

VA Debt Management Center (DMC)

Veterans Service Organization Presentation

Updated March 8, 2022

Purpose



- Provide an overview of DMC
- Assess why/how debts are established
- Define collection processes
- List options to resolve a debt
- Define risks of non-payment
- Answer questions

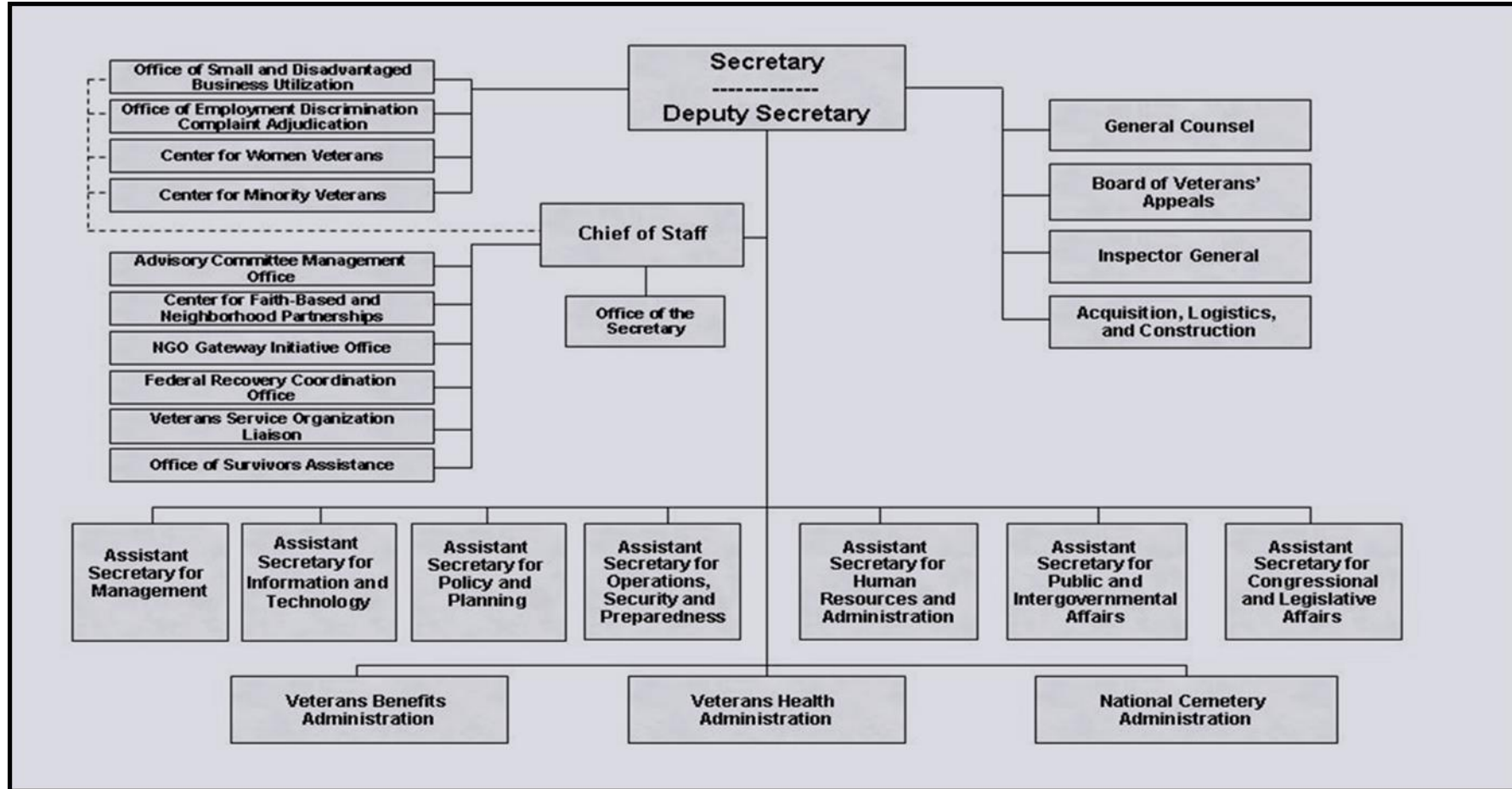
DMC Overview

- 1 DMC is a franchise fund aligned with VA's Office of Finance (OF) within the Office of Management (OM)
- 2 DMC's staff of approximately 360 employees works to service VA benefit debts, counsel Veterans on options and outcomes, and offer resolutions for each unique situation.
- 3 DMC provides accounts receivable services to VBA, VHA, NCA
- 4 The DMC collects approximately \$1.8 billion annually

