PENSION AND FIDUCIARY Service

PMC VSR Advanced Core Course  
Phase 6: Processing Claims

Lesson 5: Process Special Monthly Pension (SMP) Claims (A&A/HB)

Trainee Guide

June 2022

Process SMP Claims

Lesson Overview

| Topic | Description |
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| Time Estimate: | 3 hours |
| Purpose of the Lesson: | This lesson is part of the entry-level curriculum, Core Course for PMC VSRs. The purpose of this lesson is to train PMC VSRs on how to process Special Monthly Pension (SMP) claims through demonstration, practice, and feedback. This lesson also includes instruction on how to use the systems for processing SMP claims. |
| Prerequisite Training Requirements: | Prior to taking the Process Special Monthly Pension (SMP) Claims (A&A/HB) lesson, trainees must complete:   * PMC VSR Core Course Phases 1–5 * Phase 6 Lessons 1-4. |
| Target Audience: | This lesson is for entry-level PMC VSRs. |
| Lesson References: | * VA Form 21-0779 (Request for Nursing Home Information in Connection with Claim for Aid and Attendance) * VA Form 21-2680 (Examination for Housebound Status or Permanent Need for Regular Aid and Attendance) * 38 CFR 17.73 (Medical Foster Homes – General) * 38 USC 1521 (Veterans of a Period of Ward) * 38 CFR 3.103 (Procedural Due Process and Other Rights) * 38 CFR 3.104 (Binding Nature of Decisions) * 38 CFR 3.402 (Surviving Spouse) * 38 CFR 3.404 (Parents) * 38 CFR 3.502 (Surviving Spouse) * 38 CFR 3.326 (Examinations) * 38 CFR 3.159 (Department of Veterans Affairs Assistance in Developing Claims) * 38 CFR 3.351 (Special Monthly Dependency and Indemnity Compensation, Death Compensation, Pension and Spouse’s Compensation Ratings * 38 CFR 3.352 (Criteria for Determining Need for Aid and Attendance and “Permanently Bedridden” * 38 CFR 3.504 (Parents; aid and attendance) * 38 CFR 3.660 (Dependency, Income and Estate) * 38 CFR 4.17 (Total Disability Ratings for Pension Based on Unemployability and Age of the Individual) * M21-1 II.iii.1.A (Application for Benefits) * M21-1 VI.i.1.B.1.b. (Decision Notice Requirements) * M21-1 IX.ii.1.A (General Information on Requirements for Aid and Attendance (A&A) and Housebound Status Under 38 CFR 3.351) * M21-1 IX.ii.1.A.2.a. (Who May Qualify for Housebound status Under 38 CFR 3.351) * M21-1 IX.ii.1.B (Aid and Attendance (A&A) Status for Beneficiaries who are Patients in a Qualified Nursing Home) * M21-1 IX.ii.1.B.3.e. (Sending a Notice of Proposed Adverse Action to Reconsider and/or Remove A&A) * M21-1 IX.iii.2.B (Pension Adjustments in Unusual Situations) * M21-1 IX.iii.2.C.6 (A&A and Housebound Claims in Protected Pension Programs) * M21-1 X.iii.1.A (Reports of Hospitalization and Other Information Exchanges Between Department of Veterans Affairs (VA) Regional Offices (ROs) and Medical Facilities) * M21-1 XII.i.2.B (Aid and Attendance (A&A) and Housebound Determinations for Survivors) * M21-1-4, Appendix B (End Products (EP) Codes) * Processng a SMP Claim job aid |
| Technical Competencies: | * Program Benefits and Eligibility (PMC VSR) * Processing Claims (PMC VSR) * Special Monthly Pension (SMP) Processes * VBA Applications (PMC VSR) |
| Lesson Objectives: | * Process special monthly pension (SMP) claims (A&A/HB). * Recognize indicators of an SMP claim. * Determine if evidence is sufficient to process claim for A&A or HB benefits. * Apply the correct development actions for the information/evidence missing from claim. * Determine if claim should be submitted to rating activity. * Decide the award action for an SMP claim. |
| What You Need: | * Lesson Plan * **Processing an SMP Claim** job aid * **Sample Rating** * Slides * Projector |

