Pension and Fiduciary Service

PMC VSR Advanced Core Course
Phase 6: Practical Application and Experience

**Overview of Ancillary Benefits**

Trainee Guide

June 2024

Overview of Ancillary Benefits

Lesson Overview

| Topic | Description |
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| Time Estimate: | 2 hours |
| Purpose of the Lesson: | This lesson is part of the entry-level course for PMC VSRs. Although positioned within the Advanced Phase, this course remains an entry-level course and its purpose is to introduce PMC VSRs to processing ancillary benefits.  |
| Prerequisite Training Requirements: | Prior to taking the **Overview of Ancillary Benefits** lesson, trainees must complete the entry-level courses: * Phases 1-5.6
 |
| Target Audience: | This lesson is for entry-level PMC VSRs. |
| Lesson References: | * 38 USC Chapter 35 (Survivors and Dependents’ Educational Assistance) - DEA
* 38 USC 1151 (Benefits for Persons Disabled by Treatment or Vocational Rehabilitation)
* 38 USC 3311 (Educational Assistance for Service in the Armed Forces Commencing on or After September 11, 2001: Entitlement)
* 38 CFR 3.503 (Children)
* 38 CFR 3.707 (Dependents’ Educational Assistance)
* 38 CFR 3.708 (Federal Employees’ Compensation)
* 38 CFR 3.805 (Loan Guaranty for Surviving Spouse; Certification)
* 38 CFR 3.808 (Automobiles or Other Conveyances and Adaptive Equipment; Certification)
* 38 CFR 3.809a (Special Home Adaptation Grants Under 38 USC 2101(b)
* 38 CFR 21.3023 (Nonduplication; Pension, Compensation, and Dependency and Indemnity Compensation)
* M21-1 V.ii.3.D.4.j. (Granting P&T Without DEA)
* M21-1 VI.ii.1.B.5.a. (Finality of Election of DEA)
* M21-1 VI.ii.5.2.h. (Elections Involving a Surviving Spouse with a Child)
* M21-1 VII.ii.1.B.1.e. (Effective Date of Payment of DIC to a School Child)
* M21-1 VII.ii.1.B.2.a. (Prohibition of Concurrent Payment of DEA and Disability of Survivors Benefits)
* M21-1 VII.ii.1.B.2.d. (Benefit Adjustments Before and After a Child Turns 18)
* M21-1 VII.ii.1.B.2.f. (Means for Obtaining Information About VA’s Payment of Education Benefits)
* M21-1 VII.ii.1.B.3.b. (Processing Notice of an Initial Award of DEA to a Child for or to Whom VA is or was Paying Disability Pension or Survivors Benefits)
* M21-1 VII.ii.1.B.3.d. (Determining Whether to Issue a Notice of Proposed Adverse Action)
* M21-1 VII.ii.1.B.3.e. (Effective Date for Adjusting Disability or Survivors Benefits)
* M21-1 VII.ii.1.B.3.f. (Overpayments Created When an Award is Adjusted to Reflect a Child’s Election of VA Education Benefits)
* M21-1 VII.ii.1.B.8.a. (Finality of an Election of DEA or Education Benefits Under the Fry Scholarship)
* VII.ii.1.B.8.b. (Determining Whether VA has Paid Education Benefits and the Effective Date of the Award)
* M21-1 VII.i.3.D.1.c. (Concurrent Payment of VA Education Benefits and Disability and/or Survivor Benefits to or for a Child with Two Veteran Parents)
* M21-1 XII.i.2.A.1.f. (DEA Under 38 USC Chapter 35)
* M21-1 XIII.i.1.A.1.a.  (Definition: DEA)
* M21-1 **XIII.i.1.A.1.b. (Who Is Eligible for DEA)**
* M21-1 XIII.i.1.A.1.d.**(Survivor Eligibility for DEA Purposes Under 38 U.S.C. 1318)**
* M21-1 XIII.i.1.A.1.h. (When DEA Is a Rating Issue)
* M21-1 **XIII.i.1.B.1.c****. (Notifying Surviving Spouses in DIC Cases)**
* M21-1 **XIII.i.1.B.1.d. (Notifying Children of Eligibility)**
* M21-1 **XIII.i.1.B.1.e****. (Notifying Surviving Spouses in Survivors Pension Cases)**
* M21-1 **XIII.i.1.B.2.b****.  (Determining Entitlement to Disability or Survivors Benefits Before Education Benefits Are Awarded)**
* M21-1 **XIII.i.1.B.3.c****. (DIC Payments to Other Payees Following an Election of Education Benefits)**
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| Technical Competencies: | * VBA Applications (PMC VSR)
* Program Benefits and Eligibility (PMC VSR)
 |
| Lesson Objectives: | By the end of this training, you should be able to* Identify various types of ancillary benefits
* Explain the relationship between ancillary benefits and the adjudication decision
* Identify the claimant’s option to claim entitlement to ancillary benefits at the time of filing a claim
* Describe the potential benefits for claimants in asserting entitlement to ancillary benefits
* Demonstrate how to process a claim while considering potential eligibility to ancillary benefits
 |
| Knowledge Check:  | Phase 6: Overview of Ancillary Benefits Knowledge Check |
| What You Need: | * Trainee Guide
* Access to **Appendix A – Sample Rating 1** (DIC Granted)
* Access to **Appendix B – Sample Rating 2** (DIC Under 38 USC 1318)
* **Access to the following job aids:**
	+ **Prepare the Decision Notification job aid**
	+ **Notification Language** job aid
 |

