

INCOME VERIFICATION (IV) PROGRAM

1. REASON FOR ISSUE: This Veterans Health Administration (VHA) directive establishes policy for Income Verification (IV) program.

2. SUMMARY OF MAJOR CHANGES:

a. Amendment dated June 9, 2021, to update definitions for Financial Assessment, Gross Household Income and Hardship and to add a definition for Income Verification (see paragraph 3). Additionally, the amendment clarifies gross household income priority groups (see paragraph 6), and updates training (see paragraph 10) and references (paragraph 12).

b. This recertified directive removes the requirement for the Income Verification Division to send correspondence to employers and financial institutions to verify income provided by Veterans. This information is obtained through an Information Exchange Agreement (IEA) with the Social Security Administration (SSA) and Matching Agreements with the Internal Revenue Service (IRS) and SSA.

3. RELATED ISSUES: VHA Directive 1601A.01, Registration and Enrollment, dated July 7, 2020 and VHA Directive 1601A.02(1), Eligibility Determination, dated July 6, 2020.

4. RESPONSIBLE OFFICE: VHA Member Services (15MEM), Health Eligibility Center, Income Verification Division Program Office, is responsible for the contents of this directive. Questions related to the Income Verification program may be referred to the Health Eligibility Center Income Verification Division by telephone at 1-800-929-8387 or by email at VHAHECIVDMgmt@va.gov.

5. RESCISSIONS: VHA Directive 1909, dated April 30, 2014, is rescinded.

6. RECERTIFICATION: This VHA directive is scheduled for recertification on or before the last working day of June 2025. This VHA directive will continue to serve as national VHA policy until it is recertified or rescinded.

**BY DIRECTION OF THE OFFICE OF
THE UNDER SECRETARY FOR HEALTH:**

/s/ Renee Oshinski
Assistant Under Secretary for Health

June 10, 2020

VHA Directive 1909(1)

for Operations

NOTE: *All references herein to VA and VHA documents incorporate by reference subsequent VA and VHA documents on the same or similar subject matter.*

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INCOME VERIFICATION (IV) PROGRAM

1. PURPOSE

This Veterans Health Administration (VHA) Directive establishes policy for the Income Verification (IV) program. **AUTHORITY:** 38 U.S.C. §§ 1722, 5317, 7301(b).

2. BACKGROUND

a. Title 38 U.S.C. § 1722, establishes eligibility assessment procedures, based on income levels, for determining whether non-service-connected (NSC) Veterans and non-compensable zero % service-connected (SC) Veterans, who have no other special eligibility are eligible to receive Department of Veterans Affairs (VA) health care at no cost. Title 26 U.S.C. § 6103(l)(7) of the Internal Revenue Code, and 38 U.S.C. § 5317 establish authority for VA to verify Veterans' gross household income information against records maintained by the Internal Revenue Service (IRS) and Social Security Administration (SSA) when that information indicates the Veteran is eligible for cost-free VA health care.

b. The Health Eligibility Center (HEC) administers VHA's IV program through computer matching of Veterans' gross household income information with Federal Tax Information (FTI) received from the IRS and SSA. The IV program provides VHA with the mechanism to ensure the integrity of Veterans' income-based eligibility assignments for VA health care, and the recoupment of lost copayments through the first-party billing process.

c. The IV program adheres to stringent guidelines set forth by the IRS and SSA to ensure appropriate security and safeguarding of FTI. Due to these rigorous information security requirements, the IV program is centralized to and performed at the HEC.

d. The Social Security numbers (SSNs) of all Veterans and their spouses identified in the financial assessment will be verified under the Social Security Number Verification Information Exchange Agreement (IEA), between the SSA and HEC, prior to income matching activity with the IRS. If the IRS and SSA income matching identifies discrepancies in the Veteran's self-reported gross household income information that potentially impacts eligibility for VA health care benefits, the HEC must independently verify the IRS and SSA income data. If the Veteran's eligibility for VA health care benefits is changed because of the income verification process, the HEC will transmit the updated eligibility information to those VA medical facilities that provided health care services to the Veteran during the applicable income-reporting period.