| PowerPoint Slides | Notes |
| --- | --- |
| Lesson 5: Process Special Monthly Pension (SMP) Claims (A&A/HB) |  |
| Lesson Objectives   * Process special monthly pension (SMP) claims aid and attendance (A&A) and housebound (HB) * Recognize indicators of an SMP claim. * Determine if evidence is sufficient to process claim for A&A or HB benefits. * Apply the correct development actions for the information/evidence missing from claim. * Determine if claim should be submitted to rating activity. * Decide the award action for an SMP claim. |  |
| Why This Matters!   * Processing SMP Claims is important because under [38 CFR 3.351](http://www.ecfr.gov/cgi-bin/text-idx?SID=c7dd7f82bd4f6238683b464a28137efe&mc=true&node=se38.1.3_1351&rgn=div8), A&A benefits may be paid to a Veteran who is receiving pension or is a patient in a nursing home (NH), a Veterans spouse if the Veteran is entitled to receive additional compensation for a spouse, surviving spouses or parents who are receiving or entitled to receive Dependency and Indemnity Compensation (DIC), or a surviving spouse who is receiving Survivors Pension, or death compensation. * To qualify for HB status under [38 CFR 3.351](https://www.ecfr.gov/cgi-bin/text-idx?SID=4439616ccd66d811a9137071aea2c7ec&mc=true&node=se38.1.3_1351&rgn=div8) the individual must be a Veteran eligible for pension, or surviving spouse eligible for pension or DIC. |  |
| Definitions (1 of 3)   * ***Permanently housebound*** refers to an individual is substantially confined to their home (ward or clinical areas, if institutionalized) or immediate premises because of disability or disabilities that are reasonably certain to be permanent. * **Aid and attendance (A&A)** is a benefit to assist eligible individuals who:   + Require the aid of another person to perform the personal functions required in everyday living   + Are blind   + Are patients in a nursing home, State Veteran’s Home or VA-approved medical foster home | **.** |
| Definitions (2 of 3)   * A *nursing home (NH)* is defined as any extended care facility that is licensed by a State to provide skilled or intermediate-level nursing care, a NH care unit in a State Veterans’ home that is approved for payment, or a VA NH care unit. * The term *contract nursing home* refers to a non-VA NH under contract with VA to provide NH care at VA expense for a specified period of time. * A *medical foster home* (MFH) means a privately owned residence, recognized and approved by VA, that offers a non-institutional alternative to NH care for Veterans who are unable to live alone safely due to chronic or terminal illness |  |
| ****Definitions (3 of 3)****   * *Care facility other than a nursing home* means a facility in which a disabled individual receives health care or custodial care. * A *licensed health care provider* refers to a person licensed to furnish health services by the State or country in which the services are provided. * ***Bedridden*** refer to the condition requiring the claimant remain in bed. |  |
| Prescribed Forms   * Effective March 24, 2015, the Department of Veterans Affairs (VA) only recognizes pension, survivors, and related claims if they are submitted on the required standard forms. |  |
| Signature Requirements   * No claimant signature is required when   + [*VA Form 21-2680*](http://www.vba.va.gov/pubs/forms/VBA-21-2680-ARE.pdf) is accepted as a prescribed form for a claim for SMP   + [*VA Form 21-0779*](http://www.vba.va.gov/pubs/forms/VBA-21-0779-ARE.pdf) is accepted as a prescribed form for a claim for A&A (nursing home patients only), or * [*VA Form 21P-0969, Income and Asset Statement in Support of Claim for Pension or Parents’ Dependency and Indemnity Compensation (DIC)*](https://www.vba.va.gov/pubs/forms/VBA-21P-0969-ARE.pdf), is accepted as a statement in support of a pending claim for pension or Parents’ DIC |  |
| Determing Qualification for A&A (1 of 3)   * Individuals in the following categories may qualify for A&A status under 38 CFR 3.351:   + a Veteran who is receiving pension if the Veteran is a patient in a NH   + a Veteran’s spouse, if the Veteran is entitled to receive additional compensation for the spouse   + a surviving spouse or parent receiving DIC, and   + a surviving spouse receiving Survivors Pension, or death compensation |  |
| Determining Qualification for A&A (2 of 3)   * There is no statutory or regulatory requirement for a Veteran pensioner to have a rating of 100-percent disabled to be determined in need of regular A&A   + if a Veteran pensioner meets the criteria for A&A under [38 CFR 3.352(a)](https://www.ecfr.gov/cgi-bin/text-idx?SID=cf00c9efa9108c676c7529d9a6f3a1c5&mc=true&node=se38.1.3_1352&rgn=div8), the rating activity may grant SMP at the A&A rate even though the Veteran is not rated 100-percent disabled under the rating schedule |  |
| Determining Qualification for A&A (3 of 3)   * Only surviving spouses who are receiving or entitled to receive DIC, or Survivors Pension may qualify for the HB rate under [38 CFR 3.351](https://www.ecfr.gov/cgi-bin/text-idx?SID=c7dd7f82bd4f6238683b464a28137efe&mc=true&node=se38.1.3_1351&rgn=div8)   + HB benefits may not be authorized without a rating decision except when the surviving spouse was receiving housebound benefits on the Veteran's award prior to the Veteran's death * Authorize the payment of A&A benefits without a rating decision if   + evidence establishes the claimant is a patient in a NH, or   + the surviving spouse was in receipt of A&A benefits on the Veteran's award prior to the Veteran's death |  |
| Qualifying for HB Status   * Individuals who may qualify for HB status under [38 CFR 3.351](https://www.ecfr.gov/cgi-bin/text-idx?SID=4439616ccd66d811a9137071aea2c7ec&mc=true&node=se38.1.3_1351&rgn=div8):   + Veterans eligible for pension, and   + surviving spouses eligible for pension or DIC * Veterans eligible for pension qualify for HB status if they have a single permanent disability rated 100 percent under a schedular evaluation, and   + have other disabilities independently ratable at 60 percent or more, or   + are permanently HB by reason of their disabilities |  |
| Indicators of a  SMP Claim (1 of 3)   * When accepting [*VA Form 21-2680, Examination for Housebound Status or Permanent Need for Regular Aid and Attendance*](http://www.vba.va.gov/pubs/forms/VBA-21-2680-ARE.pdf) as a claim for SMP, the form is a potential claim for *both* A&A and HB benefits. * A grant of A&A renders the issue of HB moot for the same type of benefit for SMP since A&A is the greater benefit. * The issue of entitlement to SMP based on HB status need not be addressed when A&A is granted for the same type of benefit or SMP |  |
| Indicators of a SMP Claim (2 of 3)  Determination of a claimant’s need for A&A or HB benefits is based on medical evidence   * Statements by licensed health care professionals meeting the requirements of [38 CFR 3.326](https://www.ecfr.gov/current/title-38/chapter-I/part-3/subpart-A/subject-group-ECFR39056aee4e9ff13/section-3.326) and [38 CFR 3.159](https://www.ecfr.gov/current/title-38/chapter-I/part-3/subpart-A/subject-group-ECFR7629a1b1e9bf6f8/section-3.159) * Statements from officials of nursing homes (NHs) are acceptable to establish resident status without the need for a physical examination and may be provided on *VA Form 21-0779*   Missing information may obtained by telephone and documented on [VA Form 27-0820b, Report of Nursing Home or Assisted Living Information](https://vbaw.vba.va.gov/bl/20/cio/20s5/forms/VBA-27-0820b-ARE.pdf) |  |
| Indicators of a SMP Claim (3 of 3)  Determination of a claimant’s need for A&A or HB benefits is based on medical evidence   * [*VA Form 21-2680*](http://www.vba.va.gov/pubs/forms/VBA-21-2680-ARE.pdf)*,* for survivors may be accepted, and issued to claimants, as needed, for completion by their medical provider   + A rating decision is required to determine a surviving spouse’s entitlement to either the A&A rate, when the surviving spouse is not a patient in a NH, or HB rate |  |
| End Products (EPs) – (1 of 2)   * *Special monthly pension (SMP)*:  EP 120 applies to claims for entitlement to SMP   + Claims for SMP based on aid and attendance or HB status, including claims based on NH status * EP 135 applies to reductions based on hospitalizations in a Medicaid-approved nursing facility and adjustments to restore benefits based on discharge from hospitalization (includes claims adjudicated under the provisions of [38 CFR 3.551-3.558](https://www.ecfr.gov/current/title-38/chapter-I/part-3/subpart-A/subject-group-ECFR6477ad08d327384) * When restoration of benefits is required upon receipt of discharge from hospitalization, the EP 330 associated with hospitalization discharge established should changed to an EP 135 |  |
| End Products (EPs) - (2 of 2)   * For reductions based on hospitalization in a Medicaid-approved nursing facility, clear the EP 135 and EP 600 established for the notification of proposed reduction   + If the hospital adjustment includes an administrative grant of A&A, clear the EP 120 instead of EP 135 * The hospitalization adjustment EP 330 should be changed to:   + EP 135 upon receipt of discharge from hospitalization when restoring benefits, or   + EP 120 upon receipt of standardized form for SMP, if applicable, or cleared if no adjustment to the award or letter is required, or EP 600 is established |  |
| Demonstration: Reviewing VA Form 21-0779    [***VA Form 21-0779, Request for Nursing Home Information in Connection With Claim for Aid and Attendance***](http://www.vba.va.gov/pubs/forms/VBA-21-0779-ARE.pdf) |  |
| Processing VA Form 21-2680  When a Veteran’s spouse, surviving spouse, or parent is identified as the claimant or the individual being examined on [*VA Form 21-2680*](http://www.vba.va.gov/pubs/forms/VBA-21-2680-ARE.pdf)*,* apply the following steps*:* |  |
| Demonstration: Reviewing VA Form 21-2680    [*VA Form 21-2680, Examination for Housebound Status or Permanent Need for Regular Aid and Attendance*](http://www.vba.va.gov/pubs/forms/VBA-21-2680-ARE.pdf) |  |

