

# Hospital Adjustments Review Project Standard Operating Procedure (SOP)

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**In This Section** This section contains the following topics:

Topic	Topic Name
1	Identification and End Product (EP) Establishment
2	Regional Office (RO) Intake and Development
3	Rating and Authorization Procedures

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**Background** The Department of Veterans Affairs (VA) Office of Inspector General (OIG) conducted an audit to determine whether Veterans received accurate compensation for hospitalization for service-connected (SC) disabilities. Following this audit, OIG recommended that VA develop a plan to determine the Veterans who required adjusted compensation benefits for hospitalization for an SC condition in fiscal years (FY) 2018 and 2019 and to make the required adjustments.

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**Regulatory Authority** The statutory authority to assign temporary ratings for SC disabilities requiring hospital treatment or observation is derived from [38 U.S.C. 1156\(a\)\(1\)\(C\)](#). This authority is regulated at [38 CFR 4.29](#).

VA has the authority to assign a temporary 100-percent evaluation under [38 CFR 4.29](#) for

- periods of hospitalization at a VA or an approved hospital or hospitalization observation at VA expense in excess of 21 days for medical treatment of an SC disability, or
- a disability requiring hospitalization in excess of 21 days for medical treatment for which compensation is payable under either [38 U.S.C. 1151](#) or [38 U.S.C. 1160](#).

**Procedural Authority** Several sections of the M21-1 Adjudications Procedures Manual (M21-1) provide procedures for routine handling of hospitalization adjustments. Where the procedures of this Standard Operating Procedures (SOP) for this Hospital Adjustments Review Project differ from those of the M21-1, the procedures of this SOP take precedence.

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**Centralized Processing** The review workload will be routed in the National Work Queue to Benefit Eligibility Support Teams (BEST) in a phased approach.

# 1. Identification and EP Establishment

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**Introduction** This topic contains information about identification of applicable hospitalizations and establishment of EPs, including:

- identification of applicable hospitalizations
  - EP establishment
  - special issue indicator association, and
  - standard contention designation.
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**a. Identification of Applicable Hospitalizations** Centralized reporting will be utilized to identify

- applicable hospitalizations that occurred during FY 2018 and 2019, and
- SC Veterans who required hospitalization in excess of 21 days.

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**b. EP Establishment** Batch claims establishment will create end product (EP) 330 – *Review* for all identified hospital reports. The date of claim will correspond with the date of the hospital admission.

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**c. Special Issue Indicator Association** The *Hospital Adjustment Action Plan FY18/19* special issue indicator will be batch-established and must persist for the life of the claim.

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**d. Contention Designations** EPs will be established with a standard contention designation, *Admission Report for SC Veterans*. The date of contention establishment will correspond with the date of hospital admission.

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## 2. RO Intake and Development

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**Introduction** This topic contains information about procedures to follow upon receipt of EP 330 for hospital adjustment review at the RO, including:

- reviewing for SC hospitalization, and
  - disposition of EP 330.
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**a. Reviewing for SC Hospitalization** Upon receipt of EP 330 with the special issue indicator *Hospital Adjustment Action Plan FY18/19*, the claims processor will access the Compensation and Pension Record Interchange (CAPRI) to review the hospital report and identify whether hospitalization was

- for an SC disability, and
- in excess of 21 days.

***Important:***

- Refer to Veterans Benefits Management System (VBMS) notes for information about the location of the VA medical center at which the hospitalization occurred.
  - Under the authority of [38 CFR 4.29\(b\)](#), even when the admitting and/or discharge diagnosis for a hospitalization is a non-service-connected (NSC) disability, if during the hospitalization the Veteran requires hospital treatment for an SC disability which continues for 21 days or more from the date the treatment begins, an increase to a total rating is warranted. Consequently, review the hospitalization report as well as all associated treatment records for **all** disabilities treated during the course of hospitalization. Do not limit the review to the admitting and/or discharge diagnoses.
  - Do not request a 21-day certificate, as this functionality no longer works in CAPRI.
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**b. Disposition of EP 330** Follow the steps in the table below to determine the proper disposition of EP 330.

