

The Honorable Daniel L. Cooper, Under Secretary for Benefits, Department of Veterans Affairs - accompanied by Mr. Robert J. Epley, Associate Deputy Under Secretary for Policy and Program Management, Department of Veterans Affairs; and Mr. Thomas M. Lastowka, Director, VA Regional Office and Insurance Center

Statement of Daniel L. Cooper Under Secretary for Benefits Veterans Benefits Administration
Department of Veterans Affairs Before the Senate Veterans' Affairs Committee

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Mr. Chairman and members of the Committee, thank you for the opportunity to testify today on the important issue of survivors' benefits. Providing benefits for the surviving family members of our veterans is one of the core responsibilities of the Department of Veterans Affairs (VA).

VA provides a wide range of benefits to the surviving spouse, dependent children, and dependent parents of deceased veterans. In addition, we have experienced counselors who stand ready to assist survivors in filing claims, and to help them understand the types of benefits to which they may be entitled. It should be noted that these are not the only death benefits a surviving spouse and children are entitled to. They are also entitled to an array of Defense and Social Security benefits that both complement and in some cases offset each other. As we examine the adequacy of these benefits, we must do so in a holistic manner.

VA supports the Administration's proposals on survivors' benefits as discussed by the Department of Defense representatives. I would like to summarize VA's benefits for you and discuss our most recent efforts focused on the survivors of servicemembers who have died in service to this country in Operation Iraqi Freedom and Operation Enduring Freedom.

Dependency and Indemnity Compensation

One of VA's largest survivor programs is the Dependency and Indemnity Compensation (DIC) program. DIC is a monthly benefit for the surviving spouse, dependent children, and dependent parents of a veteran who died on active duty or after service as the result of a service-connected or compensable disability. Under certain circumstances DIC is also paid to the survivors of former POWs and other veterans who were 100 percent disabled, regardless of the cause of death. We are currently paying this benefit to survivors of 318,000 veterans.

Surviving spouses of veterans currently receive \$993 a month with additional amounts for dependent children. Last session, Congress enacted legislation that provides for a transitional benefit of \$250 per month payable to a surviving spouse who has a minor child or children and receives DIC. The surviving spouse receives this additional benefit for two years after entitlement to DIC begins or until all of the surviving spouse's children have reached 18 years of age. This benefit is payable for all original DIC awards beginning on or after January 1, 2005. VA also pays DIC to dependent parents of deceased veterans if their income is below a certain amount. The maximum rate currently payable to a sole surviving dependent parent is \$487 per month.

Death Pension

Even if a veteran's survivors do not qualify for DIC because the veteran did not die on active duty or after service as the result of a service-connected or compensable disability, they may still be entitled to death pension. Eligibility for pension is based on financial need. The general requirement for this benefit is that the veteran had served at least 90 days on active duty with at least one of those days occurring during a period of war. The maximum death pension benefit is currently \$6814 per year for a surviving spouse with no dependents, and \$1734 for a surviving child not in the custody of a surviving spouse. VA currently pays this benefit to the survivors of over 212,000 veterans.

Dependents' Education Assistance

Dependents' Education Assistance benefits are available for surviving spouses and children. Generally, these benefits are available to spouses who have not remarried and to children of persons who died on active duty or as a result of a service-connected disability, or who are permanently and totally disabled due to a service-connected disability. The survivor may use these benefits to pay for college, business, technical or vocational schools, apprenticeships, and on-the-job training programs. Currently, VA pays \$803 per month for up to 45 months of full-time education or training with lesser amounts for part-time training. Last year, VA paid educational assistance to nearly 16,000 survivors. While a surviving spouse ordinarily must use this benefit within ten years from the date of the veteran's death, recent legislation granted an extension for up to twenty years for the surviving spouse of a servicemember who died while on active duty.

Montgomery GI Bill Refund

In the event of the service-connected death of a servicemember while on active duty or within one year of discharge or release, VA will refund to a designated survivor an amount equal to the servicemember's contribution for participation in the Montgomery GI Bill program, less any education benefits paid.