| PowerPoint Slides | Notes |
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| Referring Claims to the Rating Activity (1 of 2)   * A rating decision is required in a Veterans Pension case   + if the Veteran does *not* meet the requirement of patient status in a qualified NH, or   + to authorize A&A from the date of hospital admission when the immediately preceding period of hospitalization exceeded 90 days |  |
| Referring Claims to the Rating Activity (2 of 2)   * Refer A&A and HB claims filed by Section 306 and Old-Law pensioners to the rating activity **unless**:   + the claim is for A&A based on NH status   + election of current-law pension is not in the claimant’s financial interest, even with A&A, or   + the claimant did not submit current medical evidence on or with an appropriate prescribed claim form |  |
| Reduce or Discontinue SMP: Not Permanent and Total (P&T)   * For cases that are “Not P&T” a notice of proposed adverse action *must* include the citation of [38 CFR 4.17](http://www.ecfr.gov/cgi-bin/text-idx?SID=357782dd3cfa9712a70f50320e838e82&node=se38.1.4_117&rgn=div8) * Control cases involving a proposal to discontinue P&T, A&A, or HB status, so that rating activity action may be taken immediately at the end of the 65-day notice of proposed adverse action period:   + route the case to the rating activity after the 65-day due process period expires, or   + all development associated with a personal hearing is completed, if VA receives a hearing request from the beneficiary within 30 days of the notice of proposed adverse action, whichever is later |  |
| Rating Determinations Involving A&A (1 of 2)  *Take* actions when the rating activity determines there **is** or **is not** a need for A&A or HB |  |
| Rating Determinations Involving A&A (2 of 2)  Take the following actions when the rating activity determines there **is** or **is not** a need for A&A or HB |  |
| Awarding A&A Without a Rating (1 of 2)   * If evidence establishes that a beneficiary is a patient in a qualified NH, and there are no concurrent issues requiring a RD, then   + enter basic NH information in the INSTITUTIONALIZATION screen   + select STATUTORY A&A DECISION in the INSTITUTIONALIZATION ADJUSTMENTS screen, and   + enter *A&A under 38 CFR 3.351(c)(2)* in the OTHER PRINT REMARKS field * If a period of VA or non-VA hospitalization results in a discharge of the beneficiary, within 90 days, as a patient to a qualified NH, authorize A&A without a rating decision from the first day of the month following such hospital admission |  |
| **Awarding A&A Without a Rating (2 of 2)**   * Award A&A based on patient status in a qualified nursing home if   + a responsible official of the facility states that the person is a patient in the facility because of a mental or physical disability, and the claimant submitted an appropriate standard form requesting A&A or   + the person is a patient in a VA Nursing Home Care Unit or in a contract nursing home and the claimant submitted an appropriate standard form requesting A&A |  |
| **Demonstration: Adding Institutions in VBMS**   * Use the “Institutionalizations Page” to process award adjustments (add events and adjustments)      * For non-VA institutions, enter the name n the “Institution” box * For a VHA institution, click “Select State” to select the state of where the institution is, then select the VHA by name   + Enter the date the institutionalization began in the “from” box   + Enter the date ended in the “to” box     Click “accept” then “done” |  |
| Demonstration: Adding Institutions in VBMS Adjustments   * For adjustments, on the Institutionalizations Page, select “adjust” and then click “add” * Click “adjustment type” and select “adjust” * Enter the date of adjustment in the “from” box and the date adjustment will end in the “to” box * Click “accept” then “done” |  |

