



PENSION AND FIDUCIARY SERVICE

PMC VSR Advanced Core Course
Phase 5 Stages of a Claim: Part 1
Determine Eligibility

Lesson 19: Determine Income Status

Trainee Guide

October 28, 2016

Version 1.0

Lesson 19 Determine Income Status
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Determine Income Status

Lesson Overview

Topic	Description
Time Estimate:	3.5 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 prepare PMC VSRs to calculate a claimant's Income for VA Purposes (IVAP) and determine income status.
Prerequisite Training Requirements:	Prior to taking the Determine Income Status lesson, you must complete PMC VSR Core Course Phases 1–4, and Phase 5, Part 1, lessons 1-18. (Refer to the Master Course Map learning aid for a list of lessons.)
Target Audience:	This lesson is for entry-level PMC VSRs.

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Topic	Description
Lesson References:	<ul style="list-style-type: none"> • Master Course Map learning aid • Compensation and Pension Knowledge Management (CPKM) • M21-1 V.i.3.A (General Information on Income and Net Worth Development) • M21-1 V.iii.1.A.2.f (Action to Take When Income Reported on the Application Is Different Than FTI Found in Share) • M21-1 V.iii.1.A.3 (Denying a Claim When IVAP Is Excessive) • M21-1 V.iii.1.B (Social Security Administration (SSA) Benefits Program) • M21-1 V.iii.1.E.2.a (General Information on MAPR) • M21-1 V.iii.1.E.7.I (Counting the Second 12 Months of Income for Disallowed Claims). • M21-1 V.iii.1.G (Pension Deductible Expenses) <ul style="list-style-type: none"> ○ M21-1 V.iii.1.G.4 (Processing UME Deductions) ○ M21-1 V.iii.1.G.4.p (Overlapping Initial Year and Calendar Year Periods) ○ M21-1 V.iii.1.G.7 (Processing Final Expense Deductions) ○ M21-1 V.iii.1.G.7.a (Period to Deduct Final Expenses) ○ M21-1 V.iii.1.G.8 (Educational Expense Deductions) ○ M21-1 V.iii.1.G.9.d (Deducting a Child’s Postsecondary Education Expenses) • M21-1 V.iii.1.I (Improved Pension—Counting Specific Types of Income) • M21-1 X.9.A.1 (FTI Match: General Information) <ul style="list-style-type: none"> ○ M21-1 X.9.A.1.b (Definition of FTI) ○ M21-1 X.9.A.1.d (Upfront Verification) • 38 CFR 3.271 (Computation of income) • Claim Types job aid • Countable Income job aid • Federal Tax Information (FTI) Income Reference List job aid

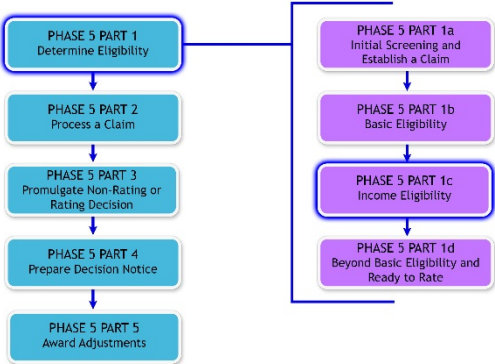
- **Income and Net Worth Status** job aid
- **Initial Year** job aid

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Topic	Description
Technical Competencies:	<ul style="list-style-type: none"> • Program Benefits and Eligibility (PMC VSR) • Income Counting and Net Worth • VBA Applications (PMC VSR)
Knowledge Check:	Phase 5: Stages of a Claim Part 1(c)—Income Eligibility Knowledge Check
Lesson Objectives:	<p>Determine income status.</p> <ul style="list-style-type: none"> • Calculate IVAP from application. • Perform upfront verification. • Determine if IVAP is within Maximum Annual Pension Rate (MAPR) limit.
What You Need:	<ul style="list-style-type: none"> • Trainee Guide • Master Course Map learning aid • Appendix A: Determine Income Status Worksheet • Access to VBMS-A User Guide • Access to VSR Assistant—Income/Net Worth Determination EPSS • Access to the following job aids from VSR Assistant: <ul style="list-style-type: none"> ○ Claim Types job aid ○ Countable Income job aid ○ Federal Tax Information (FTI) Income Reference List job aid ○ Income Classification and Counting Table job aid ○ Income and Net Worth Status job aid ○ Initial Year job aid ○ Upfront Verification job aid

