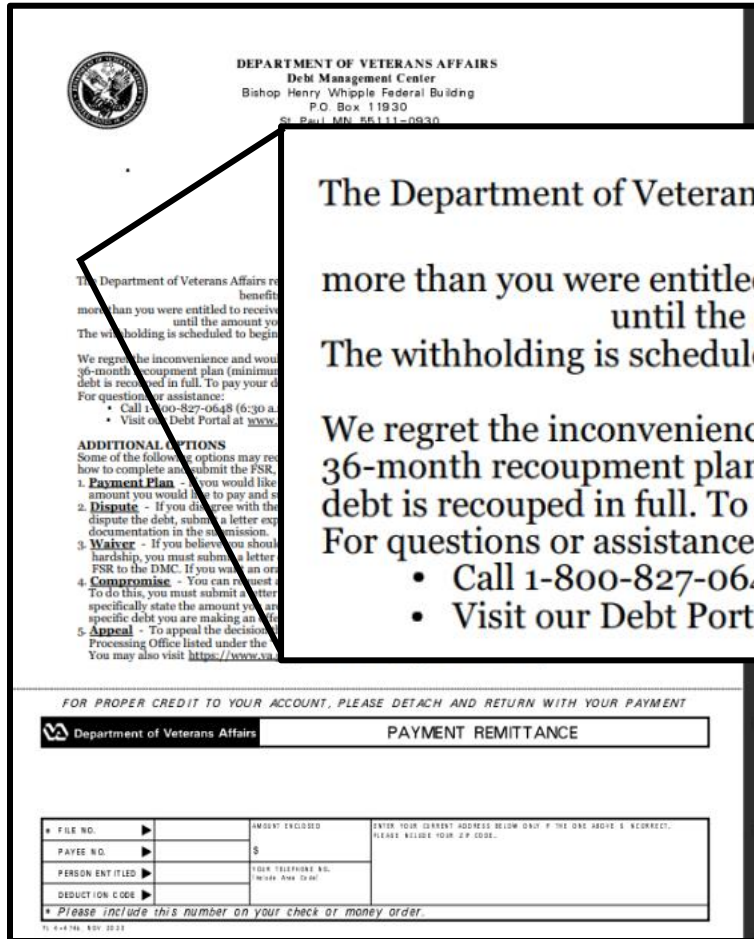
* Please include this number on your check or money order.

11-4-10 8 MAR 2014





Letter Example: Automatic 36 month



The Department of Veterans Affairs recently sent you a letter explaining that your entitlement to benefits had changed. As a result, you were paid more than you were entitled to receive. Since you are currently receiving VA benefits, we plan to withhold until the amount you were overpaid is recouped.

The withholding is scheduled to begin on

We regret the inconvenience and would like to help you manage your debt. We have automatically placed you on a 36-month recoupment plan (minimum \$25) or we will withhold your full benefit amount (whichever is less) until the debt is recouped in full. To pay your debt in full please refer to the back of this letter or see below for additional options.

For questions or assistance:

- Call 1-800-827-0648 (6:30 a.m. to 6:00 p.m. CT, Monday through Friday), or
- Visit our Debt Portal at www.va.gov/manage-va-debt

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DEDUCTION CODE	YOUR ZIP CODE	

* Please include this number on your check or money order.



FAQ: What makes a “good” waiver request?

Answer: There is no formula to guarantee the outcome of a waiver. Here are some things to bear in mind:

- Indication of fraud, misrepresentation, or bad faith precludes granting of a waiver (See 38 U.S.C 5302(c))
- Request should explain facts and circumstances to enable the committee to consider the standards of equity and good conscience (see 38 C.F.R 1.965 for more details):
 - fault of debtor
 - undue hardship
 - unjust enrichment
 - balance of faults
 - defeat the purpose
 - changing position to one’s detriment
- An accurate VA Form 5655 Financial Status Report facilitates evaluation of financial hardship



FAQ: How to Appeal a Waiver Decision ?

Language from Committee on Waivers and Compromises (COWC) letter:

What You Should Do If You Disagree with Our Decision

If you do not agree with our decision on your waiver request, you may file an appeal. To file an appeal, you need to submit a Notice of Disagreement (Reconsideration Request) to DMC or a VA Form 10182 to the Board of Veterans' Appeals. Please read the enclosed "Notice of Rights to Appeal" for more information.

