

VETERANS' COMPENSATION COST-OF-LIVING  
ADJUSTMENT ACT OF 2005

—————  
JUNE 30, 2005.—Committed to the Committee of the Whole House on the State of  
the Union and ordered to be printed  
—————

Mr. BUYER, from the Committee on Veterans' Affairs,  
submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 1220]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 1220) to increase, effective as of December 1, 2005, the rates of disability compensation for veterans with service-connected disabilities and the rates of dependency and indemnity compensation for survivors of certain service-connected disabled veterans, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as "Veterans' Compensation Cost-of-Living Adjustment Act of 2005".

**SEC. 2. INCREASE IN RATES OF DISABILITY COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION.**

(a) **RATE ADJUSTMENT.**—The Secretary of Veterans Affairs shall, effective on December 1, 2005, increase the dollar amounts in effect for the payment of disability compensation and dependency and indemnity compensation by the Secretary, as specified in subsection (b).

(b) **AMOUNTS TO BE INCREASED.**—The dollar amounts to be increased pursuant to subsection (a) are the following:

(1) **COMPENSATION.**—Each of the dollar amounts in effect under section 1114 of title 38, United States Code.

(2) **ADDITIONAL COMPENSATION FOR DEPENDENTS.**—Each of the dollar amounts in effect under section 1115(1) of such title.

(3) **CLOTHING ALLOWANCE.**—The dollar amount in effect under section 1162 of such title.

(4) **NEW DIC RATES.**—The dollar amounts in effect under paragraphs (1) and (2) of section 1311(a) of such title.

(5) **OLD DIC RATES.**—Each of the dollar amounts in effect under section 1311(a)(3) of such title.

(6) **ADDITIONAL DIC FOR SURVIVING SPOUSES WITH MINOR CHILDREN.**—The dollar amounts in effect under section 1311(b) of such title and paragraph (1) of section 1311(f) of such title (as redesignated by subsection (e) of this section).

(7) **ADDITIONAL DIC FOR DISABILITY.**—The dollar amounts in effect under sections 1311(c) and 1311(d) of such title.

(8) **DIC FOR DEPENDENT CHILDREN.**—The dollar amounts in effect under sections 1313(a) and 1314 of such title.

(c) **DETERMINATION OF INCREASE.**—

(1) **BASE FOR INCREASE.**—The increase under subsection (a) shall be made in the dollar amounts specified in subsection (b) as in effect on November 30, 2005.

(2) **PERCENTAGE OF INCREASE.**—Except as provided in paragraph (3), each such amount shall be increased by the same percentage as the percentage by which benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) are increased effective December 1, 2005, as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)).

(3) **ROUNDING.**—Each dollar amount increased pursuant to paragraph (2) shall, if not a whole dollar amount, be rounded down to the next lower whole dollar amount.

(d) **SPECIAL RULE.**—The Secretary may adjust administratively, consistent with the increases made under subsection (a), the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 (72 Stat. 1263) who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

(e) **DESIGNATION CORRECTION.**—Section 1311 of title 38, United States Code, is amended by redesignating the second subsection (e) (added by section 301(a) of the Veterans Benefits Improvement Act of 2004 (Public Law 108–454; 118 Stat. 3610)) as subsection (f).

### **SEC. 3. PUBLICATION OF ADJUSTED RATES.**

At the same time as the matters specified in section 215(i)(2)(D) of the Social Security Act (42 U.S.C. 415(i)(2)(D)) are required to be published by reason of a determination made under section 215(i) of such Act during fiscal year 2006, the Secretary of Veterans Affairs shall publish in the Federal Register the amounts specified in subsection (b) of section 2, as increased pursuant to that section.

### **SEC. 4. CODIFICATION OF FISCAL YEAR 2005 COST-OF-LIVING ADJUSTMENT PROVIDED IN PUBLIC LAW 108-363.**

(a) **VETERANS' DISABILITY COMPENSATION.**—Section 1114 of title 38, United States Code, is amended—

(1) in subsection (a), by striking “\$106” and inserting “\$108”;

(2) in subsection (b), by striking “\$205” and inserting “\$210”;

(3) in subsection (c), by striking “\$316” and inserting “\$324”;

(4) in subsection (d), by striking “\$454” and inserting “\$466”;

(5) in subsection (e), by striking “\$646” and inserting “\$663”;

(6) in subsection (f), by striking “\$817” and inserting “\$839”;

(7) in subsection (g), by striking “\$1,029” and inserting “\$1,056”;

(8) in subsection (h), by striking “\$1,195” and inserting “\$1,227”;

(9) in subsection (i), by striking “\$1,344” and inserting “\$1,380”;

(10) in subsection (j), by striking “\$2,239” and inserting “\$2,299”;

(11) in subsection (k)—

(A) by striking “\$82” both places it appears and inserting “\$84”; and

(B) by striking “\$2,785” and “\$3,907” and inserting “\$2,860” and “\$4,012”, respectively;

(12) in subsection (l), by striking “\$2,785” and inserting “\$2,860”;

(13) in subsection (m), by striking “\$3,073” and inserting “\$3,155”;

(14) in subsection (n), by striking “\$3,496” and inserting “\$3,590”;

(15) in subsections (o) and (p), by striking “\$3,907” each place it appears and inserting “\$4,012”;

(16) in subsection (r), by striking “\$1,677” and “\$2,497” and inserting “\$1,722” and “\$2,564”, respectively; and

(17) in subsection (s), by striking “\$2,506” and inserting “\$2,573”.

(b) ADDITIONAL COMPENSATION FOR DEPENDENTS.—Section 1115(1) of such title is amended—

- (1) in subparagraph (A), by striking “\$127” and inserting “\$130”;
- (2) in subparagraph (B), by striking “\$219” and “\$65” and inserting “\$224” and “\$66”, respectively;
- (3) in subparagraph (C), by striking “\$86” and “\$65” and inserting “\$88” and “\$66”, respectively;
- (4) in subparagraph (D), by striking “\$103” and inserting “\$105”;
- (5) in subparagraph (E), by striking “\$241” and inserting “\$247”; and
- (6) in subparagraph (F), by striking “\$202” and inserting “\$207”.

(c) CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS.—Section 1162 of such title is amended by striking “\$600” and inserting “\$616”.

(d) DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES.—

- (1) NEW LAW DIC.—Section 1311(a) of such title is amended—
  - (A) in paragraph (1), by striking “\$967” and inserting “\$993”; and
  - (B) in paragraph (2), by striking “\$208” and inserting “\$213”.
- (2) OLD LAW DIC.—The table in paragraph (3) of such section is amended to read as follows:

“Pay grade	Monthly rate	Pay grade	Monthly rate
E-1 .....	\$993	W-4 .....	\$1,188
E-2 .....	\$993	O-1 .....	\$1,049
E-3 .....	\$993	O-2 .....	\$1,084
E-4 .....	\$993	O-3 .....	\$1,160
E-5 .....	\$993	O-4 .....	\$1,227
E-6 .....	\$993	O-5 .....	\$1,351
E-7 .....	\$1,027	O-6 .....	\$1,523
E-8 .....	\$1,084	O-7 .....	\$1,645
E-9 .....	\$1,131 <sup>1</sup>	O-8 .....	\$1,805
W-1 .....	\$1,049	O-9 .....	\$1,931
W-2 .....	\$1,091	O-10 .....	\$2,118 <sup>2</sup>
W-3 .....	\$1,123	.....	.....

<sup>1</sup> If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 1302 of this title, the surviving spouse’s rate shall be \$1,221.

<sup>2</sup> If the veteran served as Chairman or Vice-Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, at the applicable time designated by section 1302 of this title, the surviving spouse’s rate shall be \$2,272.”.

(3) ADDITIONAL DIC FOR CHILDREN OR DISABILITY.—Section 1311 of such title is amended—

- (A) in subsection (b), by striking “\$241” and inserting “\$247”;
- (B) in subsection (c), by striking “\$241” and inserting “\$247”; and
- (C) in subsection (d), by striking “\$115” and inserting “\$118”.