PowerPoint Slides	Notes
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PowerPoint Slides	Notes
<p>Lesson 19: Determine Income Status</p>	
<p>You Are Here</p>  <pre> graph TD P1[PHASE 5 PART 1 Determine Eligibility] --> P2[PHASE 5 PART 2 Process a Claim] P2 --> P3[PHASE 5 PART 3 Promulgate Non-Rating or Rating Decision] P3 --> P4[PHASE 5 PART 4 Prepare Decision Notice] P4 --> P5[PHASE 5 PART 5 Award Adjustments] P1 --> P1a[PHASE 5 PART 1a Initial Screening and Establish a Claim] P1a --> P1b[PHASE 5 PART 1b Basic Eligibility] P1b --> P1c[PHASE 5 PART 1c Income Eligibility] P1c --> P1d[PHASE 5 PART 1d Beyond Basic Eligibility and Ready to Rate] </pre>	
<p>Why It Matters!</p> <ul style="list-style-type: none"> • Establish Periods for Calculating Income • Determine Types of Income • Select Qualifying Expenses • Determine Income Status • Determine Net Worth Status 	
<p>Technical Competencies</p> <ul style="list-style-type: none"> • Program Benefits and Eligibility (PMC VSR) • VBA Applications (PMC VSR) • Income Counting and Net Worth 	
<p>Lesson Objectives</p> <p>Determine income status.</p> <ul style="list-style-type: none"> • Calculate IVAP from application. • Perform upfront verification. • Determine if IVAP is within MAPR limit. 	

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PowerPoint Slides	Notes
<p>Knowledge Check</p> <pre> graph TD A[PHASE 5 PART 1a Initial Screening and Establishing a Claim] --> B{Phase 5 Part 1a Knowledge Check} A --> C[PHASE 5 PART 1b Basic Eligibility] C --> D{Phase 5 Part 1b Knowledge Check} C --> E[PHASE 5 PART 1c Income Eligibility] E --> F{Phase 5 Part 1c Knowledge Check} E --> G[PHASE 5 PART 1d Beyond Basic Eligibility and Ready to Rate] G --> H{Phase 5 Part 1d Knowledge Check} </pre>	
<p>Income Status for Original Award</p> <ul style="list-style-type: none"> • This lesson will focus on income and expenses for an original claim. • Income and expense adjustments for a running award will be taught later in the course. 	
<p>Income Eligibility Process</p> <p>The previous lessons addressed the following topics in the income eligibility process:</p> <ol style="list-style-type: none"> 1. Effective date and payment date 2. Initial year and calendar year 3. Countable income 4. Qualifying expenses 	

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PowerPoint Slides	Notes
<p>Establish Periods for Calculating Income Review</p> <p>Define the following terms:</p> <ul style="list-style-type: none"> • Effective date • Payment date • Initial year • Calendar year 	
<p>Determine Types of Income Review</p> <ul style="list-style-type: none"> • What are some examples of countable income? • What are the four income classifications? 	
<p>Determine Types of Income Review Answer</p> <ul style="list-style-type: none"> • What are some examples of countable income? • What are the four income classifications? 	
<p>Select Qualifying Expenses Review</p> <p>What are three types of expenses that can be deducted from countable income for pension claims?</p>	
<p>Select Qualifying Expenses Review Answers</p> <p>What are three types of expenses that can be deducted from countable income for pension claims?</p>	