| PowerPoint Slides | Notes |
| --- | --- |
| Overview of Ancillary Benefits |  |
| Lesson Objectives By the end of this training, you should be able to* Identify various types of ancillary benefits
* Explain the relationship between ancillary benefits and the adjudication decision
* Identify the claimant’s option to claim entitlement to ancillary benefits at the time of filing a claim
* Describe the potential benefits for claimants in asserting entitlement to ancillary benefits
* Demonstrate how to process a claim while considering potential eligibility to ancillary benefits
 |  |
| Why It Matters!The Overview of Ancillary Benefits course matters because ancillary benefits are additional benefits that a claimant may be eligible for based on their primary claim.* + Claimants are not obligated to assert their entitlement to ancillary benefits at the time of filing their claim.
 |  |
| Definition: Ancillary Benefits* *Ancillary benefits* are secondary benefits that are considered when evaluating claims for
	+ pension, or
	+ Dependency and Indemnity Compensation (DIC)

NOTE: Eligibility for ancillary benefits is derived from a Veteran’s entitlement to disability benefits or the circumstances of the Veteran’s death. |  |
| **Definition: Dependents’ Educational Assistance (DEA)*** The [**38 U.S.C. Chapter 35**](https://www.law.cornell.edu/uscode/text/38/part-III/chapter-35) program called, ***Dependents' Educational Assistance (DEA)***, is education or special restorative training for eligible dependents or survivors of certain Veterans and service members.
	+ child
	+ spouse, or
	+ surviving spouse
* **Education benefits** refers to DEA and restorative training under [**38 U.S.C. Chapter 35**](https://www.law.cornell.edu/uscode/text/38/part-III/chapter-35), and the Marine Gunnery Sergeant David Fry Scholarship under [**38 U.S.C. 3311**](http://www.law.cornell.edu/uscode/text/38/3311).
 |  |
| DEA: Basic Eligibility* For there to be basic eligibility to DEA based on the service of a Veteran, there must be eitherother than dishonorable discharge, ***or*** death in service, and one of the following:
	+ permanent and total (P&T) service-connected (SC) disability
	+ P&T SC disability on the date of the Veteran’s death, or
	+ death resulting from an SC disability

