

# **VA Debt Management Center (DMC)**

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## **Veterans Service Organization Presentation**

Updated March 1, 2023

# 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

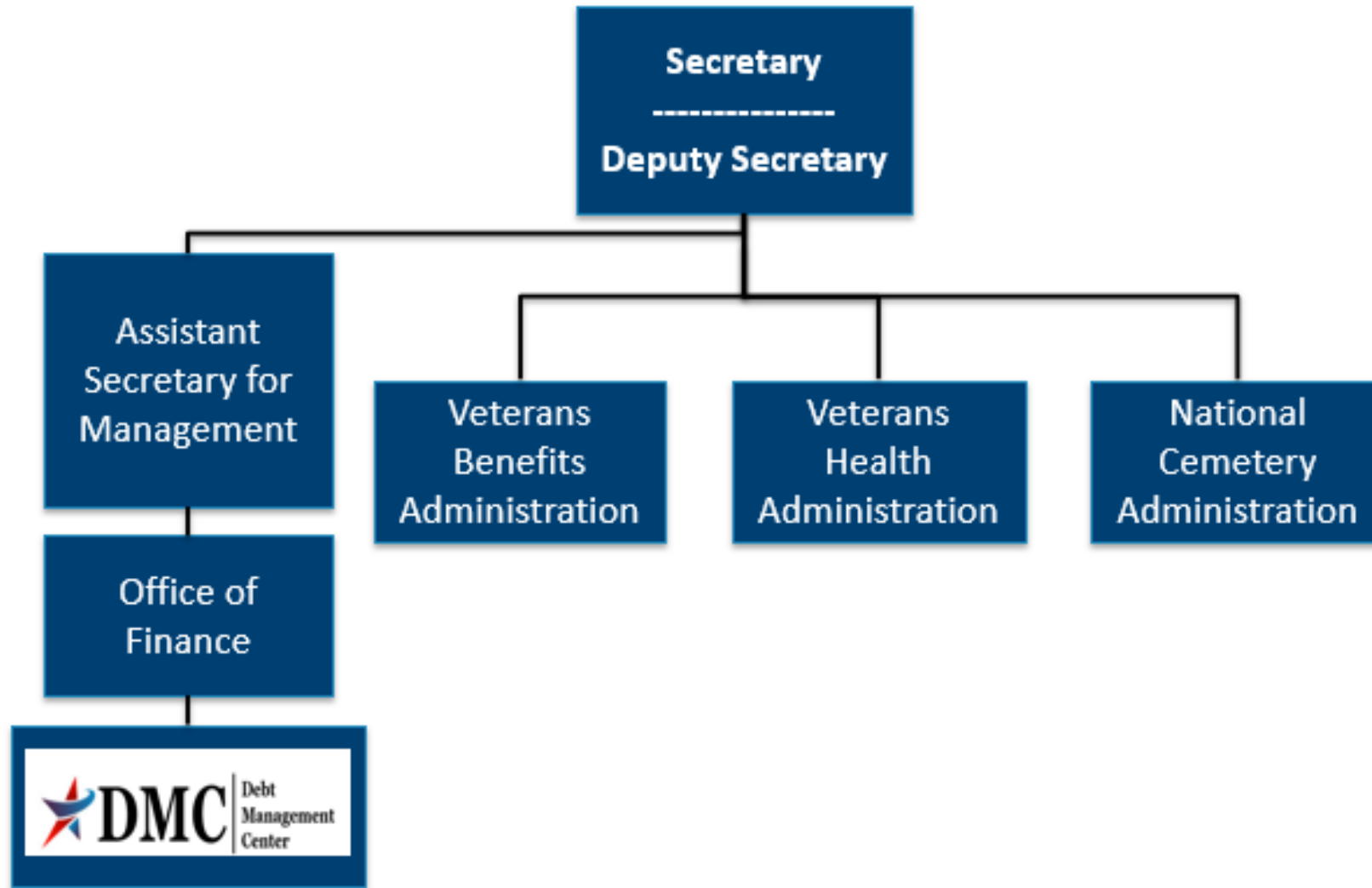
# DMC Overview

- 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 320 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



# KNOWLEDGE CHECK

**DMC provides accounts receivable services to**

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

# KNOWLEDGE CHECK

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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



# COVID-19 Operations



- DMC plans to resume referrals of delinquent VBA debts to the U.S. Treasury, date is still TBD**
- DMC has not resumed referrals to Credit Reporting Agencies or Credit Alert Verification Reporting System (CAIVRS) at this time (resumption date TBD)**

# 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 suspension**

# VA Debt Portal for Veterans



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

# Online VA Form 5655



## Review your benefit debt and copay bills online

### Please sign in to manage your VA debt

Sign in with your existing [Login.gov](#), [ID.me](#), [DS Logon](#), or [My HealthVet](#) account. If you don't have any of these accounts, you can create a free [Login.gov](#) or [ID.me](#) account now.