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PowerPoint Slides	Notes
<p>Practice Exercise—Income and Expenses</p> <ul style="list-style-type: none"> • Instructions: <ul style="list-style-type: none"> ○ Work in groups of three. ○ Access Claim 1. ○ Complete Part A of Appendix A: Determine Income Status Worksheet. ○ Use the Income and Net Worth Status job aid for manual references and job aids regarding income eligibility. ○ Be prepared to share your finished exercise with other trainees. • Time allowed: 20–25 minutes 	
<p>Practice Exercise—Income and Expenses Answers</p>	
<p>Determine Income Status</p> <p>Determining income status consists of the following:</p> <ul style="list-style-type: none"> • Calculate IVAP from application. • Perform upfront verification. • Compare IVAP with upfront verification IVAP. • Determine if IVAP is within MAPR limit. 	


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PowerPoint Slides	Notes
<p data-bbox="155 296 597 327">Calculating IVAP Overview</p> <p data-bbox="155 352 620 426">Calculating IVAP consists of the following steps:</p> <ol data-bbox="204 451 669 1209" style="list-style-type: none"><li data-bbox="204 451 669 520">1. Enter countable income into VBMS-A.<li data-bbox="204 546 669 615">2. Enter final and educational expenses into VBMS-A.<li data-bbox="204 640 669 709">3. Decide if medical expenses are in initial year.<li data-bbox="204 735 669 856">4. Enter medical expenses into VBMS-A medical expense sub-page.<li data-bbox="204 882 669 1073">5. Enter total medical expense amount for the reporting periods into VBMS-A Financial Decisions Detail sub-page.<li data-bbox="204 1098 669 1209">6. Review all income and expense information in VBMS-A.	

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PowerPoint Slides	Notes
<p>Practice Exercise—Enter Countable Income into VBMS-A</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Work with your group of three.○ Access Claim 1.○ Use VBMS-A User Guide section 7.11.1.9.2.○ Add the effective date (entitlement date) and payment date (financial decision effective date).○ Enter the income types into the Financial Decisions Detail sub-page for the example claim used in the previous practice exercise.○ Be prepared to share your finished exercise with other trainees.• Time allowed: 15–20 minutes	
<p>Practice Exercise—Enter Countable Income into VBMS-A Answers</p> 	


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PowerPoint Slides	Notes
<p>Practice Exercise—Enter Final and Educational Expenses into VBMS-A</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Work with your group of three.○ Access Claim 1.○ Use VBMS-A User Guide section 7.11.1.9.2.○ Enter any final and educational expenses into the Financial Decisions Detail sub-page based on:<ul style="list-style-type: none">▪ Example claim used in the first practice exercise.▪ Part A of Appendix A: Determine Income Status Worksheet.▪ Be prepared to share your finished exercise with other trainees.• Time allowed: 5–10 minutes	
<p>Practice Exercise—Enter Final and Educational Expenses into VBMS-A Answers</p> 	


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PowerPoint Slides	Notes
<p>Decide If Medical Expenses Are in Initial Year</p> <ul style="list-style-type: none">• Medical expenses that are before the effective date do not qualify and will not be considered when calculating IVAP.• However, if a medical expense is a CME, then it would be considered when calculating IVAP.	
<p>Group Activity—Medical Expenses in Initial Year</p> <ul style="list-style-type: none">• Instructions<ul style="list-style-type: none">○ Remain in your group.○ Access Claim 1.○ Work as a group to decide if medical expenses should be counted.○ Circle the medical expense that will be counted in the initial year.○ Provide answer when selected by the instructor.• Time allowed 10–15 minutes	


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PowerPoint Slides	Notes
<p>Enter Medical Expense into VBMS-A (1 of 2)</p> <ul style="list-style-type: none">• Medical expenses are first calculated using the Medical Expenses Detail sub-page.• After the medical expenses are calculated, the calculated amount is entered on the Financial Decision Detail sub-page.	
<p>Enter Medical Expenses into VBMS-A (2 of 2)</p> <p>VBMS-A User Guide section 7.11.2.2 (Adding Expenses Detail)</p> 	