3. DEFINITIONS

a. **Administrative Data Repository.** The Administrative Data Repository is established to provide the authoritative data store for shared administrative, demographic and eligibility information which is managed as a corporate asset.

a. **Copayment.** A copayment is a specific monetary charge for either medical

services or medications provided by VA to Veterans. **NOTE:** For more information, see 38 Code of Federal Regulations (C.F.R.) § 17.108.

b. **Financial Assessment.** Financial assessment is the process known as means testing, used by VA to assess the gross household income of Veterans who are not otherwise eligible for enrollment. When performed, the Means Test (MT) determines a Veteran's copayment responsibilities, enrollment priority group assignment, and entitlement to beneficiary travel benefits.

c. **Geographic Means Test.** The Geographic Means Test (GMT) is VA's financial income limit used in determining a Veteran's ability to pay for health care and to provide Veterans whose incomes are above the VA Means Test threshold but below the U.S. Department of Housing and Urban Development (HUD) low-income limits based on the Veterans permanent address, with an 80% reduction in the inpatient co-pay rates. Veterans who qualify for GMT will be enrolled in Priority Group 7.

d. **Gross Household Income.** Gross household income is income of the Veteran, spouse and dependent children that is considered countable income for determining a Veteran's eligibility for VA health care benefits. This includes earned and unearned countable income, as defined in 38 C.F.R. § 3.271, less allowable-deductible expenses specifically excluded under 38 C.F.R. § 3.272.

e. **Hardship.** A hardship determination provides exemption from outpatient and inpatient copayments for the remaining calendar year. If the Veteran's projected household income is below the applicable thresholds, a hardship determination can be made based on the projected income of the Veteran, spouse and dependent children for the current year. If the projected income is below the VA national income threshold, the Veteran may qualify for enrollment in Priority Group 5. The means test results will be recalculated 1 year after the hardship is approved and annually thereafter. **NOTE:** The term "hardship" refers to a decrease in a Veteran's household income justifying enrolling a Veteran into a higher priority group than would otherwise be the case and resulting in exemption from current and future copayments from date of approval until a new means test is required. For additional information on Hardships, please see VHA Directive 1601A.01, Registration and Enrollment, dated July 7, 2020.

f. **Income Verification.** Income Verification is a process that independently verifies a Veteran's financial information and is used to determine the Veteran's eligibility for VA health care services, copayment status, and enrollment priority group assignment.

g. **Means Test.** A Means Test (MT) is the financial assessment process used by VA to assess a Veteran's attributable income. Attributable income determinations for pensions are made in manner and must include the same sources of income and exclusions from income as defined in 38 C.F.R. § 17.36.17.47(d)(4). The MT determines Veterans' copayment responsibilities and assists in determining enrollment priority group assignment. VA uses the appropriate MT threshold for the current calendar year to determine whether the Veteran is considered unable to defray the expenses of necessary care. The current national MT thresholds can be viewed at

<https://www.va.gov/HEALTHBENEFITS/apps/explorer/AnnualIncomeLimits/HealthBenefits>.

h. **Non-Compensable Disability**. A non-compensable disability is a service-connected disability for which VA has assigned a zero % rating.

i. **Non-Service-Connected**. Nonservice-connected (NSC) means, with respect to a Veteran's disability, that such disability was not incurred or aggravated, in the line of duty in the active military, naval, or air service.

j. **Service-Connected**. Service-connected (SC) means, with respect to a Veteran's disability, that such disability was incurred or aggravated in the line of duty in the active military, naval, or air service.

k. **Veteran**. A Veteran is a person who:

(1) Served in the active military, naval, or air service; and

(2) Was discharged or released from service under conditions other than dishonorable.

4. POLICY

It is VHA policy to verify Veterans' self-reported income (including spouse or partner and dependents, if applicable) for NSC Veterans and non-compensable zero % SC Veterans who have no other special eligibility for receiving VA health care benefits.