| PowerPoint Slides | Notes |
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| When to Deny/Develop   * If election of current-law pension plus A&A is not in the claimant’s financial interest, deny the claim * In the notification letter, provide information concerning the time limits in [38 CFR 3.660(b)](http://www.ecfr.gov/cgi-bin/text-idx?SID=42850ac50df6c69ba038b2f10bd52ee8&node=se38.1.3_1660&rgn=div8) so that claimants can claim deductible expenses if current-law pension would be a better benefit if deductible expenses were a factor or, if the claimant did not submit medical evidence, send notice   + advising the claimant of the need for current medical evidence showing probable entitlement to A&A or HB   + explain the need to elect current-law pension in order to receive additional benefits   + invite the claimant to elect current-law pension   + develop for any other evidence necessary to adjudicate the claim, and   + continue any control previously established |  |
| Medical Expenses Deductions for NH Fees  Allow a medical expense deduction for NH fees if a responsible official of the NH certifies that the claimant or relative is a patient (as opposed to a resident) of the NH.   * Verify NH fees if/when one of the following situations exists:   + NH fees of $5,000 per month or more are first claimed at a particular facility, or   + the claimed expenses are questionable * Examples of verification include   + *VA Form 21-0779*   + a documented call on *VA Form 27-0820b*   + an official statement provided by the nursing home, or   + financial statements showing proof of monthly payment |  |
| Retroactive Payments   * If entitlement to Veterans Pension ends based on a decision that the Veteran is no longer permanently and totally (P&T) disabled, retroactive Veterans Pension may be awarded for any period of entitlement during which a P&T rating *was* in effect, if the rating decision was not in error   + if eligibility for the higher maximum annual pension rate (MAPR) for A&A or HB ends, retroactive pension or increased pension may be awarded for any period in which the A&A or HB rating was in effect and was not in error |  |
| Reduce or Discontinue SMP (1 of 2)   * For adjustments involving discontinued or suspended pension awards, if pension was *reduced* or *discontinued* under a reduction in evaluation per 38 CFR 3.105,   + authorize an adjustment through the *last day of the month* in which you adjust the benefit (reduce or discontinue as of the first day of the following month), or * If *suspended*, and there is no eligibility for pension beyond the date of suspense,   + limit the adjustment to the period prior to the date of suspense |  |