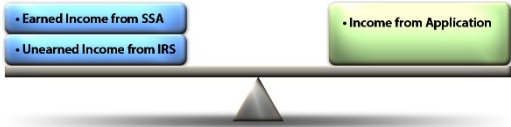
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PowerPoint Slides	Notes
<p>Practice Exercise—Enter Medical Expenses into VBMS-A</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Work with your group.○ Use VBMS-A User Guide section 7.11.2.2.○ Enter the medical expenses into the Medical Expenses Detail sub-page based on:<ul style="list-style-type: none">▪ Claim 1 used in the first practice exercise▪ Part A of Appendix A: Determine Income Status Worksheet○ Be prepared to share your finished exercise with other trainees.• Time allowed: 20 minutes	
<p>Practice Exercise—Enter Medical Expenses into VBMS-A Answers</p> 	

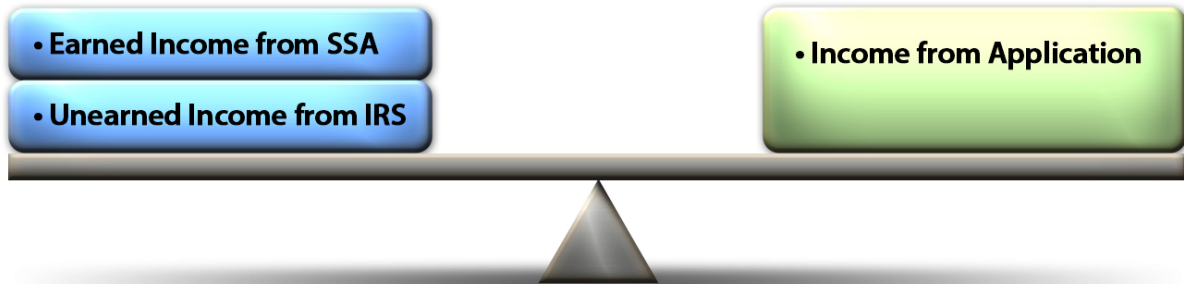
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PowerPoint Slides	Notes
<p>Practice Exercise: Enter Calculated Medical Expense in VBMS-A</p> <ul style="list-style-type: none">• Work with your group<ul style="list-style-type: none">○ Use VBMS-A User Guide section 7.11.9.2.○ Access Claim 1.○ Enter calculated medical expenses into the Financial Decisions Detail sub-page based on medical expenses calculated on the Medical Expenses Decision Detail sub-page.○ Be prepared to share your finished exercise with other trainees.• Time allowed: 5–7 minutes	
<p>Practice Exercise: Enter Calculated Medical Expense in VBMS-A Answer</p> 	

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PowerPoint Slides	Notes
<p>Group Activity—Verify Income and Expense Information in VBMS-A</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Remain in your group.○ Access Claim 1.○ Work with your group to verify that all income and expenses entered into the Financial Decision Detail sub-page is accurate.○ Make any necessary corrections if needed.○ Select the Done button to save all changes.○ Provide IVAP amount when selected by the instructor.• Time allowed: 5–7 minutes	
<p>What Is Upfront Verification?</p> 	

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PowerPoint Slides	Notes
<p>What Is Federal Tax Information (FTI)?</p> <ul style="list-style-type: none"> • FTI is any return or return information received from the IRS or secondary source, such as SSA • FTI Income Reference List job aid 	
<p>Perform Upfront Verification</p> <ul style="list-style-type: none"> • Upfront Verification job aid • FTI Income Reference List job aid 	

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PowerPoint Slides	Notes
<p>Practice Exercise—Perform Upfront Verification</p> <ul style="list-style-type: none"> • Instructions: <ul style="list-style-type: none"> ○ Work with your groups ○ Access Claim 1. ○ Complete Part B of Appendix A: Determine Income Status Worksheet ○ Refer to the following job aids: <ul style="list-style-type: none"> ▪ Upfront Verification ▪ FTI Income Reference List ○ Be prepared to share your finished exercise with other trainees. • Time allowed: 15–20 minutes 	
<p>Practice Exercise—Perform Upfront Verification Answers</p>	
<p>Compare IVAP with IVAP Upfront Verification</p> <p>When evaluating countable income, use the higher countable income based on:</p> <ul style="list-style-type: none"> • Application • Information provided by FTI 	