**NOTE**: Disability compensation or Dependency and Indemnity Compensation (DIC) awarded under [**38 U.S.C. 1151**](https://www.law.cornell.edu/uscode/text/38/1151) does ***not*** establish eligibility for DEA.  |  |
| Types of Ancillary BenefitsSome types of ancillary benefits are * Dependents Educational Assistance (DEA) under [**38 U.S.C. Chapter 35**](https://www.law.cornell.edu/uscode/text/38/part-III/chapter-35)
* Specially Adapted Housing (SAH) under [**38 CFR 3.809**](http://www.ecfr.gov/cgi-bin/text-idx?SID=eb7493eb29df5c572d488350d31b4925&node=se38.1.3_1809&rgn=div8)
* Special Housing Adaptation (SHA) awards under [**38 CFR 3.809a**](http://www.ecfr.gov/cgi-bin/text-idx?SID=eb7493eb29df5c572d488350d31b4925&node=se38.1.3_1809a&rgn=div8)
* Automobile and Adaptive Equipment under [**38 CFR 3.808**](http://www.ecfr.gov/cgi-bin/text-idx?SID=eb7493eb29df5c572d488350d31b4925&node=se38.1.3_1808&rgn=div8)
* Vocational Rehabilitation/Employment, and
* Loan Guaranty for Surviving Spouses under [**38 CFR 3.805**](http://www.ecfr.gov/cgi-bin/text-idx?SID=eb7493eb29df5c572d488350d31b4925&node=se38.1.3_1805&rgn=div8)
 |  |
| ****DEA: Who is Eligible (1 of 2)***** DEA provides educational assistance to the children, spouses, and surviving spouses of individuals who were discharged from service under conditions other than dishonorable and
	+ had an SC disability(ies) that was permanent and totally disabling and in existence at death (rated 100-percent disabling based on the rating schedule or by reason of individual unemployability (IU), or
	+ died as a result of an SC disability(ies)
 |  |
| ****DEA: Who is Eligible (2 of 2)***** DEA provides educational assistance to the children, spouses, and surviving spouses of individuals who
	+ died in service in the line of duty
	+ were on active duty as members of the Armed Forces and have been listed by the appropriate Secretary for more than 90 days as
	+ missing in action
	+ captured in the line of duty by a hostile force, or
	+ forcibly detained or interned in the line of duty by a foreign government or power
 |  |
| DEA Basic Eligibility: Rating* Basic eligibility to DEA is a rating issue if there is a claim for DEA or Chapter 35 benefits if
	+ SC for the cause of death is awarded, **or**
	+ in connection with a claim for death benefits, the Veteran was rated 100-percent disabled due to SC disabilities or entitled to IU on the date of death

**IMPORTANT**: This does not include burial benefits* When evaluating a claim for survivors benefit(s), include DEA as an issue in the rating decision **even though** DEA was awarded on another basis during the Veteran’s lifetime.
* When a total SC disability rating is in effect at the time of death, but the cause of death is not SC, consider the disability rating to be permanent for DEA eligibility purposes only, even when permanency was not established during the Veteran's lifetime.
 |  |
| ****DEA: Concurrent Payment (1 of 2)***** VA may not pay DEA to a child while concurrently paying
	+ pension) for or to (as an apportionment) the same child, or
	+ survivors benefits (death compensation, Survivors Pension, or DIC) for or to (including an apportionment) the same child
* Once a child receives the first payment of education benefits (regardless of age), the election of education benefits becomes final, unless VA paid the education benefit in error.
	+ VA must stop the payment of disability and/or survivors benefits, and
	+ the child may never reelect disability and/or survivors benefits

NOTE: This does *not* apply if the child is under age 18, or age 18 or older *and* permanently incapable of self-support. |  |
| DEA: Concurrent Payment (2 of 2)* VA may pay DEA to a spouse while concurrently paying disability benefits for or to (as an apportionment) the spouse, or surviving spouse while concurrently paying survivors benefits to the spouse.
* An election to receive DEA or education benefits under the Fry Scholarship is final.
	+ Once VA pays either of the education benefits to a child, VA may *not* pay disability or survivors benefits to or for the same child for any period subsequent to the effective date of the first payment of education benefits.
	+ If a child beneficiary in receipt of DIC elects DEA or education benefits under the Fry Scholarship discontinue the DIC payment and provide the increased rates to other payees that are entitled to an increase effective the same date.

NOTE: If DEA has been elected and payment has been received by the surviving child, the election is final and DIC benefits may not be restored or reelected. |  |
| Addressing Ancillary Benefits and Other Subordinate Issues* If there is a reasonable probability that the Veteran’s death may be service-connected (SC), whether from disease, injury, or self-infliction, and a claim for survivors benefits is received, address entitlement to DIC under 38 USC 1318, if SC for cause of death cannot be awarded
	+ DEA under 38 USC Chapter 35 if DIC under 38 USC 1318 is awarded
 |  |
| DEA: 38 USC 1318* Whenever DIC is granted under [**38 U.S.C. 1310**](https://www.law.cornell.edu/uscode/text/38/1310) or [**38 U.S.C. 1318**](https://www.law.cornell.edu/uscode/text/38/1318), the rating must address Dependents’ Educational Assistance (DEA) under [**38 U.S.C. Chapter 35**](https://www.law.cornell.edu/uscode/text/38/part-III/chapter-35).
* If DIC is awarded to a surviving spouse or child under 38 USC 1318, presume permanence of disability,***unless***VA has specific evidence to the suggest otherwise, and award entitlement to DEA.
	+ Do not develop for SC for the cause of death in these cases.