Step	Action
1	Review the claims folder to determine whether a temporary 100 percent under <a href="#">38 CFR 4.29</a> has previously been established for the period of hospitalization. <ul style="list-style-type: none"><li>• If yes, then</li></ul>

	<ul style="list-style-type: none"> <li>– annotate <i>No Action Necessary—Paragraph 29 entitlement previously established</i> in the VBMS NOTES screen</li> <li>– cancel EP 330, and</li> <li>– take no further action.</li> </ul> <ul style="list-style-type: none"> <li>• If <i>no</i>, go to Step 2.</li> </ul>
2	<p>Was an SC disability treated during hospitalization?</p> <ul style="list-style-type: none"> <li>• If <i>yes</i>, go to Step 4.</li> <li>• If <i>no</i>, go to Step 3.</li> </ul>
3	<ul style="list-style-type: none"> <li>• Annotate <i>No Action Necessary – Paragraph 29 entitlement not shown due to treatment for NSC disability for admission dated [date of admission]</i> in the VBMS NOTES screen</li> <li>• clear EP 330, and</li> <li>• take no further action.</li> </ul> <p><b>Important:</b> Do not upload CAPRI records to the claims folder.</p>
4	<p>Has the SC disability treated during hospitalization been continuously assigned a 100-percent <i>permanent and total schedular</i> evaluation since on or before the date of hospital admission to present?</p> <ul style="list-style-type: none"> <li>• If <i>yes</i>, <ul style="list-style-type: none"> <li>– annotate <i>No Action Necessary – SC disability is P&amp;T for admission dated [date of admission]</i> in the VBMS NOTES screen</li> <li>– clear EP 330, and</li> <li>– take no further action.</li> </ul> </li> <li>• If <i>no</i>, go to Step 5.</li> </ul>
5	<p>Upload the following items from CAPRI to the claims folder:</p> <ul style="list-style-type: none"> <li>• admission and/or discharge summaries, and</li> <li>• all treatment reports and records relevant to treatment of the SC disability(ies) treated during the course of hospitalization <ul style="list-style-type: none"> <li>– from the period of hospitalization, and</li> <li>– after discharge from hospital care.</li> </ul> </li> </ul>
6	<p>Edit the VBMS contentions screen to</p> <ul style="list-style-type: none"> <li>• replace the <i>Admission Report for SC Veterans</i> contention with the name of the SC disability for which hospital care was received, ensuring that the diagnosis is exactly as it appears on the most recent rating decision codesheet, and</li> <li>• add additional contentions, if more than one SC disability was treated during hospitalization.</li> </ul>
7	Change EP 330 to 320 - <i>Review Due to Hospitalization.</i>
8	Forward to the rating activity for review and action.

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### 3. Rating and Authorization Procedures

**Introduction** This topic contains information about rating procedures for hospital adjustment review at the RO, including:

- reviewing for SC hospitalization
- disposition of EP 320, and
- rating reminders.

**a. Reviewing for SC Hospitalization** Upon receipt of EP 320 with special issue indicator *Hospital Adjustment Action Plan FY18/19*, the rating activity will review the report of hospitalization and associated treatment records to determine if an SC disability required hospitalization or hospital care in excess of 21 days.

**Important:** Under the authority of [38 CFR 4.29\(b\)](#), even when the admitting and/or discharge diagnosis for a hospitalization is a NSC disability, if during the hospitalization the Veteran requires hospital treatment for an SC disability which continues for 21 days or more from the date the treatment begins, an increase to a total rating is warranted.

- Consider *all* disabilities treated during the course of hospitalization in determining whether hospital care is required. Do not limit the review to the admitting and/or discharge diagnoses.
- Treatment for an SC disability that is only coincidental in nature and would not require hospitalization by itself does not qualify.