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PowerPoint Slides	Notes
<p>Group Activity—Compare IVAP with IVAP Upfront Verification</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Remain in your group.○ Access Claim 1.○ Work with your group to compare the IVAP from the application with the IVAP from the upfront verification.○ Provide the greater IVAP amount when selected by the instructor.• Time allowed: 5–7 minutes	
<p>Determine If IVAP Is within MAPR Limit</p> <ul style="list-style-type: none">• Once the IVAP is entered into the VBMS-A, the system automatically determines if the IVAP is within MAPR limits• If IVAP exceeds MAPR, determine if claimant may qualify in second 12-month period	

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PowerPoint Slides	Notes
<p>Group Activity—Determine If IVAP Is within MAPR Limit</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Work with your group.○ Access Claim 1.○ Access the VBMS-A Financial Decision page and select Generate Award.○ Review the IVAP and MAPR fields on the Generate Award page.○ Determine if IVAP is within MAPR limit.• Time allowed: 5–7 minutes	
<p>Additional Considerations for Determining Income Status</p> <p>Consider the following when determining income status for an original claim:</p> <ul style="list-style-type: none">• Supplemental information• Second 12-month period	


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PowerPoint Slides	Notes
<p>Supplemental Information</p> <p>Consider the following when processing an original claim:</p> <ul style="list-style-type: none">• Original application form• Any supplemental information such as:<ul style="list-style-type: none">○ VA Form 21P-8416 (Medical Expenses Report)○ VA Form 21-4138 (Statement in Support of Claim)○ Income increase or decrease documentation○ Other expense information	

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PowerPoint Slides	Notes
<p>Second 12-month Period</p> <p>Scenario:</p> <p>Veteran Ericka Monroe submitted a claim for nonservice-connected Veterans Pension on April 3, 2014. On her original application, she reported that she earned \$3,500.00 monthly. On March 30, 2015, Ericka submitted VA Form 21-4138 (Statement in Support of Claim) indicating that she was laid off on March 25, 2015, and now has zero income. The original claim was reviewed and processed by a PMC VSR on April 12, 2015. The PMC VSR classified Ericka's reported income as short term and considered \$38,500 (11 months x \$3,500) in wages for the initial year period of April 3, 2014, through April 30, 2015, which caused her to be over the income limit. Since the claim contains a change in circumstances, the PMC VSR also considered entitlement for the following 12-month period of May 1, 2015, through April 30, 2016, and benefits were granted at the MAPR for this period.</p>	

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PowerPoint Slides	Notes
<p>Practice Exercise— Supplemental Information</p> <ul style="list-style-type: none">• Instructions:<ul style="list-style-type: none">○ Access Claim 2 in academy mode.○ Complete Part C of Appendix A: Determine Income Status Worksheet.○ Use the Income and Net Worth Status job aid for manual references and job aids regarding income eligibility.○ Enter the income and expenses information into the VBMS-A.○ Be prepared to share your finished exercise with other trainees.• Time allowed: 30–35 minutes	
<p>Practice Exercise— Supplemental Information Answer</p>	
<p>Questions?</p> 	

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<p>Lesson Summary</p> <ul style="list-style-type: none"> • What are the steps for calculating IVAP? • What is upfront verification? • Why do you compare IVAP from the application with the upfront verification IVAP? • What is the second 12-month period? 	
<p>Lesson Summary Answers (1 of 3)</p> <p>What are the steps for calculating IVAP?</p>	
<p>Lesson Summary Answers (2 of 3)</p> <p>What is upfront verification?</p>	
<p>Lesson Summary Answers (3 of 3)</p> <ul style="list-style-type: none"> • Why do you compare IVAP from the application with the upfront verification IVAP? • What is the second 12-month period? 	
<p>What's Next</p> <p>Phases 5 Part 1, 20: Determine Net Worth Status</p>	