**NOTE**: Surviving spouses granted automated 38 USC 1318 DIC must apply separately for DEA under 38 USC Chapter 35. |  |
| DEA: Notification (1 of 2)* Use Personal Computer Generated Letters (PCGL) to notify the beneficiary of the decision, and manually insert the following text into the decision notice:

*“Your dependents may be eligible for Dependents’ Educational Assistance (Chapter 35).  For more information on this program, please visit the following web site:  https://www.va.gov/education/survivor-dependent-benefits/dependents-education-assistance/ or call 1-888-GIBILL-1 (1-888-442-4551).”** When notifying a surviving spouse of his/her entitlement to DIC, include notice of eligibility for DEA in the corresponding decision notice, and enclose with the notice
	+ [*VA Form 21P-8765, Service-Connected Death Award Attachment*](https://vbaw.vba.va.gov/bl/20/cio/20s5/forms/VBA-21P-8765-ARE.pdf), and
	+ [*VA Form 22-5490, Dependents’ Application for VA Education Benefits*](http://www.vba.va.gov/pubs/forms/VBA-22-5490-ARE.pdf)
 |  |
| DEA: Notification (2 of 2)* If DEA eligibility is established, but the eligible surviving spouse is in receipt of Survivors Pension, then include notice of eligibility for DEA in the decision notice only, and enclose
	+ [*VA Form 21-8767, Death Pension Award Attachment*](http://www.vba.va.gov/pubs/forms/VBA-21-8767-ARE.pdf), and
	+ [*VA Form 22-5490*](http://www.vba.va.gov/pubs/forms/VBA-22-5490-ARE.pdf)
		- Do *not* enclose [*VA Form 21P-8765*](https://vbaw.vba.va.gov/bl/20/cio/20s5/forms/VBA-21P-8765-ARE.pdf)
* If DIC is not payable because a beneficiary elected to receive Federal Employees’ Compensation (FEC) benefits, take the following actions to ensure that the notice of DEA eligibility discussed in [M21-1, Part VII, Subpart ii, 1.A.1](https://vaww.vrm.km.va.gov/system/templates/selfservice/va_kanew/help/agent/locale/en-US/portal/554400000001034/content/554400000176630/M21-1-Part-VII-Subpart-ii-Chapter-1-Section-A-Benefit-Entitlement-for-School-Children) is provided to eligible children:
	+ establish a future diary under reason code 30, *Regional Office Special Use*, with a due date that will expire 60 days *before* an eligible child reaches the age of 18, and enter *Potential DEA Eligibility Notice Needed* in the REMARKS field
 |  |
| Practice Exercise: Sample Rating 1 (DIC Granted)* Instructions:
	+ Work Independently
	+ Access the Appendix A – Sample Rating 1 (DIC Granted).
	+ Use the following job aids:
		- Prepare the Decision Notification job aid
		- Language Notification job aid
* Time allowed: 30 minutes
 |  |
| Federal Employees (FEC) – 1 of 3* If FEC entitlement is based on disability or death resulting from civilian employment, and the beneficiary elected to receive FEC or death compensation, or DIC (*on or after* September 13, 1960) based on the same disability or death, the election is irrevocable, or FEC in lieu of VA pension prior to April 7, 1970, the beneficiary may now concurrently receive VA pension and FEC.
 |  |
| Federal Employees (FEC) – 2 of 3* When a surviving spouse with a child elects FEC instead of VA benefits and the child is over the age of 18, and eligible for FEC and DEA, the child
	+ may receive DIC while the surviving spouse is concurrently receiving FEC, and
	+ must elect between FEC and VA benefits because the child has
		- independent entitlement to VA benefits, and
		- a right of election that is independent of and not affected by the surviving spouse’s election
 |  |
| Federal Employees (FEC) – 3 of 3* When a surviving spouse with a child elects FEC instead of VA benefits and the child is under the age of 18, and included as a dependent on the surviving spouse’s award, and eligible for DEA or a special restorative training allowance under 38 USC Chapter 35,
	+ a separate election for the child is required to pay VA benefits to the child concurrently with the payment of FEC to the surviving spouse because the child has
		- independent entitlement to VA benefits, and
		- a right of election that is independent of and not affected by the surviving spouse’s election
 |  |
| Automobile and Adaptive Equipment Allowance * A formal claim on [*VA Form 21-4502, Application for Automobile or Other Conveyance and Adaptive Equipment*](http://www.vba.va.gov/pubs/forms/VBA-21-4502-ARE.pdf), is required if the Veteran or service member is applying for the automobile allowance.
* In most cases involving SC compensation use *Automobile Allowance; however,* the *DRAS Automobile Allowance* or *PMC – Automobile Allowance* labels may be necessary in some cases.
* Upon receipt of the application, before referring the claim to the rating activity
* establish an end product (EP) as directed in [M21-4, Appendix B](https://vaww.vrm.km.va.gov/system/templates/selfservice/va_kanew/help/agent/locale/en-US/portal/554400000001034/content/554400000011474/Appendix-B-End-Product-EP-Codes)
* select an appropriate claim label for initial claims, and
* send the claimant the notice required under [38 U.S.C. 5103](https://www.law.cornell.edu/uscode/text/38/5103), when needed
* A formal claim on a [*VA Form 10-1394, Application for Adaptive Equipment – Motor Vehicle*](https://www.va.gov/vaforms/medical/pdf/10-1394-fill.pdf), is required if the Veteran is entitled to adaptive equipment only.
 |  |
| Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA)* The Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) provides reimbursement for most medical expenses of eligible June 1, 2021, survivors and dependents, such as the cost of
	+ inpatient care
	+ outpatient care
	+ mental health treatment
	+ prescription medication
	+ skilled nursing care, and
	+ durable medical equipment
 |  |
| CHAMPVA: Who’s Eligible? (1 of 2)* To be eligible for CHAMPVA, an individual must be
	+ the spouse or child of a Veteran whom VA has rated as permanently and totally disabled based on a service-connected (SC) disability or disabilities
	+ the surviving spouse or child of a Veteran who
		- died from an SC disability, or
		- at the time of death, was rated permanently and totally disabled, or
		- the surviving spouse or child of a service member who died, not as a result of his/her own willful misconduct, in the line of duty