(e) DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN.—

(1) DIC WHEN NO SURVIVING SPOUSE.—Section 1313(a) of such title is amended—

- (A) in paragraph (1), by striking “\$410” and inserting “\$421”;
- (B) in paragraph (2), by striking “\$590” and inserting “\$605”;
- (C) in paragraph (3), by striking “\$767” and inserting “\$787”; and
- (D) in paragraph (4), by striking “\$767” and “\$148” and inserting “\$787” and “\$151”, respectively.

(2) SUPPLEMENTAL DIC FOR CERTAIN CHILDREN.—Section 1314 of such title is amended—

- (A) in subsection (a), by striking “\$241” and inserting “\$247”;
- (B) in subsection (b), by striking “\$410” and inserting “\$421”; and
- (C) in subsection (c), by striking “\$205” and inserting “\$210”.

**SEC. 5. DEMONSTRATION PROJECT TO IMPROVE BUSINESS PRACTICES OF VETERANS HEALTH ADMINISTRATION.**

(a) DEMONSTRATION PROJECT REQUIRED.—

- (1) IN GENERAL.—The Secretary of Veterans Affairs shall conduct a demonstration project under this section for the improvement of business practices of the Veterans Health Administration.

(2) PERFORMANCE-BASED CONTRACT.— To carry out the demonstration project, the Secretary shall enter into a performance-based contract for a contractor to carry out the functions specified in subsection (e).

(3) COST LIMITATION.—The total amount paid to the contractor under the contract may not exceed \$10,000,000.

(b) COMMENCEMENT AND DURATION OF PROJECT.—The demonstration project shall be conducted during the two-year period beginning on the first day of the first month beginning more than 120 days after the date of the enactment of this Act.

(c) SITES FOR CONDUCT OF PROJECT.—The Secretary shall conduct the demonstration project at two facilities, at least one of which shall be a medical center, of the Veterans Health Administration within the same service area (referred to as a Veterans Integrated Service Network) of the Veterans Health Administration. The two facilities at which the project is conducted shall be selected by the Secretary from among facilities that the Secretary determines have relatively low performance for recovery or collection of indebtedness from third-party payors under section 1729 of title 38, United States Code.

(d) SELECTION OF CONTRACTOR.—The Secretary shall carry out the process for selection of the contractor for the demonstration project so that the contractor to perform the contract is selected, and the contract is awarded, not later than three months after the date of the enactment of this Act. The contractor shall be an entity or organization that has significant experience in the administrative processing of health care charges and claims.

(e) FUNCTIONS OF CONTRACTOR.—The Secretary shall provide in the contract for the following functions of the contractor with respect to each facility at which the demonstration project is conducted:

(1) Detailed specification of existing business processes that the contractor determines are relevant to the capability of the facility to recover or collect indebtedness from third-party payors under section 1729 of title 38, United States Code.

(2) Reengineering of the business processes identified under paragraph (1), including provision for standardized application of such reengineered processes throughout the facility.

(3) Establish and implement a plan to transition from the business processes identified under paragraph (1) to the reengineered and standardized businesses established pursuant to paragraph (2).

(4) Establishment of a comprehensive database containing third-party payor information for veterans receiving health care and services at the facility.

(f) VHA PROJECT MANAGER.—As part of the demonstration project, the Secretary shall ensure that a Veterans Health Administration employee is designated to be the full-time project manager for the project and that such employee's duty station is at one of the facilities at which the project is conducted, with provision for visits as needed to the other facility at which the project is conducted.

(g) EMPLOYEE PROTECTION.—The Secretary shall administer the demonstration project so that during the period of the conduct of the demonstration project there is no reduction in active full-time equivalent employees of the Department of Veterans Affairs at the facilities at which the project is conducted that is attributable to the conduct of the demonstration project.

(h) REPORTS TO CONGRESS.—

(1) PERIODIC PROGRESS REPORTS ON PROJECT IMPLEMENTATION.—

(A) REPORTS REQUIRED.—The Secretary shall submit to Congress progress reports on the implementation of the demonstration project.

(B) TIME FOR PROGRESS REPORTS.— Such reports shall be submitted as expeditiously as feasible after the end of—

(i) the 60-day period and the 90-day period beginning on the date of the enactment of this Act; and

(ii) the 60-day period, the 90-day period, and the 180-day period beginning on the date of the award of the contract under subsection (d).

(C) MATTER TO BE INCLUDED.—Each report under this paragraph shall set out the progress to date of the demonstration project, including—

(i) before the contractor has been selected, progress toward selection of the contractor (identified by the steps in the acquisition process that have been accomplished and that remain to be accomplished); and

(ii) after the contractor has been selected—

(I) the contractor's progress in initiating and carrying out the demonstration project in accordance with the requirements of this section; and

(II) a copy of each contract under the demonstration project and any change order or modification to any such contract.

(2) INTERIM REPORTS ON PROJECT OPERATION.—After the completion of the first 12 months, and after the completion of the first 18 months, of the demonstration project, the Secretary shall submit to Congress an interim report on the operation of the demonstration project to that date. Each such report shall include the following:

(A) The assessment of the Secretary as to whether the rate of recovery or collection of indebtedness owed the United States from third-party payors has improved by reason of the project.

(B) The assessment of the Secretary as to the performance of the contractor.

(3) FINAL REPORT.—

(A) REQUIREMENT.—After the conclusion of the demonstration project, the Secretary shall submit to Congress a final report on the project.

(B) CONTENT.—The Secretary shall include in that report—

(i) the matters specified in paragraph (2);

(ii) the Secretary's estimate of cost savings to the Department attributable to the reengineered business processes implemented under the demonstration project, with supporting evidence and documentation for such estimate; and

(iii) the Secretary's recommendation for implementing on a permanent basis the recovery or collection system demonstrated in the project and expanding the project to other facilities of the Veterans Health Administration.

(C) SUBMISSION.—The final report shall be submitted not later than 90 days after the conclusion of the demonstration project.

(i) COMPTROLLER GENERAL REVIEW AND REPORTS.—

(1) REVIEW.—The Comptroller General shall review the demonstration project on an ongoing basis.

(2) REPORTS.—The Comptroller General shall submit to Congress a report on the Comptroller General's findings and recommendations concerning the demonstration project—

(A) after the operation of the demonstration project for a period of one year; and

(B) after the operation of the demonstration project for a period of two years.

(j) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary of Veterans Affairs for the conduct of the demonstration project under this section the sum of \$10,000,000.

#### SEC. 6. PARKINSON'S DISEASE RESEARCH, EDUCATION, AND CLINICAL CENTERS.

(a) REQUIREMENT FOR ESTABLISHMENT OF CENTERS.—

(1) IN GENERAL.—Subchapter II of chapter 73 of title 38, United States Code, is amended by adding at the end the following new section:

##### “§ 7329. Parkinson's Disease research, education, and clinical centers

“(a) The Secretary, upon the recommendation of the Under Secretary for Health and pursuant to the provisions of this section, shall designate six Department health-care facilities as the locations for centers of Parkinson's Disease research, education, and clinical activities and (subject to the appropriation of sufficient funds for such purpose) shall establish and operate such centers at such locations in accordance with this section.

“(b) In designating locations for centers under subsection (a), the Secretary, upon the recommendation of the Under Secretary for Health, shall—

“(1) designate each Department health-care facility that as of January 1, 2005, was operating a Parkinson's Disease research, education, and clinical center unless (on the recommendation of the Under Secretary for Health) the Secretary determines that such facility does not meet the requirements of subsection (c) or has not demonstrated effectiveness in carrying out the established purposes of such center or the potential to carry out such purposes effectively in the reasonably foreseeable future; and

“(2) assure appropriate geographic distribution of such facilities.