| PowerPoint Slides | Notes |
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| Reduce or Discontinue SMP (2 of 2)   * Upon receipt of a RD proposing to discontinue P&T, A&A, or HB status, send the beneficiary a notice of proposed adverse action * When furnishing a locally-generated notice proposing to discontinue P&T, A&A or HB status, advise the beneficiary of the proposed reduction or discontinuance as follows:   **“*Your present payment will continue for 60 days to allow you to submit additional evidence.  At the expiration of that 60*-*day period (or after a personal hearing is held, if VA receives such a hearing request from you within 30 days), all available evidence in the file will be reviewed once more and a final decision made.  If this proposed decision to discontinue your* [pension] *and* [aid and attendance] [housebound] *entitlement is affirmed, your payments will be* [discontinued] [reduced] *when a final decision is made*.”** |  |
| Effective Dates (1 of 2) |  |
| Effective Dates (2 of 2) |  |
| Ratings for Reconsideration (1 of 2)   * Refer the case to the rating activity for reconsideration if   + additional medical evidence is received   + the rating activity had proposed to discontinue A&A status based on the evidence of record, or   + all development associated with a personal hearing is completed (if the beneficiary requests the hearing within 30 days of the notice of proposed adverse action) * If medical evidence was submitted and forwarded for a rating decision, and the rating activity action on the A&A issue is still pending when the predetermination period elapses   + extend the suspense date for the pending EP 600, and continue payments until the rating action is completed |  |
| Ratings for Reconsideration (2 of 2)   * Refer the case to the rating activity for a redetermination of A&A or HB status if, after the grant of A&A or HB, medical evidence is received indicating that   + the beneficiary’s condition has improved, and   + it appears the beneficiary is no longer seriously disabled * For a claimant is already in receipt of A&A for pension with no changes in condition or competency, and a subsequent application for A&A is received, treat the application as a duplicate request for SMP, unless it can be accepted as a claim for Special Monthly Compensation (SMC) |  |
| SMP: Veteran-Married-to-Veteran   * For a Veteran-Married-to-Veteran case, use either file number to establish a combined award, except when one spouse is A&A or HB   + Establish the award under the file number of the Veteran who is A&A or HB * When establishing separate award payments for pension Veteran-married-to-Veteran inform the two Veterans that all pension benefits, including additional benefits for children or SMP, are equally divided   + do not count the other Veteran's pension amount as IVAP |  |
| Activity: Process SMP Claim  Instructions:​   * As the instructor directs, work independently or in pairs. * Access the Sample Rating to process the SMP rating.   + Be sure to include all notification requirements as applicable.​ * Be prepared to discuss your outcome.   Time: 15-20 minutes**​** |  |
| Lesson Summary Review Questions   1. Provide the name and number of the form used for requesting NH information in connection with a claim for A&A. 2. If the VSR makes a telephone attempt to obtain missing information, what form is used to develop missing information? 3. (True or False?) Only surviving spouses who are receiving or entitled to receive DIC or Survivors Pension may qualify for the HB rate under [38 CFR 3.351](https://www.ecfr.gov/cgi-bin/text-idx?SID=c7dd7f82bd4f6238683b464a28137efe&mc=true&node=se38.1.3_1351&rgn=div8). 4. (True or False?) VSRs should authorize a payment of A&A benefits without a rating decision if evidence establishes the claimant is a patient in a NH. 5. (True or False?) There is no statutory or regulatory requirement for a Veteran pensioner to be rated 100-percent disabled to be determined to be in need of regular A&A. 6. Provide the CFR under which a surviving spouse or parent in receipt of survivors pension, DIC, or death compensation can receive A&A benefits. 7. List the reasons a RD is required in a Veteran Pension case. 8. What EP is used for claims for SMP based on A&A? 9. Provide the correct CFR that outlines the basic criteria for the higher-level A&A allowance. 10. If a Veteran’s A&A status is discontinued, and HB status can be awarded, when would HB status be awarded? |  |
| **Questions?**  This icon prompts you to ask students a discussion question or to ask students if they have any questions before proceeding with instruction. |  |
| **What’s Next?**   * Complete Process SMP Claims course evaluation: **TMS ID 4408389** |  |