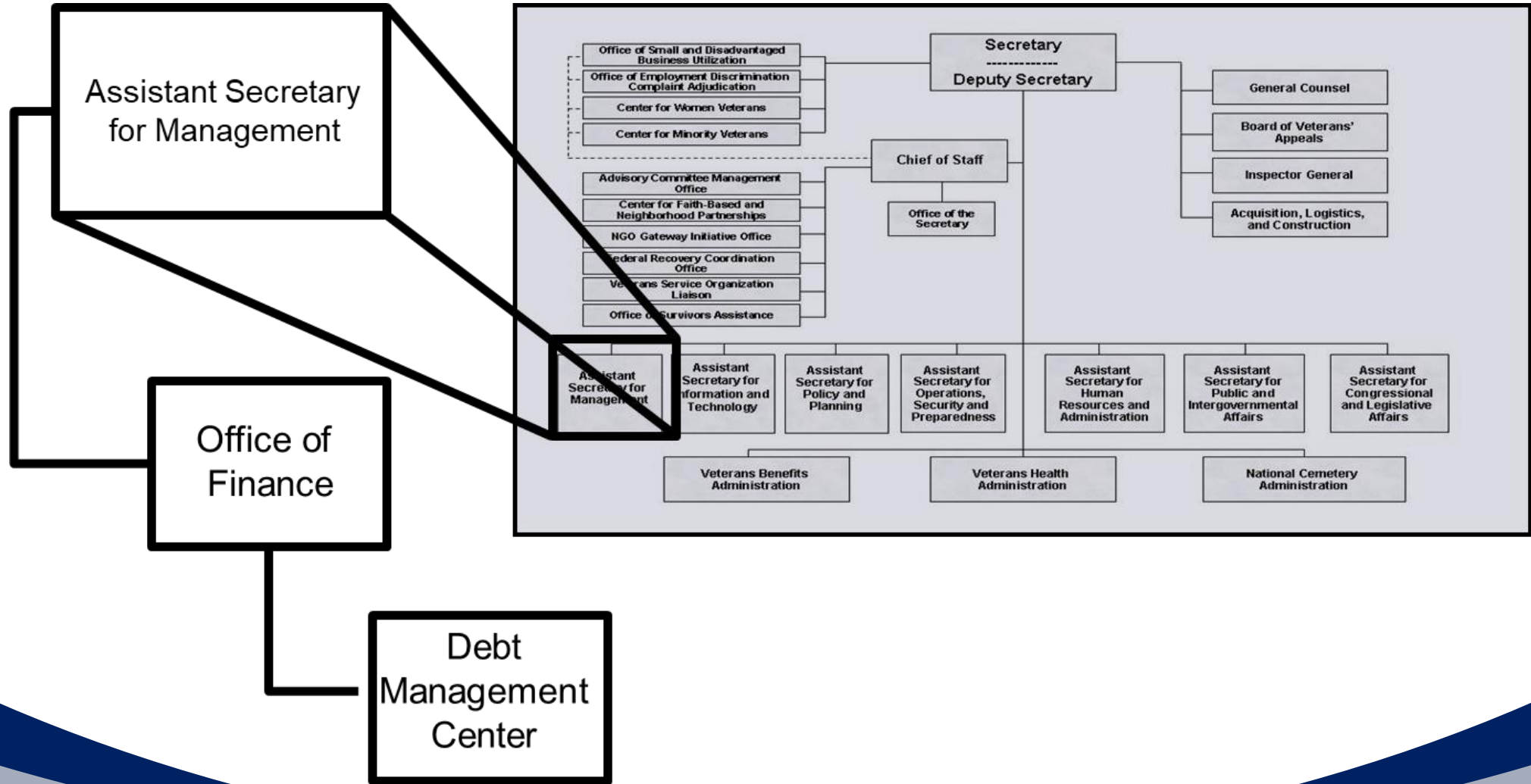
DMC Mission:

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

Organization Chart



Organization Chart



KNOWLEDGE CHECK

DMC provides accounts receivable services to

- a. VBA**
- b. VHA**
- c. NCA**
- d. All the above**

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Debt Establishment



RO/RPO Receives information

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

RO/RPO Processes Claim/Award

- Evaluates benefit eligibility/entitlement
- Issues payments and establishes debts
- Sends a letter when a debt is 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

General

- Failure to obtain Release of Home Loan Liability
- Duplicate or erroneous payments issued

Resuming Debt Notifications



- ❑ **DMC resumed sending debt letters to Veterans on October 1, 2021**
 - **Phased release for debts created between April 2020 & October 2021**
 - **Veterans in later phases will receive quarterly informational letters**
- ❑ **DMC resumed benefit offsets in January 2022**
- ❑ **DMC will not resume referrals to Credit Reporting Agencies or Credit Alert Verification Reporting System (CAIVRS) until July 2022**
- ❑ **U.S. Department of the Treasury activity resumed October 1, 2021 for debts under their jurisdiction prior to the pandemic**
- ❑ **DMC will not refer additional VBA debts to Treasury until July 2022**

Debt Relief Options



If Veterans are experiencing financial hardship, DMC is providing continued relief options:

- **Extending repayment plans**
- **Requesting debt forgiveness through the waiver process**
- **Submitting a compromise offer to settle the debt for less than the full amount**
- **Requesting a temporary hardship suspension of repayment until September 30, 2022**

Process Enhancements



- Compensation and Pension debtors with VA benefits will not be offset for 90 days after their due process letter
- Automated 36-month payment plan for Compensation and Pension debts
- No Financial Status Report required for payment plans up to 60 months
- Veterans with VBA debts created prior to April 6, 2020 not under Treasury jurisdiction will receive additional notification letters
- Partnered with VA Suicide Prevention Program to support at risk Veterans
- Established a threshold for reporting to Credit Reporting Agencies that will reduce referrals by 99%
- Implemented post call survey to obtain customer experience feedback

VA Debt Portal for Veterans



- ❑ Debt Portal: <https://www.va.gov/manage-va-debt/>
 - Veterans can log in to view balances and DMC letters
 - FAQs
 - Email notifications
 - Online VA Form 5655 Financial Status Report (FSR)
 - More enhancements to come

Online VA Form 5655



Manage your VA debt

Check the status of debt related to VA disability compensation, non-service-connected pension, or education benefits. And make payments or request help now if you'd like.

Check the status of your VA benefit debt

Please sign in to manage your VA debt

Try signing in with your **DS Logon**, **My HealtheVet**, or **ID.me** account. If you don't have any of those accounts, you can create one now.

[Sign in or create an account](#)

Here's what you can do when you sign in:

Request help with VA debt (VA Form 5655)

Equal to VA Form 5655 (Financial Status Report)

Is this the form I need?

This form is for Veterans or service members who need help with debt related to VA disability compensation, education, or pension benefits. Answer a few questions to find out if this is the form you need. If not, we'll guide you to the best way to get help.

If you already know this is the form you need, you can go to the form now.

[Request help with VA Form 5655](#)

If you need help with a VA copay debt, [learn how to request financial hardship assistance](#).

What's this debt related to?

- VA disability compensation, education, or pension benefits
- VA health care copays
- Separation pay
- Attorney fees
- Rogers STEM program
- VET TEC program

Outreach and Updates



- ❑ VSO, SCO and Veteran emails (VetResources, VA Benefits Newsletter)
- ❑ Borne the Battle Podcast
- ❑ Vantage Point Blog
 - [VA launches user-friendly online financial status report form for VBA debts](#)
- ❑ VA social media
 - [Did you know VA has a social media directory?](#)
- ❑ Press releases
 - [February 2, 2021: VA Establishes new Threshold for Reporting Benefit and Medical debt](#)

KNOWLEDGE CHECK

VA resumed debt notifications to Veterans:

- a. April 6, 2021**
- b. September 30, 2022**
- c. October 1, 2021**
- d. None of the above**

KNOWLEDGE CHECK

VA resumed debt notifications to Veterans:

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Initial Debt Notification

Compensation/Pension

Address information comes from Regional Office (RO) or Pension Center

Letter is sent 10 days after DMC receives debt

If debtor has active benefits, letter notifies benefits will be offset in 90 days

If debtor is not receiving benefits, letter advises debtor to contact DMC

Education

Address information comes from Education Regional Processing Office (RPO)

Letter is sent 10-30 days after DMC receives debt

Education benefit offset can begin 30 days after debt created

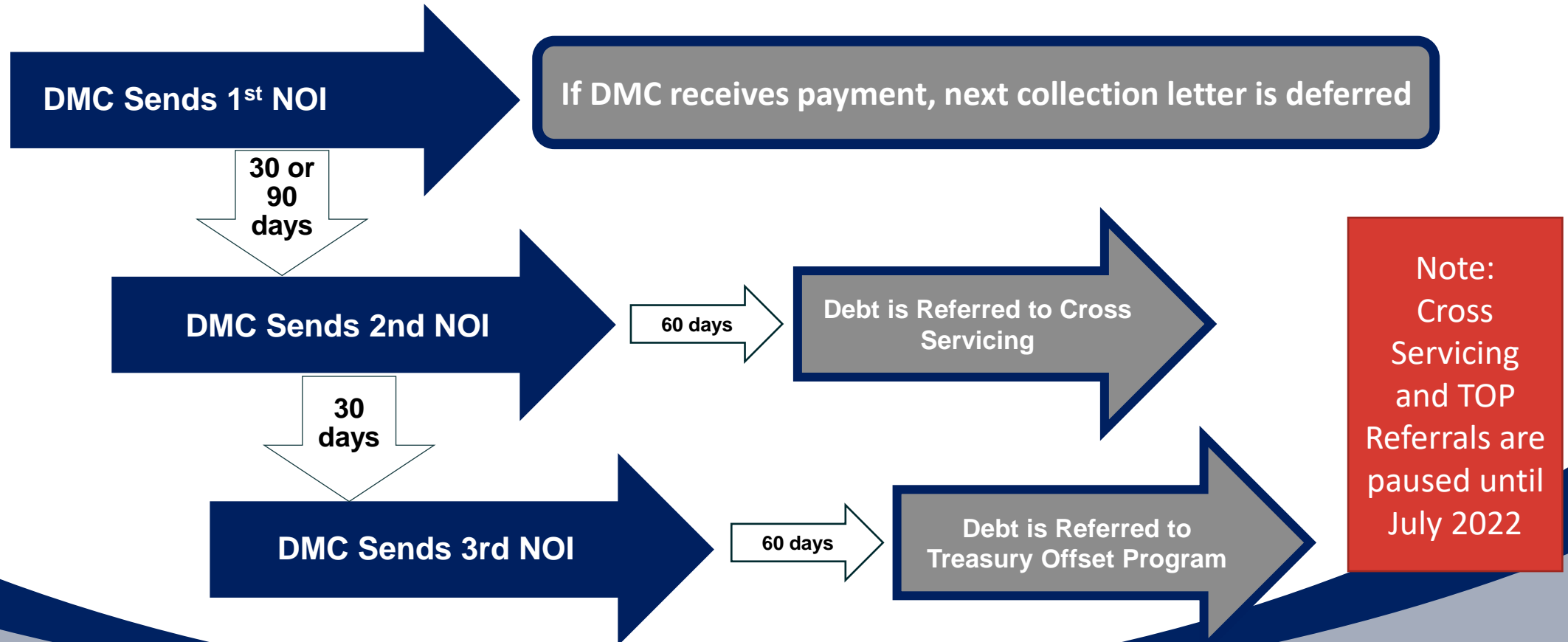
If Ed benefits not available, DMC provides 60 day notice before offset of other benefits

If debtor is not receiving benefits, letter advises debtor to contact DMC

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



Notification Letters



**DEPARTMENT OF VETERANS AFFAIRS**
Debt Management Center
Bishop Henry Whipple Federal Building
P.O. Box 11930
St. Paul, MN 55111-0930