“(c) The Secretary may not designate a health-care facility as a location for a center under subsection (a) unless the peer review panel established under subsection (d) has determined under that subsection that the proposal submitted by such facility as a location for a new center under subsection (a) is among those proposals which have met the highest competitive standards of scientific and clinical merit, and the Secretary (upon the recommendation of the Under Secretary for Health) determines that the facility has (or may reasonably be anticipated to develop) each of the following:

“(1) An arrangement with an accredited medical school which provides education and training in neurology and with which such facility is affiliated under which residents receive education and training in innovative diagnosis and treatment of chronic neurodegenerative diseases and movement disorders, including Parkinson’s disease.

“(2) The ability to attract the participation of scientists who are capable of ingenuity and creativity in health-care research efforts.

“(3) A policymaking advisory committee composed of appropriate health-care and research representatives of the facility and of the affiliated school or schools to advise the directors of such facility and such center on policy matters pertaining to the activities of such center during the period of the operation of such center.

“(4) The capability to conduct effectively evaluations of the activities of such center.

“(5) The capability to coordinate, as part of an integrated national system, education, clinical, and research activities within all facilities with such centers.

“(6) The capability to jointly develop a consortium of providers with interest in treating neurodegenerative diseases, including Parkinson’s Disease, and other movement disorders, at facilities without such centers in order to ensure better access to state-of-the-art diagnosis, care, and education for neurodegenerative disorders throughout the health care system.

“(7) The capability to develop a national repository for the collection of data on health services delivered to veterans seeking care for neurodegenerative diseases, including Parkinson’s Disease, and other movement disorders in the health care system.

“(d)(1) The Under Secretary for Health shall establish a panel to assess the scientific and clinical merit of proposals that are submitted to the Secretary for the establishment of new centers under this section.

“(2)(A) The membership of the panel shall consist of experts in neurodegenerative diseases, including Parkinson’s Disease, and other movement disorders.

“(B) Members of the panel shall serve as consultants to the Department for a period of no longer than two years except in the case of panelists asked to serve on the initial panel as specified in subparagraph (C).

“(C) In order to ensure panel continuity, half of the members of the first panel shall be appointed for a period of three years and half for a period of two years.

“(3) The panel shall review each proposal submitted to the panel by the Under Secretary and shall submit its views on the relative scientific and clinical merit of each such proposal to the Under Secretary.

“(4) The panel shall not be subject to the Federal Advisory Committee Act.

“(e) Before providing funds for the operation of any such center at a health-care facility other than a health-care facility designated under subsection (b)(1), the Secretary shall assure that the center at each facility designated under such subsection is receiving adequate funding to enable such center to function effectively in the areas of Parkinson’s Disease research, education, and clinical activities.

“(f) There are authorized to be appropriated such sums as may be necessary for the support of the research and education activities of the centers established pursuant to subsection (a). The Under Secretary for Health shall allocate to such centers from other funds appropriated generally for the Department medical services account and medical and prosthetics research account, as appropriate, such amounts as the Under Secretary for Health determines appropriate.

“(g) Activities of clinical and scientific investigation at each center established under subsection (a) shall be eligible to compete for the award of funding from funds appropriated for the Department medical and prosthetics research account and shall receive priority in the award of funding from such account insofar as funds are awarded to projects for research in Parkinson’s disease and other movement disorders.”

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 7328 the following new item:

“7329. Parkinson’s Disease research, education, and clinical centers.”

(b) EFFECTIVE DATE.—Section 7329 of title 38, United States Code, as added by subsection (a), shall take effect on October 1, 2005.

## INTRODUCTION

On March 10, 2005, the Chairman and Ranking Member of the Veterans’ Affairs Committee, Honorable Steve Buyer and Honorable Lane Evans, respectively, along with the Chairman and Rank-

ing Member of the Subcommittee on Disability Assistance and Memorial Affairs, Honorable Jeff Miller and Honorable Shelley Berkley, respectively, introduced H.R. 1220, the Veterans' Compensation Cost-of-Living Adjustment Act of 2005, which would provide a cost-of-living adjustment (COLA) in the rates of service-connected disability compensation and dependency and indemnity compensation, effective December 1, 2005.

On June 9, 2005, the Subcommittee on Disability Assistance and Memorial Affairs met and ordered H.R. 1220 reported favorably to the full Committee by unanimous voice vote.

On June 16, 2005, Honorable Lane Evans introduced H.R. 2959, which would provide for the establishment of Parkinson's Disease Research Education and Clinical Centers in the Veterans Health Administration of the Department of Veterans Affairs.

On June 20, 2005, Honorable Michael Bilirakis, Honorable Steve Buyer, and Honorable Terry Everett introduced H.R. 2988, the Veterans Medical Care Revenue Enhancement Act of 2005, which would direct the Secretary of Veterans Affairs to conduct a demonstration project for the improvement of business practices of the Veterans Health Administration.

On June 21, 2005, the Subcommittee on Oversight and Investigations met and ordered H.R. reported favorably to the full Committee by unanimous voice vote.

On June 23, 2005, the full Committee met and ordered H.R. 1220 reported favorably, as amended, to the House by voice vote.

#### SUMMARY OF THE REPORTED BILL

H.R. 1220, as amended, would:

1. Provide effective December 1, 2005, a cost-of-living adjustment to the rates of disability compensation for veterans with service-connected disabilities and to the rates of dependency and indemnity compensation for survivors of certain service-connected disabled veterans. The percentage amount would be equal to the increase for benefits provided under the Social Security Act, which is calculated based upon changes in the Consumer Price Index.

2. Codify the current dollar amounts of disability compensation and dependency and indemnity compensation, as provided for in Public Law 108-363.

3. Authorize a 2-year demonstration project for improvement of business practices in the Veterans Health Administration relating to standardization and coordination of activities related to billing, reengineering of billing and accounts receivable, application of commercial-industry standards, establishment of a database for third-party payor information, and such other requirements as the Secretary of Veterans Affairs may specify.

4. Permanently authorize, subject to appropriations, six Department of Veterans Affairs Parkinson's Disease Research Education and Clinical Centers to be centers of excellence in clinical care, scientific research, educational outreach and training.

#### BACKGROUND AND DISCUSSION

*Increase in rates of disability compensation and dependency and indemnity compensation.*—Section 2 of the bill would increase, effective December 1, 2005, the rates of compensation for service-con-

nected disabilities and the rates of dependency and indemnity compensation (DIC) for surviving spouses and children of veterans who die of service-connected causes, as well as the additional amounts for dependents and survivors, and clothing allowances for certain veterans. Congress has provided annual increases in these rates for every fiscal year since 1976.

The Committee is following its longstanding practice of setting the cost-of-living adjustment (COLA) by reference to the yet-to-be-determined Social Security increase. At the time of the filing of this report, the increase is expected to be 2.3 percent, but it may be higher or lower depending on changes in the Consumer Price Index; the exact percentage is calculated as of September 30, 2005. Last year's increase was 2.7 percent.

The basic purpose of the disability compensation program is to provide relief from the impaired earning capacity of veterans disabled as the result of their military service. The amount of compensation payable varies according to the degree of disability. This amount in turn is required by law to represent, to the extent practicable, the average impairment in earning capacity in civilian occupations resulting from such disability or combination of disabilities.

To be eligible to receive disability compensation, a veteran must have a disability incurred or aggravated during military service, which is not the result of willful misconduct, and have been discharged under other than dishonorable conditions. The responsibility for determining a veteran's entitlement to service-connection for a disability rests with the Department of Veterans Affairs (VA). More than 2.6 million veterans were receiving service-connected disability compensation as of May 2005.

Surviving spouses and dependent children of veterans who died of disabilities determined by VA to be service-connected (including veterans who died while on active duty) or who had a service-connected disability rated at 100 percent for certain periods of time prior to death are entitled to receive monthly dependency and indemnity compensation (DIC) benefits. Additional amounts are paid to survivors who are housebound, in need of aid and attendance, or have minor children. The purpose of DIC benefits authorized under chapter 13 of title 38, United States Code, is to provide partial compensation to the appropriate survivors for the loss in financial support due to the service-connected death. Income and need are not factors in determining a surviving spouse's or child's entitlement because the Nation in part assumes the legal and moral obligation of the veteran to support the spouse and children. As of May 2005, there were more than 307,000 surviving spouses and more than 29,000 children receiving DIC.