***** Veterans should not use VA form 10182, 20-0996, or 20-0995 to appeal a waiver decision with DMC*****



Appealing a Waiver Decision continued

Send to	Form to use	Info to include	Reviewed by	Stops collection?
DMC	None- request must be in writing	Indicate request is for reconsideration of waiver decision, include support for reconsideration	COWC	No
BVA	VA Form 10182	Complete form including signature	Board of Veterans Appeals	No



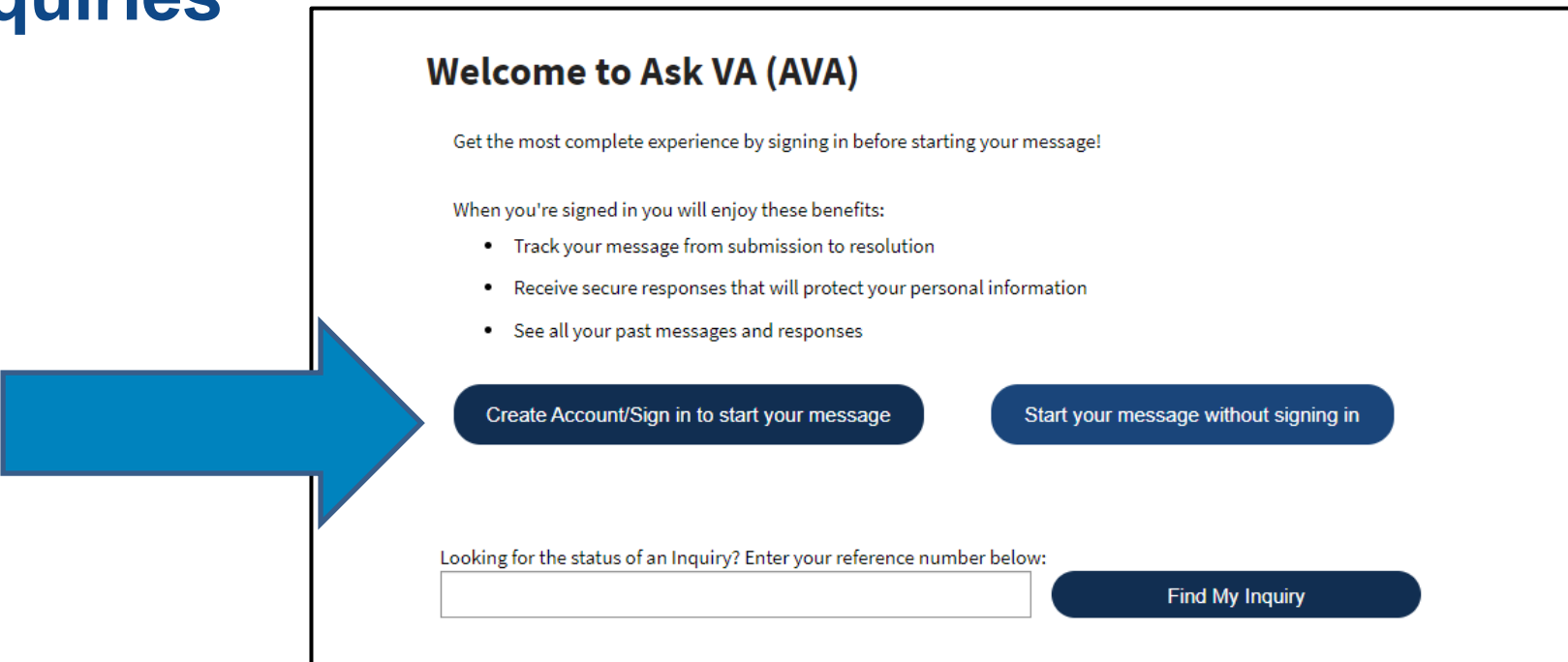
VA Debt Portal for Veterans

- **Debt Portal: <https://www.va.gov/manage-va-debt/>**
 - **Veterans can log in to view balances**
 - **FAQ's**
 - **Email notifications to Veterans**
 - **Online VA Form 5655 Financial Status Report (FSR) with "wizard"**
 - **More enhancements to come**



Ask VA (AVA)- DMC Tips

- Located at <https://ask.va.gov/>
- DMC has a PDF guide for VSOs on how to use AVA for DMC inquiries



Welcome to Ask VA (AVA)

Get the most complete experience by signing in before starting your message!

When you're signed in you will enjoy these benefits:

- Track your message from submission to resolution
- Receive secure responses that will protect your personal information
- See all your past messages and responses

[Create Account/Sign in to start your message](#) [Start your message without signing in](#)

Looking for the status of an Inquiry? Enter your reference number below:

[Find My Inquiry](#)



AVA- DMC Tips

Tell us about your question

Which category best describes your question? * (*Required)

Veteran Affairs - Debt



Which topic best describes your question? * (*Required)

Compensation Debt



Options to reach DMC are found under “Veteran Affairs- Debt” category and topics are used to select the type of debt for proper routing



AVA- DMC Tips

Attachments

There are no attachments to display.