5. RESPONSIBILITIES

a. **Under Secretary for Health**. The Under Secretary for Health is responsible for ensuring overall VHA compliance with this directive.

b. **Assistant Under Secretary for Health for Operations**. The Assistant Under Secretary for Health for Operations is responsible for:

(1) Communicating the contents of this directive to each Veterans Integrated Services Network (VISN).

(2) Providing assistance to VISN Directors to resolve implementation and compliance challenges.

(3) Providing oversight of VISNs to ensure compliance with this directive.

(4) Providing oversight of Member Services responsibilities related to the IV program.

c. **Deputy Under Secretary for Health for Community Care**. The Deputy Under Secretary for Health for Community Care is responsible for providing oversight over the Consolidated Patient Account Center (CPAC) Director and CPAC program.

d. **Consolidated Patient Account Center Director.** The CPAC Director is responsible for:

(1) Establishing performance standards and quality metrics to actively ensure that VA medical facilities initiate first-party billing activity for all HEC referrals.

(2) Monitoring performance standards for program officials (regional CPAC Directors and leadership teams) responsible for managing first-party billing activities on a monthly basis.

(3) Ensuring Veterans without other health insurance (OHI) (such as Medicare, Tricare, or private plans) are billed first-party charges for converted cases within 60 days of notification from the HEC. If a Veteran has billable third-party insurance, CPAC staff will ensure the OHI was or is billed to allow for first-party copayment offset. *Veterans are not billed for care received for service-connected conditions. **NOTE:** If OHI is in-process, a first-party copayment will not be released for 90 days or sooner in cases where the insurer will not reimburse VA.*

e. **Member Services Director.** The Member Services Director is responsible for oversight of HEC administration of the IV program.

f. **Health Eligibility Center Director.** The HEC Director is responsible for:

(1) Administering the HEC's IV Division program and ensuring compliance with this directive and applicable regulations.

(2) Ensuring that summary management reports related to first party billing and collection activities resulting from the IV program are prepared upon request.

(3) Providing oversight to ensure HEC Enrollment and Eligibility staff verify the accuracy of the SSN information provided by the Veteran and spouse during the initial application process.

g. **Income Verification Division Associate Director.** The Income Verification Division (IVD) Associate Director is responsible for:

(1) Providing oversight of IVD staff to assure compliance with this directive, and applicable regulations.

(2) Ensuring IVD is appropriately staffed to perform the administrative duties and responsibilities as outlined in this directive.

h. **Income Verification Division Supervisor.** The IVD Supervisor is responsible for:

(1) Establishing performance standards and quality metrics to actively ensure that all IV cases are adjudicated.

(2) Ensuring that IVD staff follow the national IVD program policy established in this

directive. Additional information on IVD procedures can be accessed using the following link:

https://vaww.vrm.km.va.gov/system/templates/selfservice/va_kanew/help/agent/locale/en-US/portal/55440000001046/content/554400000099897/IVD-Income-Verification-Department-IVD-FAQs. **NOTE:** *This is an internal website that is not available to the public.*

(3) Ensuring IVD staff complete and are up to date with all mandatory training.

NOTE: *More information about required training associated with this directive can be found in Paragraph 10.*

(4) Ensuring that IVD staff comply with confidentiality and security guidelines, including VA privacy policy, and IRS and SSA guidelines. **NOTE:** *More information about Security requirements can be found in Paragraph 9.*

i. **Income Verification Division Staff**. The IVD staff are responsible for:

(1) Verifying financial information for NSC Veterans and non-compensable zero % SC Veterans to verify eligibility for VA health care benefits, copayment status, and appropriate priority group assignments. **NOTE:** *For additional information on Veterans who are unable to defray the expenses of necessary care and income thresholds, see 38 U.S.C. § 1722.*

(2) Adjudicating 100 % IV reviews.

(3) Ensuring that 100 % of Veterans subject to the IV matching process have valid social security numbers and that personal identifiers, including name, date of birth, SSN for Veterans spouses, and other dependents are transmitted to the SSA when necessary for verification.