Public Law 108-454 authorized an additional DIC payment of \$250 a month provided for the first 2 years of DIC eligibility to surviving spouses with minor children. This new benefit is aimed at easing the transition following the death of the servicemember/veteran. Payment is based on the family unit, not per child, and terminates prior to the end of the 2-year period if there are no longer children under the age of 18. H.R. 1220, as amended, would provide a cost-of-living adjustment to the new 2-year transitional DIC benefit.



*Codification of cost-of-living adjustment provided in Public Law 108-147.*—Section 4 of the bill would codify the current dollar amounts of compensation for service-connected disabilities and the rates of DIC for surviving spouses and children of veterans who die of service-connected causes, as well as the additional amounts for dependents and survivors, and clothing allowances for certain veterans. These rates went into effect on December 1, 2004, pursuant to Public Law 108-363, which was signed by President Bush on October 25, 2004.

*Demonstration project to improve business practices of Veterans Health Administration.*—Section 5 of the bill would establish a demonstration project to improve the Department of Veterans Affairs' (VA) collections from third-party payers. VA provides health care to eligible veterans through medical facilities managed by the Veterans Health Administration (VHA). Under certain circumstances, VA is authorized to collect reasonable charges from a veteran's health insurance company to offset the cost of medical care and medications for treatment of nonservice-connected conditions. Specifically, VA may bill insurance companies for treatment of conditions that are not a result of injuries or illnesses incurred or aggravated during military service. VA is not authorized to bill for health care conditions that result from military service, nor is it generally authorized to collect from Medicare and Medicaid. Despite improvements in VA's third-party collections, there continues to be weaknesses in the billings and collections processes that impair VA's ability to maximize the amount of dollars paid by third-party insurance companies.

The Committee's view is that site selection for the new demonstration project should assure geographic separation from Veterans Integrated Service Network (VISN) 10, the host site of the demonstration project authorized by Public Law 108-357. The current demonstration project is preparing the Patient Financial Services System (PFSS) for deployment to implement certain VA business practices relating to third-party collections as a precursor to developing an integrated and automated financial system for VHA. The Committee believes that geographic separation is necessary to avoid duplications of process and to gain the cultural distance necessary to see how other parts of VHA perform their business practices.

The Committee is also concerned how VA measures the performance of the Medical Care Collection Fund (MCCF) cycle. VA should ascertain the universe of possible collections for the MCCF to comprehensively assess the performance of its particular parts. Currently, the Committee can only rely on previous performance and rate improvements. However, VA's efforts to determine the universe of collections should in no way delay or interfere with implementation of the new demonstration project.

The Committee expects that all revenue collected from the pilot project would be returned to the VHA medical centers where the demonstration takes place, and would not be subjected to appropriations offsets.

Finally, the Committee expects that no VA FTEE associated with the demonstration project would be terminated during its 2-year period of operation, except for purposes of personnel actions relating to employee misconduct or unsatisfactory performance, in ac-

cordance with existing labor-management agreements and the personnel authorities of titles 5 and 38, United State Code, as applicable. The Committee further expects that vacancies due to personnel actions would be expeditiously filled so that the number of active FTEE associated with the demonstration pilot would remain unchanged during the period of the pilot project.

*Parkinson's disease research, education, and clinical centers.*—Section 6 of the bill would permanently authorize six Parkinson's Disease Research Education and Clinical Centers (PADRECCs), subject to appropriations, and give priority to the existing PADRECCs for medical care and research dollars, insofar as such funds are awarded to projects for research in Parkinson's disease and other movement disorders.

Parkinson's disease is a serious health problem which affects up to 1.5 million Americans. By 2010, an estimated 39,000 veterans who are age 85 and older will have this progressive neurological disorder. Treatments exist for Parkinson's, but medical research continues in search of a cure.

In 2001, VA took an important step toward eradicating this disease by establishing six PADRECCs, located at VA medical centers in Houston, West Los Angeles, Philadelphia, Portland-Seattle, Richmond, and San Francisco. These centers provide an opportunity for researchers to see their results rapidly and directly applied to improve patient care. Through the PADRECCs and the National VA Parkinson's Disease Consortium, a network of 200 VA clinicians with expertise or interest in the fields of Parkinson's disease and related movement disorders, VA is able to treat 42,000 veterans with Parkinson's disease.

In just a brief time since their inception, the six PADRECCs have made significant contributions to the care and research of Parkinson's disease, and training of health care professionals. The PADRECCs, including the VA hospitals in Albuquerque, Las Vegas, Lorna Linda, Long Beach, Phoenix, San Diego, and Tucson, which are affiliated with the Southwestern PADRECC located at the West Los Angeles VA Medical Center, put VA at the forefront of the landmark multi-site study assessing effectiveness of surgical implantation of deep brain stimulators in reducing the symptoms of the disease. The Committee recognizes the efforts of the PADRECCs as a model of innovation in the delivery of health care and research for chronic disease in the veteran population, which deserve continued support. The American Legion, Disabled American Veterans, and Parkinson's Action Network are in support of this provision.

#### SECTION-BY-SECTION ANALYSIS

Section 1 of the bill would provide that this Act may be cited as the "Veterans' Compensation Cost-of-Living Adjustment Act of 2005".

Section 2(a) of the bill would require the Secretary of Veterans Affairs to increase, effective December 1, 2005, the dollar amounts in effect for the payment of disability compensation and dependency and indemnity compensation.

Section 2(b) of the bill would specify the programs to receive increased dollar amounts: compensation in effect under section 1114 of title 38, United States Code; additional compensation for de-

pendents in effect under section 1115(1) of title 38, United States Code; clothing allowance in effect under section 1162 of title 38, United States Code; new DIC rates in effect under paragraphs (1) and (2) of section 1311(a) of title 38, United States Code; old DIC rates in effect under section 1311(a)(3) of title 38, United States Code; additional DIC for surviving spouses with minor children in effect under section 1311(b) and paragraph (1) of section 1311(f) of title 38, United States Code; additional DIC for disability in effect under sections 1311(c) and (d) of title 38, United States Code; and DIC for dependent children in effect under sections 1313(a) and 1314 of title 38, United States Code.

Section 2(c)(1) of the bill would increase the dollar amounts for those programs specified in subsection (b) based on the amount in effect on November 30, 2005.

Section 2(c)(2) of the bill would specify that each amount shall be increased by the same percentage by which benefits are increased under title II of the Social Security Act (42 U.S.C. 401 et seq.).

Section 2(c)(3) of the bill would round down to the next lower dollar amount all compensation and DIC benefits, when the amount is not a whole dollar amount.

Section 2(d) of the bill would provide a special rule authorizing the Secretary of Veterans Affairs to adjust administratively, consistent with the increases made under subsection (a), the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 (72 Stat. 1263), who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

Section 2(e) of the bill would redesignate the second subsection (e) of section 1311, title 38, United States Code (added by section 301(a) of the Veterans Benefits Improvement Act of 2004 (Public Law 108-454: 118 Stat. 3610)) as subsection (f).

Section 3 of the bill would require the Secretary of Veterans Affairs to publish in the Federal Register the amounts specified in subsection (b), as increased pursuant to that section.

Section 4 of the bill would codify the cost-of-living adjustments provided in Public Law 108-363.

Section 5(a)(1) through subsection (a)(3) of the bill would authorize an amount not to exceed \$10 million in funding to initiate a performance based contract for a contractor to carry out the functions specified in subsection (e).

Section 5(b) of the bill would authorize the demonstration project for a 2-year period to begin on the first day of the month beginning more than 120 days after the date of enactment of the bill.

Section 5(c) of the bill would direct the Secretary of Veterans Affairs to select two sites from among medical centers located in Veterans Health Administration service areas that the Secretary determines have relatively low rates of recovery or collection.

Section 5(d) of the bill would require the Secretary of Veterans Affairs to select and award a contractor within 3 months after enactment of the bill that is an entity or organization with significant experience in administrative processing of health care charges and claims.

