AMENDMENT TO H.R. 2547, AS REPORTED
OFFERED BY MR. PAPPAS OF NEW HAMPSHIRE

Redesignate title IX as title X.

Redesignate section 901 as section 1001.

After title VIII insert the following:

1 TITLE IX—VA BENEFICIARY
2 DEBT COLLECTION IMPROVEMENT
3
4 SEC. 901. PROHIBITION OF DEBT ARISING FROM OVERPAYMENT DUE TO DELAY IN PROCESSING BY THE DEPARTMENT OF VETERANS AFFAIRS.
5
6 (a) Bar to Recovery.—
7
8 (1) IN GENERAL.—Chapter 53 of title 38, United States Code, is amended by inserting after section 5302A the following new section:
9 “§ 5302B. Prohibition of debt arising from overpayment due to delay in processing
10 “(a) LIMITATION.—(1) Except as provided in paragraph (2), no individual may incur a debt to the United States that—

“(A) arises from the participation of the individual in a program or benefit administered by the Under Secretary for Benefits; and

“(B) is attributable to the failure of an employee or official of the Department to process information provided by or on behalf of that individual within applicable timeliness standards established by the Secretary.

“(2) Nothing in this section shall be construed to affect the penal and forfeiture provisions for fiduciaries set forth in chapter 61 of this title.

“(b) NOTICE.—(1) If the Secretary determines that the Secretary has made an overpayment to an individual, the Secretary shall provide notice to the individual of the overpayment.

“(2) Notice under paragraph (1) shall include a detailed explanation of the right of the individual—

“(A) to dispute the overpayment, including a detailed explanation of the process by which to dispute the overpayment; or

“(B) to request a waiver of indebtedness.

“(c) DELAY ON COLLECTION.—(1) Subject to paragraph (2), the Secretary may not take any action under section 3711 of title 31 regarding an overpayment described in a notice under subsection (b) of this section
until the date that is 90 days after the date the Secretary
issues such notice.

“(2) The Secretary may take action under section
3711 of title 31 regarding an overpayment described in
a notice under subsection (b) of this section before the
date that is 90 days after the date the Secretary issues
such notice if the Secretary determines that delaying such
action is—

“(A) likely to make repayment of such overpay-
ment more difficult for an individual;

“(B) likely to cause an unpaid debt to be re-
ferred to the Treasury Offset Program; or

“(C) not in the best interest of the individual.”.

(2) CLERICAL AMENDMENT.—The table of sec-
tions at the beginning of such chapter is amended
by inserting after the item relating to section 5302A
the following new item:

“5302B. Prohibition of debt arising from overpayment due to delay in pro-
cessing.”.

(3) DEADLINE.—The Secretary of Veterans Af-
fairs shall prescribe regulations to establish stand-
ard under section 5302B(a)(2) of such title, as
added by subsection (a), not later than 180 days
after the date of the enactment of this Act.

(b) PLAN FOR IMPROVED NOTIFICATION AND COM-
MUNICATION OF DEBTS.—
(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, and one year thereafter, the Secretary of Veterans Affairs shall submit to Congress a report on the improvement of the notification of and communication with individuals who receive overpayments made by the Secretary.

(2) CONTENTS.—Each report under paragraph (1) shall include each of the following:

(A) The plan of the Secretary to carry out each of the following:

(i) The development and implementation of a mechanism by which individuals enrolled in the patient enrollment system under section 1705 of title 38, United States Code, may view their monthly patient medical statements electronically.

(ii) The development and implementation of a mechanism by which individuals eligible for benefits under the laws administered by the Secretary may receive electronic correspondence relating to debt and overpayment information.

(iii) The development and implementation, by not later than October 1, 2022,
of a mechanism by which individuals eligi-
ble for benefits under the laws adminis-
tered by the Secretary may access informa-
tion related to Department of Veterans Af-

  (iv) The improvement and clarification
of Department communications relating to
overpayments and debt collection, including
letters and electronic correspondence and
including information relating to the most
common reasons individuals eligible for
benefits under the laws administered by
the Secretary incur debts to the United
States and the process for requesting a
waiver of such debt. The Secretary shall
develop such improvements and clarifica-
tions in consultation with veterans service
organizations, labor organizations that rep-
resent employees of the Department, and
other relevant nongovernmental organiza-
tions.

  (B) A description of the current efforts
and plans for improving the accuracy of pay-
ments to individuals entitled to benefits under
the laws administered by the Secretary, including specific data matching agreements.