[Sign in or create an account](#)

### What you can do when you sign in

- Check the amount and status of your VA debt related to VA disability compensation, non-service-connected pension, or education benefits
- Check the amount and status of copay bills at each VA health facility where you receive care
- Find out how to make payments or request help
- Download billing statements, debt notices, and collection letters

**Note:** At this time, dependents of Veterans or service members can't use this tool to check the status of their VA debt.

## 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
  - [Five ways VA is making debt collection more compassionate and convenient](#)
- ❑ VA social media
  - [Did you know VA has a social media directory?](#)
- ❑ Press releases
  - [September 30, 2022: VA offers benefit debt relief to Veterans affected by recent hurricanes](#)

# 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

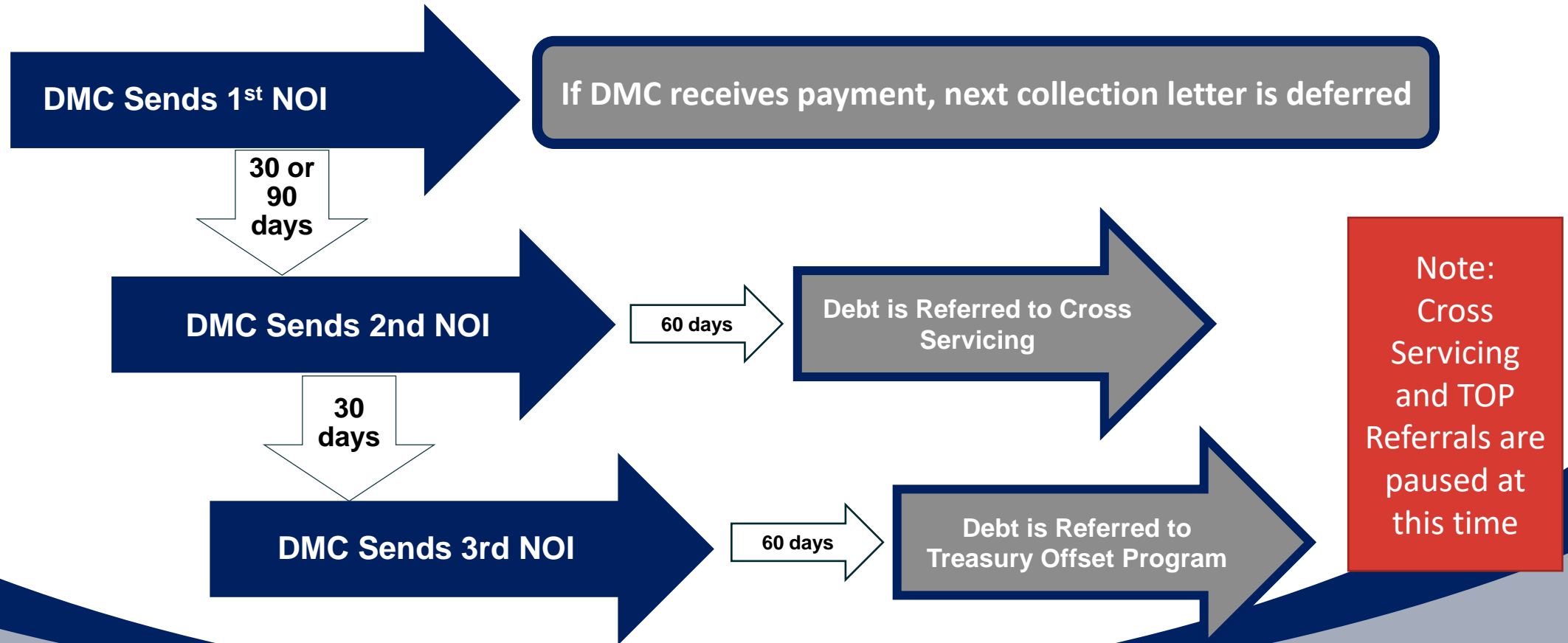
If Ed benefits not available, DMC provides 60 day notice before offset of other benefits