Guaranteed Housing Loans

Surviving spouses of servicemembers who died on active duty or who died after service from a service-connected disability are granted VA housing loan benefits. This allows surviving spouses to obtain home loans on favorable terms without the need to make a down payment.

Insurance

VA is currently the third largest life insurance provider in this country. Servicemembers' Group Life Insurance (SGLI), first established in 1965, provides automatic low-cost term insurance protection to servicemembers through a group policy purchased by VA from Prudential Life Insurance Company of America. The government pays the claim costs resulting from the extra hazards of service. All other costs of the program are covered by premiums deducted from the insured servicemember's pay.

When SGLI was first established the maximum amount of coverage available was \$10,000.

There have been seven coverage increases since the program's inception. In 2001, coverage was increased to the current maximum of \$250,000. One feature of this insurance coverage is that all

insureds pay the same premium rates, regardless of their age or military occupational specialty. Since Vietnam through 2002, the program has paid for itself through premiums paid by the insureds. In 2003, premiums were reduced from \$20 per month for the maximum \$250,000 coverage to \$16.25 per month.

Unless they decline to participate, basic SGLI coverage is automatically provided to those members on active duty in the Army, Navy, Air Force, Marine Corps, and Coast Guard, as well as ROTC members, and uniformed members of the Public Health Service and National Oceanic and Atmospheric Administration. The Ready Reserve is also insured by SGLI, including reservists and members of the National Guard. The participation rate at the end of the 2004 policy year was 98 percent for active duty (including reservists called to active duty) and 93 percent for the Ready Reserve.

As of January 2005, the Office of Servicemembers' Group Life Insurance has issued over 1,900 payments to beneficiaries as a result of 1,512 deaths certified by the branches of service in Operations Enduring Freedom and Iraqi Freedom. Claims paid to survivors of these servicemembers total nearly \$342 million.

The Veterans' Survivors Benefits Improvement Act of 2001 extended life insurance coverage to spouses and children of members insured under the SGLI program, effective November 1, 2001. This new coverage is available to the spouses of active duty service members and members of the Ready Reserve of a uniformed service. Up to \$100,000 of coverage can be purchased by the member for a spouse, in increments of \$10,000. The maximum coverage for a child is \$10,000.

Financial Counseling

Beneficiary Financial Counseling Services is one-on-one, free, objective financial counseling for SGLI beneficiaries of deceased servicemembers. Services include estate settlement and planning, investment planning, budgeting, and income tax planning. This counseling was started as a pilot project in 1999, and has now been adopted as a permanent feature of the SGLI program of benefits.

CHAMPVA (Civilian Health and Medical Program of the Department of Veterans Affairs) for some family members

Spouses and dependents of veterans also have access to health care benefits.

The Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) was established in 1973 to provide health care to spouses and dependents of veterans whom VA has determined to be permanently and totally disabled due to service-connected disability or who have died from a service-connected disability.

Children may be cared for under the CHAMPVA program until they reach the age of 18, or until the age of 23 if they are enrolled full time in an accredited learning institution. Spouses are covered for the remainder of their lives unless they divorce the sponsoring veteran or, if widowed, remarry before their 55th birthday. In those cases they lose the benefit. For widows/widowers, termination of the second marriage can mean reinstatement. Widows/widowers who remarry after their 55th birthday may keep the benefit. An individual who is eligible for TRICARE is not eligible for CHAMPVA.

The CHAMPVA program is a comprehensive health care plan that covers every aspect of a beneficiary's medical needs with few exceptions. Certain types of care/services require

preauthorization, such as dental care, hospice service, and transplants, among others. Beneficiaries are allowed to find their own medical care provider and with very few exceptions, CHAMPV A will pay 75% of the allowed amount for covered benefits. As of the end of January 2005, there were over 236,000 beneficiaries enrolled in the CHAMPV A program, of which nearly 150,000 regularly used the program. A total of 5.4 million CHAMPV A claims were received last year at a cost of \$420.5 million.