NOTE:  PMCs are responsible for processing requests involving a Veteran’s *survivor(s)*. |  |
| CHAMPVA: Who’s Eligible? (2 of 2)* A grant of entitlement to DIC under [38 U.S.C. 1318](http://www.law.cornell.edu/uscode/text/38/1318) renders a surviving spouse and/or child(ren) eligible for CHAMPVA.
* Eligibility for CHAMPVA does *not* exist if a permanent and total (P&T) disability rating, or a rating of service connection (SC) for the cause of death, is based entirely or partially on a grant of SC under [38 U.S.C. 1151](https://www.law.cornell.edu/uscode/text/38/1151) or [38 U.S.C. 1160](https://www.law.cornell.edu/uscode/text/38/1160) for an otherwise non-service-connected disability or disabilities.
 |  |
| CHAMPVA: Notification Letters* When using PCGL to generate a decision notice for the same type of decision, select the following paragraph for insertion into the decision notice:

“Y*our dependents may be eligible for benefits under CHAMPVA.  CHAMPVA is a health benefits program in which the Department of Veterans Affairs (VA) shares the cost of certain healthcare and supplies with eligible beneficiaries.  To be eligible for the CHAMPVA program, a dependent must be the spouse or child of a veteran who is permanently and totally disabled from a service-connected disability.  The Health Administration Center in Denver, Colorado, administers the CHAMPVA program.  You should call 1‑800‑733‑8387 if additional information is needed.”* |  |
| Practice Exercise: Sample Rating 2 (DIC Under 38 USC 1318)* Instructions:
	+ Work Independently
	+ Access the Appendix B – Sample Rating 2 (DIC under 38 U.S.C. 1318).
	+ Use the following job aids:
		- Prepare the Decision Notification job aid
		- Language Notification job aid
* Time allowed: 30 minutes
 |  |
| Loan Guaranty for a Surviving Spouse* 38 CFR 3.805 provides loan guaranty benefits to eligible surviving spouses of Veterans, to help the surviving spouse become a homeowner, by guaranteeing a portion of the loan obtained to purchase, construct, or refinance a home.
	+ The amount typically covers up to a certain percentage of the loan, reducing the risk for the lender and enabling the spouse to access favorable terms
* There are two application forms related to the VA home loan program:
	+ [*VA Form 26-1880*,*Request for a Certificate of Eligibility*](https://www.vba.va.gov/pubs/forms/vba-26-1880-are.pdf), and
	+ [*VA Form 26-1817*,*Request for Determination of Loan Guaranty Eligibility – Unmarried Surviving Spouses*](https://www.vba.va.gov/pubs/forms/VBA-26-1817-ARE.pdf)
 |  |
| Knowledge Check: Lesson Summary ReviewTime Allowed: 10 minutes |  |
| What’s Next* Complete the Overview of Ancillary Benefits course evaluation: TMS ID: 4649127
 |  |