Section 5(e)(I) through subsection (5)(e)(4) of the bill would establish the following functions of the contract with respect to each fa-

cility: detailed specification of existing processes that the contractor determines are relevant to the capability of the facility to recover or collect indebtedness from third-party payors; reengineering of the business processes mentioned above, including provisions for standardization application of such reengineered process throughout the facility; establish and implement a plan to transition from the business process identified to reengineered and standardized business as mentioned above; establishment of a database containing third-party payor information for veterans receiving health care and services.

Section 5(f) of the bill would require the Secretary of Veterans Affairs to ensure that a VHA employee is designated as a full-time project manager for the project and that the project manager's place of duty is one of the medical centers at which the project is conducted.

Section 5(g) of the bill would authorize the Secretary of Veterans Affairs to administer the demonstration project so that during the period of the project there would be no reduction in full-time equivalent employees (FTEE) attributable to the project at the VA medical centers where the project is conducted.

Section 5(h)(1) through subsection (h)(3) of the bill would require VA to provide regular reports to Congress on the status of project implementation, to include any changes or modifications to the contract.

Section 5(i) through subsection (i)(2) of the bill would require the Comptroller General to review the demonstration project on an ongoing basis, and require the Comptroller General to submit to Congress a report of its findings and recommendations after operation of the demonstration project for a period of 1 year and after the operations of the demonstration project for a period of 2 years.

Section 5(j) of the bill would authorize to be appropriated to the Secretary of Veterans Affairs a sum of \$10 million.

Section 6(a)(1) of the bill would amend subchapter II of chapter 73 of title 38, United States Code, to add a new section 7329, to establish requirements for Parkinson's Disease Research, Education, and Clinical Centers (PADRECC).

New section 7329(a) of title 38, United States Code, would authorize the Secretary to designate six VA health-care facilities as the locations for PADRECC activities, upon recommendation of the Under Secretary for Health and subject to appropriations.

New section 7329(b) of title 38, United States Code, would provide that each PADRECC in operation as of January 1, 2005, would be designated unless the Secretary determines that such facility has not demonstrated effectiveness in carrying out the established purposes or the potential to carry out such purposes in the future.

New section 7329(c) of title 38, United States Code, would require that a healthcare facility designated as a location for a Center meet the highest competitive standards of scientific and clinical merit as determined by the peer review panel established under new section 7329(d), title 38, United States Code, and be determined by the Secretary to meet criteria established under this subsection to develop the necessary capacity to function as a center of excellence in research, education, diagnosis and treatment of neurodegenerative disorders, including Parkinson's disease.

New section 7329(d) of title 38, United States Code, would require the Secretary to establish an expert panel to assess the scientific and clinical merit of proposals that are submitted to the Secretary for the establishment of new centers under new section 7329 of title 38, United States Code.

New section 7329(e) of title 38, United States Code, would require the Secretary to assure that each facility is receiving adequate funding to function in the areas of Parkinson's disease research, education, and clinical activities before providing funds for operating a center at a new facility location other than centers in operation before January 1, 2005.

New section 7329(f) of title 38, United States Code, would authorize such sums as may be necessary to be appropriated for the support of the PADRECCs and would require the Under Secretary to allocate funds generally appropriated for medical care and medical research to the PADRECCs as appropriate.

New section 7329(g) of title 38, United States Code, would provide that clinical and scientific activities at each PADRECC shall be eligible to compete for awards of funds from the Department's appropriated medical and prosthetics research account, insofar as funds are awarded for research in Parkinson's disease and other movement disorders.

Section 6(a)(2) of the bill would amend the table of sections of chapter 73, title 38, United States Code, to add the following new item: "7329. Parkinson's disease research, education, and clinical centers."

Section 6(b) of the bill would require new section 7329 to take effect on October 1, 2005.

#### PERFORMANCE GOALS AND OBJECTIVES

The reported bill would authorize benefits and program enhancements under laws administered by the Secretary of Veterans Affairs. The Department of Veterans Affairs' performance goals and objectives are established in annual performance plans and are subject to the Committee's regular oversight and evaluation by the U.S. Government Accountability Office. VA also publishes a performance and accountability report for each fiscal year.

#### STATEMENTS OF THE VIEWS OF THE ADMINISTRATION

The Administration's fiscal year 2006 budget request, submitted in February 2005, recommended a cost-of-living adjustment based on the change in the Consumer Price Index (CPI) be given to all compensation beneficiaries, including DIC recipients, effective December 1, 2005. The estimated increase in the CPI is 2.3 percent.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,  
 CONGRESSIONAL BUDGET OFFICE,  
 Washington, DC, June 29, 2005.

Hon. STEVE BUYER,  
 Chairman, Committee on Veterans' Affairs,  
 House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1220, the Veterans' Compensation Cost-of-Living Adjustment Act of 2005.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Dwayne M. Wright.

Sincerely,

ELIZABETH M. ROBINSON  
 (For Douglas Holtz-Eakin, Director).

Enclosure.

*H.R. 1220—Veterans' Compensation Cost-of-Living Adjustment Act of 2005*

Summary: H.R. 1220 would increase the amounts paid to veterans for disability compensation and to survivors for dependency and indemnity compensation (DIC) by the same cost-of-living adjustment (COLA) payable to Social Security recipients. The bill also would increase the amount of additional assistance paid to surviving spouses with dependent children under age 18 by that same COLA. In addition, H.R. 1220 would authorize \$10 million for the Department of Veterans Affairs (VA) to conduct a demonstration project to improve business practices within the Veterans Health Administration (VHA) for recovering payments from third-party payors. Finally, the bill would authorize VA to establish six centers to conduct Parkinson's disease research, education, and clinical activities.

CBO estimates that enacting this legislation would increase direct spending for veterans disability compensation by less than \$200,000 in 2006, \$1 million over the 2006–2010 period, and \$2 million over the 2006–2015 period. In addition, CBO estimates that discretionary spending resulting from implementation of H.R. 1220 would total \$2 million in 2006 and \$10 million over the 2006–2008 period, assuming appropriation of the authorized amount.

H.R. 1220 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1220 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

	By fiscal year, in millions of dollars—					
	2005	2006	2007	2008	2009	2010
SPENDING SUBJECT TO APPROPRIATION						
Spending under current law for VA medical services:						
Budget authority <sup>1</sup> .....	21,860	22,710	23,415	23,627	24,355	25,099
Estimated outlays .....	21,658	22,285	23,072	23,439	24,086	24,769

	By fiscal year, in millions of dollars—					
	2005	2006	2007	2008	2009	2010
Proposed changes:						
Authorization level .....	0	10	0	0	0	0
Estimated outlays .....	0	2	5	3	0	0
Spending under H.R. 1220 for VA medical services:						
Estimated authorization level <sup>1</sup> .....	21,860	22,720	23,415	23,627	24,355	25,099
Estimated outlays .....	21,658	22,287	23,077	23,442	24,086	24,769
CHANGES IN DIRECT SPENDING						
Estimated budget authority .....	*	*	*	*	*	*
Estimated outlays .....	*	*	*	*	*	*

<sup>1</sup> The 2005 level is the amount appropriated for that year for VA medical services.  
Note: \* = less than \$500,000.

**Basis of estimate:** This estimate assumes that the bill will be enacted near the start of fiscal year 2006. Almost all of the budgetary impact would be associated with discretionary spending for veterans medical programs. In total, CBO estimates that discretionary spending resulting from implementation of H.R. 1220 would total \$2 million in 2006 and \$10 million over the 2006–2010 period, assuming appropriation of the authorized amount. Enacting this legislation would also increase direct spending for veterans' disability compensation by less than \$500,000 in 2006, \$1 million over the 2006–2010 period, and \$2 million over the 2006–2015 period, CBO estimates.