(C) A description of steps to be taken to improve the identification of underpayments to such individuals and to improve Department procedures and policies to ensure that such individuals who are underpaid receive adequate compensation payments.

(D) A list of actions completed, implementation steps, and timetables for each requirement described in subparagraphs (A) through (C).

(E) A description of any new legislative authority required to complete any such requirement.

SEC. 902. PROHIBITION ON DEPARTMENT OF VETERANS AFFAIRS INTEREST AND ADMINISTRATIVE COST CHARGES FOR DEBTS RELATING TO CERTAIN BENEFITS PROGRAMS.

(a) In General.—Section 5315(a)(1) of title 38, United States Code, is amended—

(1) by striking “other than a loan” and all that follows through the semicolon and inserting “other than—”;

and
(2) by adding at the end the following new sub-
paragraphs:

“(A) a loan, loan-guaranty, or loan-insur-
ance program;

“(B) a disability compensation program;

“(C) a pension program; or

“(D) an educational assistance program.”.

(b) EFFECTIVE DATE.—The amendments made by
subsection (a) shall apply with respect to an indebtedness
that occurs on or after the date of the enactment of this
Act.

SEC. 903. EXTENSION OF WINDOW TO REQUEST RELIEF
FROM RECOVERY OF DEBT ARISING UNDER
LAWS ADMINISTERED BY THE SECRETARY OF
VETERANS AFFAIRS.

Section 5302(a) of title 38, United States Code, is
amended by striking “180 days” and inserting “one year”.

SEC. 904. REFORMS RELATING TO RECOVERY BY DEPART-
MENT OF VETERANS AFFAIRS OF AMOUNTS
OWNED BY INDIVIDUALS TO THE UNITED
STATES.

(a) LIMITATION ON INDEBTEDNESS OFFSETS.—Sub-
section (a) of section 5314 of title 38, United States Code,
is amended—

(1) by inserting “(1)” before “Subject to”; and
(2) by adding at the end the following new paragraph:

“(2) The Secretary may not make a deduction under paragraph (1) while the existence or amount of such indebtedness is disputed under section 5314A of this title.”.

(b) Administrative Process for Dispute of Existence or Amount of Indebtedness.—

(1) Establishment.—Chapter 53 of title 38, United States Code, is amended by inserting after section 5314 the following new section:

“§ 5314A. Dispute of indebtedness

“(a) Establishment.—The Secretary shall prescribe regulations that establish an administrative process for the dispute of the existence or amount of an indebtedness described in section 5314(a)(1) of this title (without regard to whether the Secretary has made a deduction under such section regarding such indebtedness).

“(b) Standards.—The process under subsection (a) shall be efficient, effective, and equitable.

“(c) Timeliness.—The Secretary shall ensure that each dispute under subsection (a) proceeds in accordance with standards for timeliness prescribed by the Secretary under this section.

“(d) Limitation.—The Secretary may not submit to any debt collector (as defined in section 803 of the Fair

“(e) Rule of Construction.—Nothing in this section shall be construed to modify the procedures for seeking review of a decision of the agency of original jurisdiction described in section 5104C(a)(1) of this title.”.

(2) Existing Administrative Process.—The Secretary of Veterans Affairs shall carry out section 5314A of such title, as added by paragraph (1), by improving the administrative process of the Department of Veterans Affairs for the dispute of the existing or amount of an indebtedness that was in effect on the day before the date of the enactment of this Act.

(3) Improvements to Department Website and Notices.—In carrying out paragraph (2), the Secretary shall—

(A) improve the website of the Department; and

(B) ensure that such website and written notices sent to a person about indebtedness described in section 5314(a) of title 38, United States Code, contain all information a person needs to dispute such an indebtedness, including a description of—
(i) the specific actions the person will need to take in order to dispute the indebtedness;

(ii) the documentation that will be required for the dispute; and

(iii) how the documentation is to be submitted.

(4) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 5314 the following new item:

“5314A. Dispute of indebtedness.”.

(c) LIMITATION ON AUTHORITY TO RECOVER DEBTS.—Section 5302(a) of title 38, United States Code, is amended—

(1) by inserting “(1)” before “There”; and

(2) by adding at the end the following new paragraph:

“(2) The Secretary may not seek to recover an indebtedness described in paragraph (1) if the Secretary determines that the cost to the Department to recover such indebtedness, as determined when the debt is established, would exceed the amount of the indebtedness.”.