VA provides other survivor benefits as well, including educational and vocational counseling services. To the extent that the Department of Defense (000) does not pay the full amount of funeral expenses, VA is authorized to pay up to \$2,000 to cover burial and funeral expenses in cases of service-connected deaths. In addition, VA provides burial in national cemeteries and also provides burial flags and markers for the graves of deceased servicemembers.

All of these benefits are explained in our booklet entitled *Federal Benefits for Veterans and Their Dependents*. We also publish plain language pamphlets on each of the available benefits.

Outreach

A most important facet of VA's responsibilities is our outreach program. The outreach efforts we have developed to explain these benefits to survivors particularly survivors of servicemembers killed on active duty, are comprehensive. However, our outreach efforts to survivors of servicemembers killed on active duty are designed to supplement the outreach efforts of DoD's casualty assistance officers.

Most recently, VA and 000 have collaborated on a joint Casualty Assistance Program. During peacetime, about 700 servicemembers die on active duty each year. Of course, these numbers have increased significantly in the last few years and with the onset of Operation Enduring Freedom and Operation Iraqi Freedom.

Under this program, VA has streamlined all claims processing for survivors of servicemembers who die on active duty. In 2002, all DIC claims filed by such survivors were centralized in the Philadelphia Regional Office for processing. Our goal is to process these claims within 48 hours of receipt, and we are meeting this goal except in instances where additional information is required, such as when a fiduciary/guardian must be appointed for a dependent child. Emphasis has also been placed on expeditious processing of Dependents' Education Assistance claims and on the refund of the servicemembers' contributions under the Montgomery GI Bill and Post-Vietnam Era Veterans' Educational Assistance programs. Veterans Benefits Administration (VBA) casualty assistance officers, positioned at each VA regional office, work closely with military casualty assistance officers. At a time appropriate for the family, they visit survivors to provide information about VA benefits, such as education benefits, vocational counseling services, financial counseling services, loan guaranty, etc., and the availability of bereavement counseling provided by the Veterans Health Administration. A special tri-fold pocket brochure, *Benefits for Survivors of Service Members Who Die on Active Duty* was published as part of this outreach program and is given to these survivors. The brochure contains brief information on all potential VA benefits and services. These casualty assistance officers can advise the surviving spouse of the potential impact of choosing one federal benefit over another, such as the need to waive DOD's Survivor Benefit Plan benefits in order to receive DIC, or the choices of health care available to them.

We, however, realize that surviving spouses are in an acute stage of grief at the time of our first outreach contact. Therefore, we have implemented a 6-month follow-up contact with surviving

spouses. If requested, a second outreach visit is made to assist with filing claims or to provide more detailed benefits information.

Training

To ensure consistent delivery of services, VBA representatives at both the national and local level provide training to newly assigned military casualty assistance officers. We must ensure accurate information about VA benefits is available to survivors in the normal event when VBA is not present at the initial family briefing.

VBA has received accolades from the DOD Office of Family Policy and from the Casualty Assistance Program Managers of the military services for our efforts in this program. Since implementation of the streamlined Casualty Assistance Program in July 2002, VBA has received and processed 2,457 DIC awards.

In addition, VA is a full-fledged member of a Casualty Advisory Board along with members from DOD as well the various military service departments. Through this strong working relationship, we are able to get information out quickly via e-mail to all military casualty assistance officers to advise them of changes in VA laws and procedures. This ensures that military casualty assistance officers are kept up to date about VA benefits and services.

Mr. Chairman and members of the Committee, we assure you that VA not only provides benefits in a timely manner to the survivors of servicemembers, but also that our people are mindful of the need for understanding and compassion during a very sorrowful time in the lives of those we serve.

This concludes my testimony. I would be pleased to answer any questions that members of the Committee might have.