**b. Disposition of EP 320** Follow the steps in the table below to determine the proper disposition of EP 320.

Step	Action
1	<p>Was hospital care in excess of 21 days required for the SC disability?</p> <ul style="list-style-type: none"> <li>• If <i>yes</i>, go to Step 5.</li> <li>• If <i>no</i>, go to Step 2.</li> </ul>
2	<p>Was treatment for an SC disability that required convalescence under <a href="#">38 CFR 4.30</a>?</p> <ul style="list-style-type: none"> <li>• If <i>yes</i>, and a temporary 100 percent was               <ul style="list-style-type: none"> <li>– already granted for the period of convalescence,                   <ul style="list-style-type: none"> <li>▪ annotate <i>No Action Necessary—Paragraph 30 entitlement previously established</i> in the VBMS NOTES screen</li> </ul> </li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>▪ <b>change EP 320 to 330</b></li> <li>▪ defer the issue in VBMS for disposition by the authorization activity, providing sufficient commentary in the <i>Additional Comments</i> field to explain why rating action is not necessary, and</li> <li>▪ go to Step 4, or</li> <li>– not previously granted, address entitlement to a temporary 100 percent evaluation under <a href="#">38 CFR 4.30</a> in a rating decision, and go to Step 6.</li> <li>• If <i>no</i>, go to Step 3.</li> </ul>
3	<ul style="list-style-type: none"> <li>• Annotate <i>No Action Necessary – Paragraph 29 and 30 entitlement not shown for admission dated [date of admission]</i> in the VBMS NOTES screen</li> <li>• <b>change EP 320 to 330</b></li> <li>• defer the issue in VBMS for disposition by the authorization activity, providing sufficient commentary in the <i>Additional Comments</i> field to explain why rating action is not necessary, and</li> <li>• go to Step 4.</li> </ul>
4	<p>The authorization activity will</p> <ul style="list-style-type: none"> <li>• clear EP 330, and</li> <li>• take no further action.</li> </ul>
5	Prepare a rating decision addressing entitlement to a temporary 100 percent under <a href="#">38 CFR 4.29</a> .
6	Refer the rating decision for authorization action, as usual.

**c. Rating Reminders**

Refer to the table below for helpful reminders relevant to rating decisions for hospitalization.

Topic	Reminder	Reference(s)
SC disabilities requiring hospitalization	Review all disabilities treated during the hospitalization. Consider whether diagnoses other than or in addition to the admitting and discharge diagnosis meet the criteria for a temporary 100 percent evaluation based on the requirement for hospital treatment.	<a href="#">38 CFR 4.29(b)</a>
convalescence	Consider entitlement to convalescence benefits under either <ul style="list-style-type: none"> <li>• <a href="#">38 CFR 4.29(e)</a>, following hospital discharge, or</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">38 CFR 4.29(e)</a>, and</li> <li>• <a href="#">38 CFR 4.30</a></li> </ul>

	<ul style="list-style-type: none"> <li>• <a href="#">38 CFR 4.30</a> when entitlement under <a href="#">38 CFR 4.29</a> is not warranted.</li> </ul>	
competency	When entitlement to hospitalization benefits is granted for an SC mental health issue, address competency.	<ul style="list-style-type: none"> <li>• <a href="#">38 CFR 3.353</a></li> <li>• <a href="#">M21-1, Part III, Subpart iv, 8.A.2.a</a></li> </ul>
special monthly compensation (SMC)	<p>Consider entitlement to SMC, especially for statutory housebound status established when a Veteran has a single SC disability rated as 100 percent and additional SC disability or disabilities independently ratable at 60 percent, separate and distinct from the 100 percent SC disability and involving different anatomical segments.</p> <p><b>Important:</b> Ensure temporary SMC entitlement is discontinued, when warranted, to coincide with cessation of the hospitalization rating.</p>	<ul style="list-style-type: none"> <li>• <a href="#">38 CFR 3.350(i)(1)</a>, and</li> <li>• <a href="#">M21-1, Part IV, Subpart ii, 2.H.10</a></li> </ul>
SC disability evaluation	<p>When assigning a hospitalization evaluation, the</p> <ul style="list-style-type: none"> <li>• pre-hospitalization evaluation is not subject to review and revision, but</li> <li>• post-hospitalization evaluation is considered part of the hospitalization decision and may be adjusted based on the evidence of record.</li> </ul>	<a href="#">M21-1, Part IV, Subpart ii, 2.J.2.b</a>
authorized absences	Consider the authorized absence provisions of <a href="#">38 CFR 4.29(a)(1) and (2)</a> when warranted.	<a href="#">38 CFR 4.29(a)(1) and (2)</a>
effective dates	<p><i>Generally</i>, the effective date will be the</p> <ul style="list-style-type: none"> <li>• first day of continuous hospitalization for the grant of benefits, and</li> <li>• last day of the month of hospital discharge for the reduction of</li> </ul>	<a href="#">38 CFR 4.29(b)</a>



	hospitalization benefits.  <i>Note:</i> Consider the special effective date provisions discussed at <a href="#">M21-1, Part IV, Subpart ii, 2.J.2.h.</a>	
schedular 100 percent evaluation	Consider entitlement to a schedular 100 percent evaluation in lieu of a hospitalization rating when supported by the evidence of record.	<a href="#">38 CFR 4.29(c)</a>

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