Add Attachment

The option to Add Attachment is on the last page before submission



What if Payment is not Made?

No Action/Payment

- **Benefits offset in Full**
- **Referral to:**
 - **TOP**
 - **Cross-Servicing**

- **Future VA benefits awarded will be withheld to satisfy debt**
- **Department of Treasury**
 - **Offset of Federal payments**
 - **Referral to private collection agencies**
 - **Administrative Wage Garnishment Program**



VHA Debts

- For questions about medical care and pharmacy services copayment debt, contact the Health Resource Center:
 - 1-866-400-1238
- VA has options for Veterans who suffer from difficult financial circumstances and struggle to pay VA copayments:
 - Health Resource Center: 1-866-400-1238
 - https://www.va.gov/COMMUNITYCARE/revenue_ops/Financial_Hardship.asp



At Risk Veterans

If Veterans are homeless or facing eviction, please let us know when you contact DMC



Text 838255

www.VeteransCrisisLine.net
(online chat)

Veterans having difficulty with a VA-guaranteed home loan can call **1-877-827-3702** to reach the nearest Loan Guaranty office



National Call Center
for Homeless Veterans
877-424-3838
va.gov/homeless



Become a Debt Superstar (Contact DMC)

<https://www.va.gov/manage-va-debt/>

Veteran Debt Portal

<https://ask.va.gov>

Online inquiry system

800-827-0648

DMC Veteran Toll Free Line

612-970-5688

Fax

612-970-5737

DMC VSO Only Line





What would you do?

- A Veteran comes into your office with a DMC debt letter and states their monthly compensation check amount is lower and it is causing them financial hardship:
 - What would you do to help the Veteran?
 - What options might this Veteran have with DMC?



DMC Presentation Survey

DMC values your time and feedback on our presentation. We would appreciate it if you're able to complete the survey below.

<https://www.surveymonkey.com/r/DMCVSO>



VA



U.S. Department
of Veterans Affairs

Additional Information



Pay in Full

- **Pay by check: mail the check, payment coupon(s) and/or letter to:**
 - **VA Debt Management Center**
 - **Bishop Henry Whipple Federal Building**
 - **P.O. Box 11930**
 - **St. Paul, MN 55111-0930**
- **Pay online: www.pay.va.gov**
- **Pay by telephone: 800-827-0648**



Withholding VA Benefits

- **Automatic 36-month repayment plan for compensation and pension debts**
- **Full amount of benefit payment will be withheld until debt is paid in full for education debts**
- **If debtors have financial hardship, please have them contact DMC**
- **VA Form 5655, Financial Status Report, is required for any reduced withholding arrangement beyond 60 months**



Compromise

- Debtors should send letter to DMC indicating “compromise offer” and specifying amount
- Offer should be a “lump sum”
- Offer must include VA Form 5655
- DMC refers offers to the Committee on Compromises

***** Payment should not be sent until the debtor receives a decision accepting the offer*****



Waiver

- **Debtors have 180 days from date of first DMC debt letter to request waiver**
- **Request must be:**
 - **Made in writing and submitted to DMC**
 - **Include VA Form 5655 Financial Status Report**
 - **Explain why debtor is unable to repay the debt**
 - **Received in the first 30 days for Education or 90 days for C&P debt to stop collection action**



Dispute

- **Debtors can dispute the existence or amount of the debt created by VBA**
- **Dispute must be in writing**
- **DMC forwards disputes to the Regional Office/Regional Processing Office of jurisdiction**



Temporary Suspension

- **Disaster Relief**
- **Case by case financial hardship**
- **Does not extend timeline to request waiver**



FAQ: What happens when a debtor dies?

Answer: DMC reviews the account and may request funds from the debtor's estate. Some things to bear in mind:

- VA does not prorate monthly benefits when someone dies, so the payment for the month of death often creates a debt
- Surviving spouses may be eligible for a month of death benefit, and if eligible that payment must be issued to the surviving spouse by VA, they cannot keep a payment VA issued to their deceased spouse. The Regional Office handles issuing month of death payments for eligible surviving spouses.
- Unless there is fraud, VA does not pursue collection from a specific individual, but rather from the estate of the deceased debtor



Federal Debt Collection Laws

- **The Debt Collection Act of 1982**
 - Authority for collection by administrative offset
- **The Debt Collection Improvement Act (DCIA) of 1996**
 - Agencies required to refer delinquent non-tax debts to the Department of Treasury at 180 days
- **Digital Accountability and Transparency Act (DATA) of 2014**
 - Changed referral requirement for delinquent non-tax debts from 180 days to 120 days