(4) Adhere to stringent confidentiality guidelines set forth by IRS and SSA to ensure appropriate security and safeguarding of FTI.

(5) Notifying the CPAC of Veterans with converted cases to ensure billing of first party charges. **NOTE:** *When system issues prevent automatic transmission, CPACs will be notified using PKI encrypted email.*

(6) Releasing IV financial assessments and related information when requested by Veterans.

j. **Income Verification Program Case Manager**. The Income Verification Program (IV) Case Manager is responsible for working with a Veteran whose income has changed in a way that may impact their eligibility status for VA health care.

k. **Veterans Integrated Service Network Director**. The Veterans Integrated Service Network (VISN) Director is responsible for:

(1) Communicating the contents of this directive to all VA medical facilities within the VISN.

(2) Ensuring that all VA medical facilities within the VISN have the resources to implement this directive.

(3) Providing oversight to ensure all VA medical facilities within the VISN comply with this directive and informing leadership when barriers to compliance are identified.

I. **VA Medical Facility Director**. The VA medical facility director is responsible for:

(1) Providing oversight of Enrollment and Eligibility staff within the VA medical facility to ensure compliance with this directive and applicable regulations.

(2) Providing oversight to ensure VA medical facility Enrollment and Eligibility staff verify demographic information and the accuracy of the SSN information provided by the Veteran and spouse during the initial application process.

(3) Providing oversight to ensure Veterans demographic and financial information updated by the HEC is accurately reflected in VA's Electronic Health Record (EHR).

(4) Providing oversight to ensure Veterans insurance is updated and captured in the Insurance Capture Buffer system.

6. DATA COLLECTION AND SOCIAL SECURITY NUMBER VALIDATION.

a. When a Veteran submits an initial application for VA health care (VA Form 10-10EZ) or updated financial assessment (VA Form 10-10EZR) in-person, online, by telephone, or by mail, it is automatically transmitted to the Enrollment System (ES) which is maintained by the HEC along with information used to identify the Veteran, spouse, and any other dependents. The HEC will request IRS and SSA FTI when:

(1) The Veteran's self-reported gross household income places the Veteran in Priority Group 5. **NOTE:** *If the income reported by the IRS and SSA is below the VA Threshold, an IV Case is not created. If the income is above the VA Threshold, an IV Case is created.*

(2) The SSA has verified the SSNs of the Veteran, spouse, and dependents.

(3) In order to validate Veterans, spouses, and the dependents SSN, the HEC must submit personal identifiers (name, date of birth, and SSN) to SSA for verification.

(4) **NOTE:** *Verifications are completed in accordance with the Social Security Number Verification Information Exchange Agreement (IEA), between the SSA and HEC.*

7. INCOME VERIFICATION PROCESS

a. VA does not verify all enrolled Veterans' income. Only Veterans who are eligible and enrolled in Priority Group 5 based on their self-reported household income are included in the income verification process.

b. If a Veteran's self-reported income is below VA's income limits but the income information received from the IRS or SSA indicates the Veteran's household income is above VA's income limits, the Veteran and their spouse or partner, and any dependents, if applicable, will be notified by letter and given an opportunity to verify or dispute this information. **NOTE:** VA's income limits can be located at the following website address: <https://www.va.gov/healthbenefits/apps/explorer/AnnualIncomeLimits>.

c. If no written response is received after 45 days, a reminder letter will be mailed, offering the Veteran the opportunity to verify or dispute the income reported by IRS or SSA and to submit additional deductible expenses, when applicable.

d. If no written response is received within 75 days, it is assumed the IRS or SSA information is correct and a letter will be sent informing the Veteran of the change in their copayment status and copayment responsibility. This may also impact the Veteran's eligibility for enrollment. **NOTE:** For more information on enrollment, please see VHA Handbook 1601A.01, Intake Registration. The Veteran may be placed in a rejected enrollment status or copayment required status, based on their income.