Lesson Summary Review Questions – Instructor Answer Key

**Directions**: Based on the material discussed, provide a response to the following:

1. Provide the name and number of the form used for requesting nursing home information in connection with a claim for A&A.
2. If the VSR makes a telephone attempt to obtain missing information, what form is used to develop missing information?
3. (True or False?) Only surviving spouses who are receiving or entitled to receive DIC or Survivors Pension may qualify for the HB rate under [38 CFR 3.351](https://www.ecfr.gov/cgi-bin/text-idx?SID=c7dd7f82bd4f6238683b464a28137efe&mc=true&node=se38.1.3_1351&rgn=div8).
4. (True or False?) VSRs should authorize a payment of A&A benefits without a rating decision if evidence establishes the claimant is a patient in a NH.
5. (True or False?) There is no statutory or regulatory requirement for a Veteran pensioner to be rated 100-percent disabled to be determined to be in need of regular A&A.
6. Provide the CFR under which a surviving spouse or parent in receipt of survivors pension, DIC, or death compensation can receive A&A benefits.
7. List the reasons a rating decision is required in a Veteran Pension case.
8. What EP for is used for claims for SMP based on A&A?
9. Provide the correct CFR that outlines the basic criteria for the higher-level A&A allowance.
10. If Veteran’s A&A status is discontinued, and HB status can be awarded, when would HB status be awarded?