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

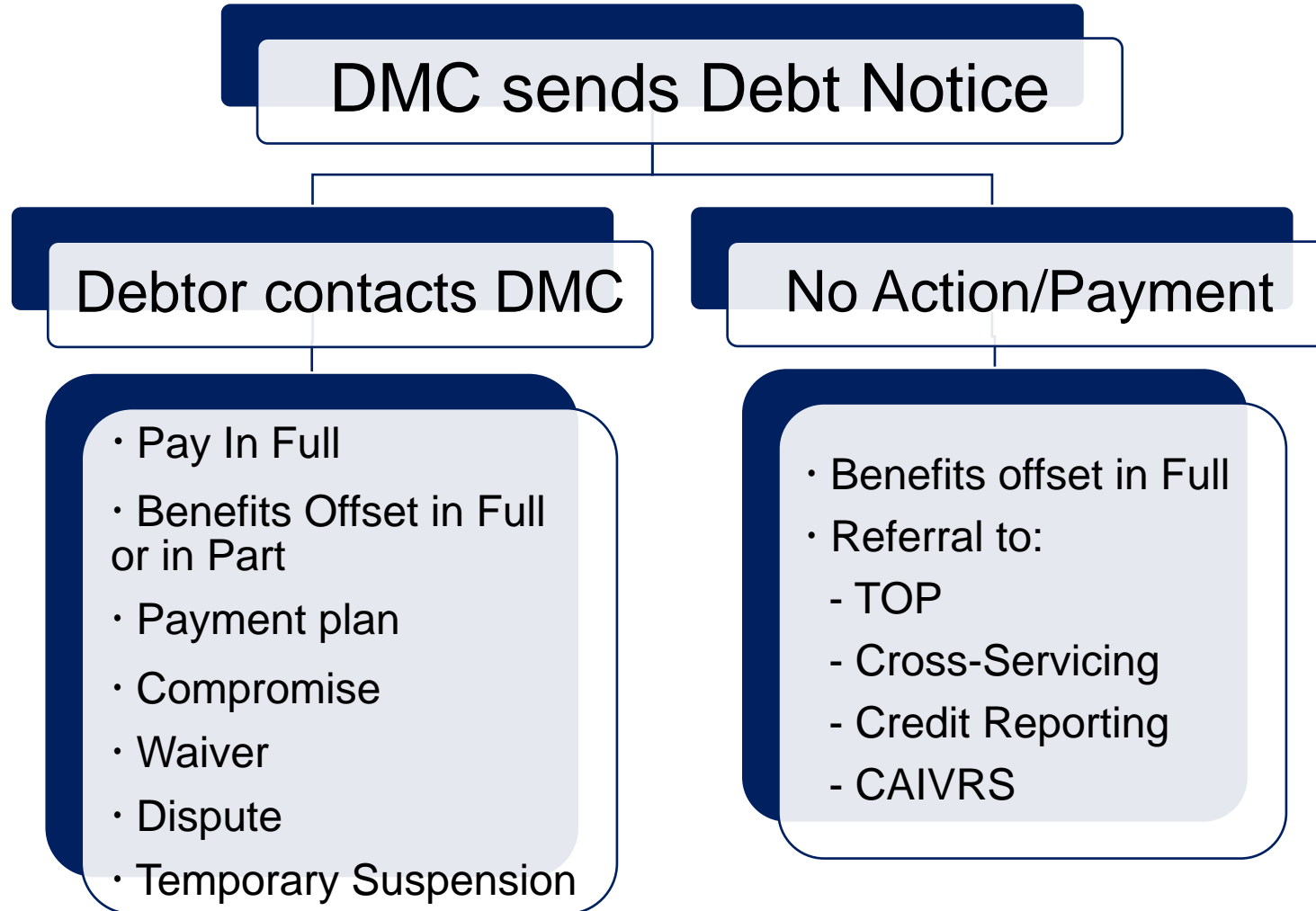
# Collection Process



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



Note:  
CS, CRA, and  
TOP  
Referrals are  
paused at  
this time



# 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](http://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 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

# Temporary Suspension



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

# 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



# 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](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](http://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](http://va.gov/homeless)

# 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