e. When VA receives a written response, an IV case manager will be assigned to work with the Veteran or the Veteran's representative. The IV case manager will assist the Veteran in identifying any authorized deductions that may reduce the Veterans' total gross household income below VA's income limits.

f. After the review process, if information provided does not reduce the Veteran's income below VA's income limits, a final letter will be mailed to the Veteran explaining copayment status and copayment responsibility for any care received during the income year that was reviewed. The letter also contains information on how to appeal the final decision.

g. Veterans whose income is above the National Means Test Threshold and Geographical Means Test Threshold are informed of their rights to appeal and given VA Form 10-0998, Your Rights to Seek Further Review of Our Healthcare Benefits Decision. **NOTE:** All Veterans have the right to be notified in writing of their income verification determination. VA Form 10-0998 can be accessed at <http://vaww.va.gov/vaforms/medical/pdf/10-0998.pdf>. Additional information on benefit appeals can be found in VHA Notice 2022-05, The Appeals Modernization Act in the Veterans Health Administration, dated April 27, 2022.

8. INCOME VERIFICATION CONVERSION

a. If the verified financial assessment results in a change to the Veteran's eligibility for VA health care benefits, a conversion indicator reflecting the Veteran's status has

been changed is electronically transmitted to the VA medical facility or facilities involved in the Veteran's care. The Veteran's status would be changed to either MT Copayment Required or MT Copayment Exempt. The effective date of the MT conversion is the initial date of the MT, which is listed on the notification letter to the Veteran. VA medical facilities must not edit or attempt to edit an IV converted means test.

b. Veterans may be converted to a non-enrolled status if their gross household income information received from the IRS or SSA match indicate that the self-reported income the Veteran provided on the initial health care application is lower than the income information received from IRS or SSA. However, prior to the conversion of the non-enrolled rejected status, the income is adjudicated, and the Veteran is given an opportunity to provide documentation to substantiate their income and possibly remain in an enrolled status. **NOTE:** *The data is transmitted from the Enrollment Database (EDB) to the ES and VA's Electronic Health Record (EHR) through an automated process.*

9. SECURITY

The IV program must adhere to stringent confidentiality guidelines set forth by the IRS and SSA to ensure appropriate security and safeguarding of FTI. Information received from the income match activity cannot be shared with VA medical facilities. Any breach of security requirements may result in loss of VHA's matching agreements with the IRS and SSA. Veteran requests for release of IV financial assessments and related information must be forwarded to the HEC for processing. **NOTE:** *For additional information personally identifiable information, see Privacy Act 38 U.S.C. § 552a.*

10. TRAINING

The following training is **required** for all newly hired IVD staff, aligned with their respective position title:

a. Income Verification Division LAS Subject Matter Expert Training TMS# VA4445893.

b. Income Verification Division Program Support Assistant Training TMS# VA4415973.

c. Safeguarding Security Awareness (Mandatory) Training TMS# VA41831.

11. RECORDS MANAGEMENT

All records, regardless of format (paper, electronic, electronic systems) created in the requirements of this directive shall be managed per the National Archives and Records Administration (NARA) approved records schedules found in VHA Records Control Schedule 10-1. Questions regarding any aspect of records management should be referred to the VA medical facility Records Manager or Records Liaison.

12. REFERENCES

- a. 5 U.S.C. § 552a.
- b. 26 U.S.C. § 6103 (l) (7).
- c. 38 U.S.C. § 1503.
- d. 38 U.S.C. § 1722.
- e. 38 U.S.C. § 5317.
- f. 38 C.F.R. § 3.271.
- g. C.F.R. § 3.272.
- h. 38 C.F.R. § 17.36.
- i. 38 C.F.R. § 17.47(d)(4).
- j. VHA Directive 1601A.01, Registration and Enrollment, dated July 7, 2020.
- k. VHA Directive 1601A.02(1), Eligibility Determination, dated July 6, 2020.
- l. VHA Notice 2022-05, The Appeals Modernization Act in the Veterans Health Administration, dated April 27, 2022.
- m. Social Security Number Verification Information Exchange Agreement (IEA), dated March 14, 2016.