File Number:
Payee Number:
Person Entitled:
Deduction Code:
Questions? <https://ask.va.gov/>
(Please provide the information above on any IRIS correspondence)

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 are sorry for the inconvenience - we would like to work with you to take care of your debt. We have automatically put you on a 12-month recoupment plan (minimum \$25) or we will withhold your full benefit amount (whichever is less) until the debt is recouped in full. Please call our office at 1-800-827-0648 from 6:30 a.m. to 6 p.m., CT Monday through Friday, if you need help. Visit www.va.gov/debtman for Saturday availability.


If you have a question about where the debt came from or believe your benefit rate is incorrect, please call 1-800-827-1000 for VA benefits. Even if newly submitted information may change your benefit rate, you still must choose from an option below to resolve the debt.

WHAT ARE YOUR OPTIONS?
If you feel the debt is not valid, you can dispute it, or request a waiver; if the recoupment plan above causes undue financial hardship, you can request an extended monthly recoupment plan with a financial status report. Please see the back of this letter for more information.
It is important to pay this debt within 90 days of the date of this letter or tell us which option you choose.

PLEASE TAKE ACTION: Pay the Debt.
You can pay the full debt in one payment by:

- Paying online at www.pay.va.gov. Click "Pay Online." You can choose between paying from your bank account or by credit card. You will find instructions on the web page.
- Using Visa, MasterCard, American Express, Discover, or Western Union "Quick Collect." For information about how to pay by credit card or Western Union, please call us at 1-800-827-0648.
- Sending a check or money order made out to "U.S. Department of Veterans Affairs." Please write your VA file number or Social Security number on the check. Please fill out the remittance form included with this letter and mail it, with your check or money order, in the return envelope.