#### *Spending subject to appropriation*

**Demonstration Project for Recovery Payments from Third Parties.** Section 5 would direct VA to conduct a two-year demonstration project to improve business practices within the VHA for recovering payments from third-party payors. Under current law, VA is entitled to seek reimbursement from insurance companies for treatment of veterans for nonserviceconnected injuries and illnesses. Under the bill, VHA would be required to hire a contractor to evaluate the current business practices at two VHA facilities, to recommend and implement improvements to those practices aimed at increasing payments from third-party payors, and to establish a database of third-party payor information for veterans receiving health care and services at these two facilities. The bill would authorize the appropriation of \$10 million for this activity. Based on the requirements in the legislation regarding deadlines for contractor selection and information from VA about their typical payment schedules for such contractors, CBO estimates that implementing this provision would cost \$2 million in 2006 and \$10 million over the 2006–2008 period, assuming appropriation of the necessary amounts.

**Parkinson's Disease Centers.** Section 6 would codify the establishment of six Parkinson's Disease Centers within VHA to perform research, education, and clinical activities focusing on that illness. According to VA, it used authority available under current law to establish these centers beginning in 2001. CBO estimates that implementing this provision would have no cost since the bill would not create any centers beyond the six currently in operation.

*Direct spending*

Cost-of-Living Adjustment for Veterans' Disability Compensation and DIC. Section 2 would increase the amounts paid to veterans for disability compensation and to their survivors for dependency and indemnity compensation by the same cost-of-living adjustment payable to Social Security recipients. The increase would take effect on December 1, 2005, and the results of the adjustment would be rounded to the next lower dollar.

The COLA that would be authorized by this bill is assumed in CBO's baseline, pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act, and savings from rounding it down were achieved by the Balanced Budget Act of 1997 (Public Law 105-33) and extended to 2013 by the Veterans Benefits Act of 2003 (Public Law 108-183).

Because the COLA is assumed in CBO's baseline, the COLA provision would have no budgetary effect relative to that baseline. Relative to current law, CBO estimates that enacting this provision would increase spending for these programs by \$538 million in 2006. (The annualized cost would be about \$720 million in subsequent years.) This estimate assumes that the COLA effective on December 1, 2005, would be 2.3 percent.

Cost-of-Living Adjustment to Surviving Spouses with Children Under Age 18. Under current law, surviving spouses who are eligible for DIC and have one or more children under age 18 have their monthly DIC payment increased by \$250 for up to two years from the date that the survivor becomes eligible for DIC. Section 2 would increase the \$250 benefit by the same cost-of-living adjustment payable to Social Security recipients effective December 1, 2005. Based on an assumed COLA of 2.3 percent, CBO estimates that this monthly benefit would increase to \$255 (after rounding down to the next lowest dollar) for 2006 and each subsequent year relative to current law and CBO's baseline. Therefore, CBO estimates that enacting this provision would increase direct spending for veterans compensation by less than \$200,000 in 2006, \$1 million over the 2006-2010 period, and \$2 million over the 2006-2015 period.

Intergovernmental and private-sector impact: H.R. 1220 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Previous CBO estimate: On June 2, 2005, CBO transmitted an estimate for H.R. 1220, as introduced on March 10, 2005. H.R. 1220, as ordered reported by the House Committee on Veterans Affairs on June 23, 2005, contains provisions that were not included in the introduced version of the bill—specifically, provisions that would increase the amount of additional assistance paid to surviving spouses with dependent children under age 18; direct VA to conduct a demonstration project to improve business practices within VHA for recovering payments from third-party payors; and authorize VA to establish six centers to conduct Parkinson's disease research, education, and clinical activities. The differences in the estimated costs reflect the differences in the two versions of the bill.

Estimate prepared by: Veterans' Disability Compensation and DIC: Dwayne M. Wright, Veterans' Health Programs: Michelle S.



Patterson, Impact on State, Local, and Tribal Governments: Melissa Merrell, Impact on the Private Sector: Joshua Lee.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

STATEMENT OF FEDERAL MANDATES

The preceding Congressional Budget Office cost estimate states that the bill contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act.

STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to Article I, section 8 of the United States Constitution, the reported bill is authorized by Congress' power to "provide for the common Defense and general Welfare of the United States."

ADDITIONAL VIEWS—OFFERED BY HONORABLE TED  
STRICKLAND (D-OH)

The subject demonstration project omits instructions for VA actions should the project be terminated early or if the project runs its full course but a determination is made not to align other VA sites with the recommendations and processes of the contractor. An exit strategy is required. The minority view is that VA should reserve sufficient funds of the \$10 million authorized and appropriated for the demonstration project so as to retain the ability to revert back to the original MCCF system or to align with nationally standardized MCCF processes without using funds available for health care for the reversion. The minority view is that \$750,000 should prove adequate for any necessary reversion.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**TITLE 38, UNITED STATES CODE**

\* \* \* \* \*

**PART II—GENERAL BENEFITS**

\* \* \* \* \*

**CHAPTER 11—COMPENSATION FOR SERVICE-  
CONNECTED DISABILITY OR DEATH**

\* \* \* \* \*

**SUBCHAPTER II—WARTIME DISABILITY COMPENSATION**

\* \* \* \* \*

**§ 1114. Rates of wartime disability compensation**

For the purposes of section 1110 of this title—

(a) if and while the disability is rated 10 percent the monthly compensation shall be **[\$106]** *\$108*;

(b) if and while the disability is rated 20 percent the monthly compensation shall be **[\$205]** *\$210*;

(c) if and while the disability is rated 30 percent the monthly compensation shall be **[\$316]** *\$324*;

(d) if and while the disability is rated 40 percent the monthly compensation shall be **[\$454]** *\$466*;

(e) if and while the disability is rated 50 percent the monthly compensation shall be ~~【\$646】~~ \$663;

(f) if and while the disability is rated 60 percent the monthly compensation shall be ~~【\$817】~~ \$839;

(g) if and while the disability is rated 70 percent the monthly compensation shall be ~~【\$1,029】~~ \$1,056;

(h) if and while the disability is rated 80 percent the monthly compensation shall be ~~【\$1,195】~~ \$1,227;

(i) if and while the disability is rated 90 percent the monthly compensation shall be ~~【\$1,344】~~ \$1,380;

(j) if and while the disability is rated as total the monthly compensation shall be ~~【\$2,239】~~ \$2,299;

(k) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of one or more creative organs, or one foot, or one hand, or both buttocks, or blindness of one eye, having only light perception, has suffered complete organic aphonia with constant inability to communicate by speech, or deafness of both ears, having absence of air and bone conduction, or, in the case of a woman veteran, has suffered the anatomical loss of 25 percent or more of tissue from a single breast or both breasts in combination (including loss by mastectomy or partial mastectomy) or has received radiation treatment of breast tissue, the rate of compensation therefor shall be ~~【\$82】~~ \$84 per month for each such loss or loss of use independent of any other compensation provided in subsections (a) through (j) or subsection (s) of this section but in no event to exceed ~~【\$2,785】~~ \$2,860 per month; and in the event the veteran has suffered one or more of the disabilities heretofore specified in this subsection, in addition to the requirement for any of the rates specified in subsections (l) through (n) of this section, the rate of compensation shall be increased by ~~【\$82】~~ \$84 per month for each such loss or loss of use, but in no event to exceed ~~【\$3,907】~~ \$4,012 per month;

(l) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of both feet, or of one hand and one foot, or is blind in both eyes, with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, the monthly compensation shall be ~~【\$2,785】~~ \$2,860;

(m) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of both hands, or of both legs at a level, or with complications, preventing natural knee action with prostheses in place, or of one arm and one leg at levels, or with complications, preventing natural elbow and knee action with prostheses in place, or has suffered blindness in both eyes having only light perception, or has suffered blindness in both eyes, rendering such veteran so helpless as to be in need of regular aid and attendance, the monthly compensation shall be ~~【\$3,073】~~ \$3,155;

(n) if the veteran, as the result of service-connected disability, has suffered the anatomical loss or loss of use of both arms at levels, or with complications, preventing natural elbow action with prostheses in place, has suffered the anatomical loss of both legs so near the hip as to prevent the use of pros-

thetic appliances, or has suffered the anatomical loss of one arm and one leg so near the shoulder and hip as to prevent the use of prosthetic appliances, or has suffered the anatomical loss of both eyes, or has suffered blindness without light perception in both eyes, the monthly compensation shall be ~~【\$3,496】~~ \$3,590;

