Education Service

Handling Debt Collection Codes When Accepting Mitigating Circumstances

Training Update



August 2017

Version 1.0

| Topic | Description |
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| Time Estimate: | 30 minutes |
| Purpose of the Lesson: | Provides guidance to the Regional Processing Offices (RPOs) to ensure consistent procedures are in place for the proper handling of debt collection code indicators when processing claims involving the acceptance of mitigating circumstances. |
| Prerequisite Training Requirements: | None |
| Target Audience: | Entry-level, intermediate, or journey-level Veterans Claims Examiners (VCE), Education Case Managers (ECM) and their supervisors. |
| Lesson References: | * [M22-4, Part IV, Chapter 11](http://vbaw.vba.va.gov/bl/22/ref/m22-4/Part%20IV/ch11.htm) |
| Lesson Objectives: | * Identify the proper handling of debt collection code indicators when processing claims involving the acceptance of mitigating circumstances * Identify RPOs instructions for referring certain claims to DMC and of tracking requirements |
| What You Need: | Handouts of the Training Update |
| Post Training Requirements: | Upon reviewing the included Training Update, participants are required to complete an online lesson assessment and survey in Talent Management System (TMS).  To demonstrate successful completion of the lesson participants must pass the assessment with a score of 100%.  Participants must also complete the online survey to earn credit for completion of the lesson. |

**Training Update: Handling Debt Collection Codes When Accepting Mitigating Circumstances**

**Purpose:** The Debt Management Center (DMC) has notified Education Service of inconsistent handling of debt collection code indicators which results in a duplication of payment. This training update provides guidance to the Regional Processing Offices (RPOs) to ensure consistent procedures are in place for the proper handling of debt collection code indicators when processing claims involving the acceptance of mitigating circumstances.

**Background:**When a debt is established for training attended but “non-punitive” grades are assigned and a portion of the enrollment remains unprotected, a Veterans Claims Examiner (VCE) develops to the claimant to provide mitigating circumstances.

**Issue:** Upon receipt of “mitigating circumstances” from the claimant the VCE determines if the reasons provided are properly supported and acceptable. (See [M22-4, Part IV, Chapter 11.11](http://vbaw.vba.va.gov/bl/22/ref/m22-4/Part%20IV/ch11.htm)) If mitigating circumstances are acceptable and the debt established previously is in an uncollectable status (“1”, “2”, or “R”), those collection code indicator(s) must be temporally changed to a collectable status (“3”). This action is necessary prior to processing an adjustment to the enrollment in the Long Term Solution (LTS), or making changes on the 312 screen for non-Chapter 33 claims processed in the Benefits Delivery Network (BDN).

When a portion of the debt remains after processing, the debt collection code indicator must be reset. VCEs have the authority to do the following:

* Change collection code indicators **from** a “1”, “2”, “3” or “R” **to only**a “1” or “3”
* VCEs **do not** possess the authority to establish or re-establish (or change) a collection code indicator to a “2”, or “R”

**NOTE:** DMC is the only office that should be establishing debt collection codes “R” or “2” without exception. Therefore, coordination with DMC will be necessary to properly complete these claims.

**Procedures:** In all cases where mitigating circumstances are being accepted, the VCE should review BDN for the existence of a debt. If a debt exists then follow the steps below:

1. Capture the M01 screen into TIMS which displays the debt prior to any claims processing.
2. Check the collection code indicator for the debt.
   1. If the indicator is a “3” then go to step d.
   2. If the indicator is a “1”, “2”, or an “R” go to step c.
3. CORR the collection code indicator changing it to a “3” and review the M01 under the MINQ command to ensure the system updated correctly.
4. Process claim in LTS, accepting mitigating circumstances. Authorizing with Automatic Payments.
5. Review the M01 screen after processing.
6. Check for any remaining debt.
   1. If no remaining debt or the collection code indicator prior to processing was a “3” as in step b.1, capture the updated M01 screen into TIMS and complete the claim without any further BDN processing.
   2. If there is remaining debt, and the collection code was a “1” prior to processing, CORR the collection code indicator back to a “1” capture the updated M01 screen into TIMS, review and complete the claim.
   3. If there is a remaining debt, and the collection code was a “2” or an “R” prior to processing, capture the updated M01 screen into TIMS, refer the issue to the RPO DMC POC to update, document referral and reason in TIMS and complete the claim.

**Additional RPO Instructions:** Each RPO shall identify and designate a few individuals to facilitate daily communications with DMC for the purpose of requesting a debt collection code indicator reset via the [DMC Education email box](mailto:VAVBASPL/DMC/EDU%20DMCEDU.VBASPL@va.gov): VAVBASPL/DMC/EDU [DMCEDU.VBASPL@va.gov](mailto:DMCEDU.VBASPL@va.gov)

Each RPO should consolidate daily requests sending one email each day to limit the number of referrals. The subject line on the email for these referrals should be: “**RPO 3XX Debt Collection Code Reset Request**”

Daily referrals at each RPO should be tracked and logged onto the RPO 3XX Debt Collection Code Reset Request tracking spreadsheet (Attachment A). An updated copy should be forwarded to [Operations](mailto:VAVBAWAS/CO/222A%20%3c222A.VBAVACO@va.gov%3e) weekly by COB on the first business day of the following week.

Attachment A: RPO 3XX Debt Collection Code Reset Request tracking spreadsheets.

  