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

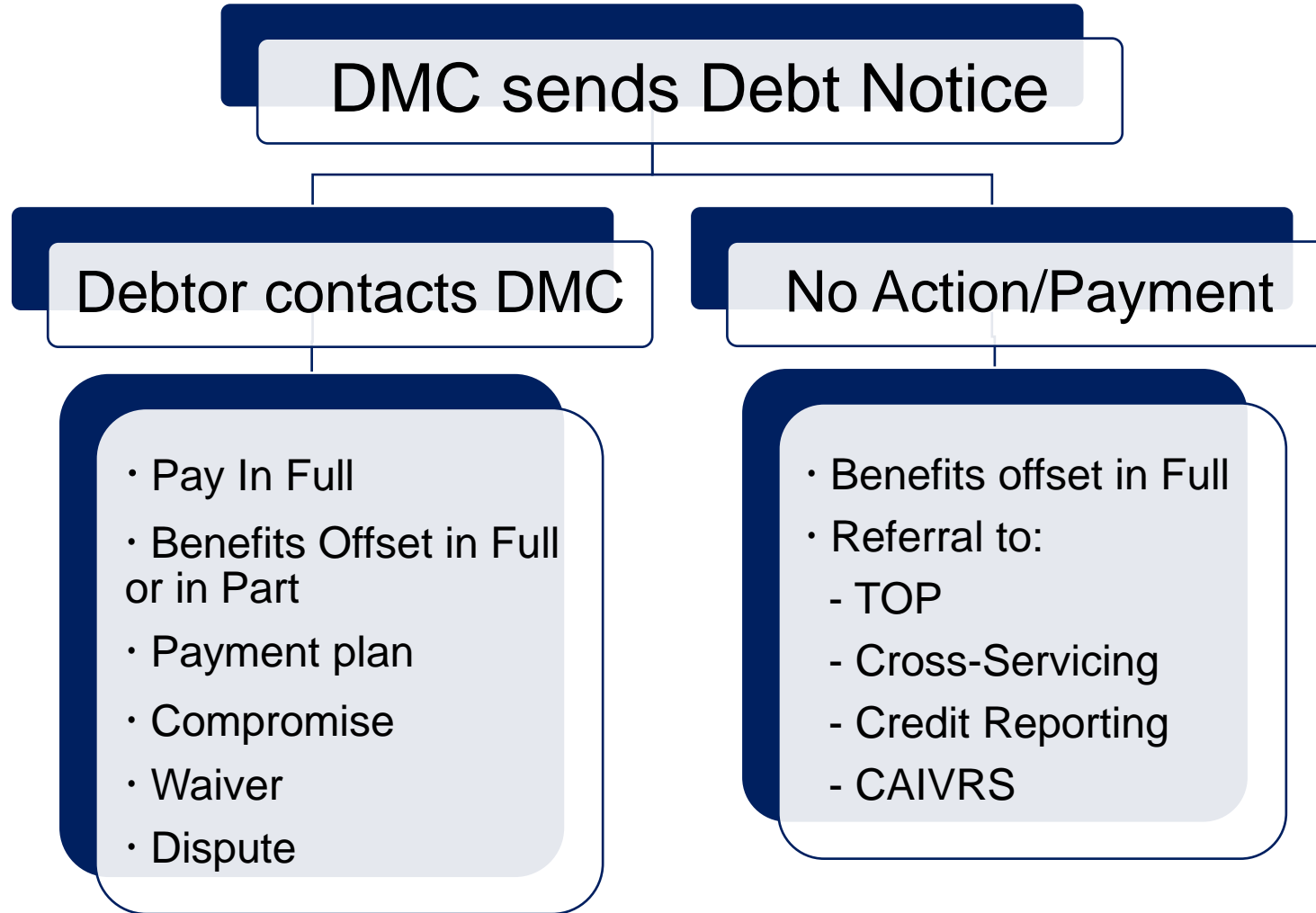
 **PAYMENT REMITTANCE**

# FILE NO.	AMOUNT ENDED	ENTER YOUR CURRENT 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.
FD-4426A, MAR. 2000

File Number:
Payee Number:
Person Entitled:
Deduction Code:
Questions? <https://ask.va.gov/>
(Please provide the information above on any related correspondence)

Notification Letters



Note:
CS, CRA, and
TOP
Referrals are
paused until
July 2022

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 (effective October 2021)
- Full amount of benefit payment will be withheld until debt is paid in full for education debts
- If debtors have financial hardships, they must contact the DMC
- VA Form 5655, Financial Status Report, is required for any reduced withholding arrangement beyond 60 months

Compromise Offer



- 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 NOI letter to request waiver
- ❑ Request can be based on financial hardship and/or explain why not responsible for repaying debt
- ❑ Request must be:
 - Made in writing and submitted to DMC
 - Include VA Form 5655 Financial Status Report
 - If received in the first 30 days for Education or 90 days for C&P debt, collection action is suspended
- ❑ If the decision is less than a full grant, debtors have one year from the date of decision to appeal
 - Collection action continues during appeal process

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

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

What if Payment is not Made?



No Action/Payment

- Benefits Offset in Full
- Referral to:
 - TOP
 - Cross-Servicing
 - Credit Reporting
 - CAIVRS

- 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
- Credit Alert Interactive Voice Response System (CAIVRS): system alerts lenders of VA debt and impacts federal home loan underwriting



Toolbox



KNOWLEDGE CHECK

**If a Veteran is in financial hardship,
multiple debt relief and resolution
options are available.**

- a. True**
- b. False**

KNOWLEDGE CHECK

If a Veteran is in financial hardship, multiple debt relief and resolution options are available.

a. True

b. False

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



- ❑ Veterans Crisis Hotline
 - 1-800-273-8255 and press 1
 - Text 838255
 - www.VeteransCrisisLine.net (online chat)
- ❑ If Veterans are homeless or facing eviction, please let us know when you contact DMC
- ❑ VA's National Call Center for Homeless Veterans: 1-877-424-3838
- ❑ If Veterans are having difficulty with a VA-guaranteed home loan, they can call 1-877-827-3702 to reach the nearest Loan Guaranty office

Ask VA (AVA) – DMC tips



- AVA offers both an option to sign in and an option to start your message without signing in
 - We need users to **sign in** if they want to discuss specific account details



Create Account/Sign in to start your message



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

Tell us about your question

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

Veteran Affairs - Debt



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

Compensation Debt



Questions