(o) if the veteran, as the result of service-connected disability, has suffered disability under conditions which would entitle such veteran to two or more of the rates provided in one or more subsections (1) through (n) of this section, no condition being considered twice in the determination, or if the veteran has suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at 60 percent or more disabling and the veteran has also suffered service-connected total blindness with  $\frac{5}{200}$  visual acuity or less, or if the veteran has suffered service-connected total deafness in one ear or bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at 40 percent or more disabling and the veteran has also suffered service-connected blindness having only light perception or less, or if the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of prosthetic appliances, the monthly compensation shall be ~~【\$3,907】~~ \$4,012;

(p) in the event the veteran's service-connected disabilities exceed the requirements for any of the rates prescribed in this section, the Secretary may allow the next higher rate or an intermediate rate, but in no event in excess of ~~【\$3,907】~~ \$4,012. In the event the veteran has suffered service-connected blindness with  $\frac{5}{200}$  visual acuity or less and (1) has also suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at no less than 30 percent disabling, the Secretary shall allow the next higher rate, or (2) has also suffered service-connected total deafness in one ear or service-connected anatomical loss or loss of use of one hand or one foot, the Secretary shall allow the next intermediate rate, but in no event in excess of ~~【\$3,907】~~ \$4,012. In the event the veteran has suffered service-connected blindness, having only light perception or less, and has also suffered bilateral deafness (and the hearing impairment in either one or both ears is service connected) rated at 10 or 20 percent disabling, the Secretary shall allow the next intermediate rate, but in no event in excess of ~~【\$3,907】~~ \$4,012. In the event the veteran has suffered the anatomical loss or loss of use, or a combination of anatomical loss and loss of use, of three extremities, the Secretary shall allow the next higher rate or intermediate rate, but in no event in excess of ~~【\$3,907】~~ \$4,012. Any intermediate rate under this subsection shall be established at the arithmetic mean, rounded down to the nearest dollar, between the two rates concerned;

(r) Subject to section 5503(c) of this title, if any veteran, otherwise entitled to compensation authorized under subsection (o) of this section, at the maximum rate authorized under subsection (p) of this section, or at the intermediate rate authorized between the rates authorized under subsections (n) and (o)

of this section and at the rate authorized under subsection (k) of this section, is in need of regular aid and attendance, then, in addition to such compensation—

(1) the veteran shall be paid a monthly aid and attendance allowance at the rate of ~~【\$1,677】~~ \$1,722; or

(2) if the veteran, in addition to such need for regular aid and attendance, is in need of a higher level of care, such veteran shall be paid a monthly aid and attendance allowance at the rate of ~~【\$2,497】~~ \$2,564, in lieu of the allowance authorized in clause (1) of this subsection, if the Secretary finds that the veteran, in the absence of the provision of such care, would require hospitalization, nursing home care, or other residential institutional care.

\* \* \* \* \*

(s) If the veteran has a service-connected disability rated as total, and (1) has additional service-connected disability or disabilities independently ratable at 60 percent or more, or, (2) by reason of such veteran's service-connected disability or disabilities, is permanently housebound, then the monthly compensation shall be ~~【\$2,506】~~ \$2,573. For the purpose of this subsection, the requirement of "permanently housebound" will be considered to have been met when the veteran is substantially confined to such veteran's house (ward or clinical areas, if institutionalized) or immediate premises due to a service-connected disability or disabilities which it is reasonably certain will remain throughout such veteran's lifetime.

#### **§ 1115. Additional compensation for dependents**

Any veteran entitled to compensation at the rates provided in section 1114 of this title, and whose disability is rated not less than 30 percent, shall be entitled to additional compensation for dependents in the following monthly amounts:

(1) If and while rated totally disabled and—

(A) has a spouse but no child, ~~【\$127】~~ \$130;

(B) has a spouse and one or more children, ~~【\$219】~~ \$224 plus ~~【\$65】~~ \$66 for each child in excess of one;

(C) has no spouse but one or more children, ~~【\$86】~~ \$88 plus ~~【\$65】~~ \$66 for each child in excess of one;

(D) has a parent dependent upon such veteran for support, then, in addition to the above amounts, ~~【\$103】~~ \$105 for each parent so dependent;

(E) notwithstanding the other provisions of this paragraph, the monthly payable amount on account of a spouse who is (i) a patient in a nursing home or (ii) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person, shall be ~~【\$241】~~ \$247 for a totally disabled veteran and proportionate amounts for partially disabled veterans in accordance with paragraph (2) of this section; and

(F) notwithstanding the other provisions of this paragraph, the monthly amount payable on account of each child who has attained the age of eighteen years and who is pursuing a course of instruction at an approved edu-

cational institution shall be **[\$202]** \$207 for a totally disabled veteran and proportionate amounts for partially disabled veterans in accordance with paragraph (2) of this section.

\* \* \* \* \*

**SUBCHAPTER VI—GENERAL COMPENSATION PROVISIONS**

\* \* \* \* \*

**§ 1162. Clothing allowance**

The Secretary under regulations which the Secretary shall prescribe, shall pay a clothing allowance of **[\$600]** \$616 per year to each veteran who—

(1) \* \* \*

\* \* \* \* \*

**CHAPTER 13—DEPENDENCY AND INDEMNITY  
COMPENSATION FOR SERVICE-CONNECTED DEATHS**

\* \* \* \* \*

**SUBCHAPTER II—DEPENDENCY AND INDEMNITY  
COMPENSATION**

**§ 1311. Dependency and indemnity compensation to a surviving spouse**

(a)(1) Dependency and indemnity compensation shall be paid to a surviving spouse at the monthly rate of **[\$967]** \$993.

(2) The rate under paragraph (1) shall be increased by **[\$208]** \$213 in the case of the death of a veteran who at the time of death was in receipt of or was entitled to receive (or but for the receipt of retired pay or retirement pay was entitled to receive) compensation for a service-connected disability that was rated totally disabling for a continuous period of at least eight years immediately preceding death. In determining the period of a veteran's disability for purposes of the preceding sentence, only periods in which the veteran was married to the surviving spouse shall be considered.

(3) In the case of dependency and indemnity compensation paid to a surviving spouse that is predicated on the death of a veteran before January 1, 1993, the monthly rate of such compensation shall be the amount based on the pay grade of such veteran, as set forth in the following table, if the amount is greater than the total amount determined with respect to that veteran under paragraphs (1) and (2):

Pay grade	Monthly rate	Pay grade	Monthly rate
E-1 .....	\$967	W-4 .....	\$1,157
E-2 .....	\$967	O-1 .....	\$1,022
E-3 .....	\$967	O-2 .....	\$1,056
E-4 .....	\$967	O-3 .....	\$1,130
E-5 .....	\$967	O-4 .....	\$1,195
E-6 .....	\$967	O-5 .....	\$1,316
E-7 .....	\$1,000	O-6 .....	\$1,483

E-8 .....	\$1,056	O-7 .....	\$1,602
E-9 .....	\$1,102 <sup>1</sup>	O-8 .....	\$1,758
W-1 .....	\$1,022	O-9 .....	\$1,881
W-2 .....	\$1,063	O-10 .....	\$2,063 <sup>2</sup>
W-3 .....	\$1,094		

<sup>1</sup> If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 1302 of this title, the surviving spouse's rate shall be \$1,189.

<sup>2</sup> If the veteran served as Chairman or Vice-Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, at the applicable time designated by section 1302 of this title, the surviving spouse's rate shall be \$2,213.1

<i>Pay grade</i>	<i>Monthly rate</i>	<i>Pay grade</i>	<i>Monthly rate</i>
E-1 .....	\$993	W-4 .....	\$1,188
E-2 .....	\$993	O-1 .....	\$1,049
E-3 .....	\$993	O-2 .....	\$1,084
E-4 .....	\$993	O-3 .....	\$1,160
E-5 .....	\$993	O-4 .....	\$1,227
E-6 .....	\$993	O-5 .....	\$1,351
E-7 .....	\$1,027	O-6 .....	\$1,523
E-8 .....	\$1,084	O-7 .....	\$1,645
E-9 .....	\$1,131 <sup>1</sup>	O-8 .....	\$1,805
W-1 .....	\$1,049	O-9 .....	\$1,931
W-2 .....	\$1,091	O-10 .....	\$2,118 <sup>2</sup>
W-3 .....	\$1,123		

<sup>1</sup> If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 1302 of this title, the surviving spouse's rate shall be \$1,221.

<sup>2</sup> If the veteran served as Chairman or Vice-Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, at the applicable time designated by section 1302 of this title, the surviving spouse's rate shall be \$2,272.

(b) If there is a surviving spouse with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the surviving spouse shall be increased by ~~[\$241]~~ \$247 for each such child.

(c) The monthly rate of dependency and indemnity compensation payable to a surviving spouse shall be increased by ~~[\$241]~~ \$247 if the spouse is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person.

(d) The monthly rate of dependency and indemnity compensation payable to a surviving spouse shall be increased by ~~[\$115]~~ \$118 if the surviving spouse is, by reason of disability, permanently housebound but does not qualify for the aid and attendance allowance under subsection (c) of this section. For the purposes of this subsection, the requirement of "permanently housebound" will be considered to have been met when the surviving spouse is substantially confined to such surviving spouse's home (ward or clinical areas, if institutionalized) or immediate premises by reason of a disability or disabilities which it is reasonably certain will remain throughout such surviving spouse's lifetime.

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[(e)] (f)(1) \* \* \*

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**§ 1313. Dependency and indemnity compensation to children**

(a) Whenever there is no surviving spouse of a deceased veteran entitled to dependency and indemnity compensation, dependency and indemnity compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

- (1) one child, ~~[\$410]~~ \$421;
- (2) two children, ~~[\$590]~~ \$605;
- (3) three children, ~~[\$767]~~ \$787; and
- (4) more than three children, ~~[\$767]~~ \$787, plus ~~[\$148]~~ \$151 for each child in excess of three.

\* \* \* \* \*

**§ 1314. Supplemental dependency and indemnity compensation to children**

(a) In the case of a child entitled to dependency and indemnity compensation who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, the dependency and indemnity compensation paid monthly to such child shall be increased by ~~[\$241]~~ \$247.

(b) If dependency and indemnity compensation is payable monthly to a person as a surviving spouse and there is a child (of such person's deceased spouse) who has attained the age of eighteen and who, while under such age, became permanently incapable of self-support, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the surviving spouse, in the amount of ~~[\$410]~~ \$421.

(c) If dependency and indemnity compensation is payable monthly to a person as a surviving spouse and there is a child (of such person's deceased spouse), who has attained the age of eighteen and who, while under the age of twenty-three, is pursuing a course of instruction at an educational institution approved under section 104 of this title, dependency and indemnity compensation shall be paid monthly to each such child, concurrently with the payment of dependency and indemnity compensation to the surviving spouse, in the amount of ~~[\$205]~~ \$210.

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**PART V—BOARDS, ADMINISTRATIONS, AND SERVICES**

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**CHAPTER 73—ORGANIZATION AND FUNCTIONS**

**SUBCHAPTER I—ORGANIZATION**

Sec.  
7301. Functions of Veterans Health Administration: in general.

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SUBCHAPTER II—GENERAL AUTHORITY AND ADMINISTRATION

7311. Quality assurance.

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7329. Parkinson's Disease research, education, and clinical centers.

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SUBCHAPTER II—GENERAL AUTHORITY AND ADMINISTRATION

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**§ 7329. Parkinson's Disease research, education, and clinical centers**

(a) *The Secretary, upon the recommendation of the Under Secretary for Health and pursuant to the provisions of this section, shall designate six Department health-care facilities as the locations for centers of Parkinson's Disease research, education, and clinical activities and (subject to the appropriation of sufficient funds for such purpose) shall establish and operate such centers at such locations in accordance with this section.*

(b) *In designating locations for centers under subsection (a), the Secretary, upon the recommendation of the Under Secretary for Health, shall—*

(1) *designate each Department health-care facility that as of January 1, 2005, was operating a Parkinson's Disease research, education, and clinical center unless (on the recommendation of the Under Secretary for Health) the Secretary determines that such facility does not meet the requirements of subsection (c) or has not demonstrated effectiveness in carrying out the established purposes of such center or the potential to carry out such purposes effectively in the reasonably foreseeable future; and*

(2) *assure appropriate geographic distribution of such facilities.*

(c) *The Secretary may not designate a health-care facility as a location for a center under subsection (a) unless the peer review panel established under subsection (d) has determined under that subsection that the proposal submitted by such facility as a location for a new center under subsection (a) is among those proposals which have met the highest competitive standards of scientific and clinical merit, and the Secretary (upon the recommendation of the Under Secretary for Health) determines that the facility has (or may reasonably be anticipated to develop) each of the following:*

(1) *An arrangement with an accredited medical school which provides education and training in neurology and with which such facility is affiliated under which residents receive education and training in innovative diagnosis and treatment of chronic neurodegenerative diseases and movement disorders, including Parkinson's disease.*

(2) *The ability to attract the participation of scientists who are capable of ingenuity and creativity in health-care research efforts.*

(3) *A policymaking advisory committee composed of appropriate health-care and research representatives of the facility and of the affiliated school or schools to advise the directors of*

*such facility and such center on policy matters pertaining to the activities of such center during the period of the operation of such center.*

*(4) The capability to conduct effectively evaluations of the activities of such center.*

*(5) The capability to coordinate, as part of an integrated national system, education, clinical, and research activities within all facilities with such centers.*

*(6) The capability to jointly develop a consortium of providers with interest in treating neurodegenerative diseases, including Parkinson's Disease, and other movement disorders, at facilities without such centers in order to ensure better access to state-of-the-art diagnosis, care, and education for neurodegenerative disorders throughout the health care system.*

*(7) The capability to develop a national repository for the collection of data on health services delivered to veterans seeking care for neurodegenerative diseases, including Parkinson's Disease, and other movement disorders in the health care system.*

*(d)(1) The Under Secretary for Health shall establish a panel to assess the scientific and clinical merit of proposals that are submitted to the Secretary for the establishment of new centers under this section.*

*(2)(A) The membership of the panel shall consist of experts in neurodegenerative diseases, including Parkinson's Disease, and other movement disorders.*

*(B) Members of the panel shall serve as consultants to the Department for a period of no longer than two years except in the case of panelists asked to serve on the initial panel as specified in subparagraph (C).*

*(C) In order to ensure panel continuity, half of the members of the first panel shall be appointed for a period of three years and half for a period of two years.*

*(3) The panel shall review each proposal submitted to the panel by the Under Secretary and shall submit its views on the relative scientific and clinical merit of each such proposal to the Under Secretary.*

*(4) The panel shall not be subject to the Federal Advisory Committee Act.*

*(e) Before providing funds for the operation of any such center at a health-care facility other than a health-care facility designated under subsection (b)(1), the Secretary shall assure that the center at each facility designated under such subsection is receiving adequate funding to enable such center to function effectively in the areas of Parkinson's Disease research, education, and clinical activities.*

*(f) There are authorized to be appropriated such sums as may be necessary for the support of the research and education activities of the centers established pursuant to subsection (a). The Under Secretary for Health shall allocate to such centers from other funds appropriated generally for the Department medical services account and medical and prosthetics research account, as appropriate, such amounts as the Under Secretary for Health determines appropriate.*

*(g) Activities of clinical and scientific investigation at each center established under subsection (a) shall be eligible to compete for the award of funding from funds appropriated for the Department med-*

*ical and prosthetics research account and shall receive priority in the award of funding from such account insofar as funds are awarded to projects for research in Parkinson's disease and other movement disorders.*

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