

**STATEMENT OF
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the Under Secretary for Benefits
DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES**

December 3, 2025

Good afternoon, Chairman Bost, Ranking Member Takano, and Members of the Committee. I appreciate the opportunity to appear before you today to discuss pending legislation, including bills pertaining to disability compensation, dependency and indemnity compensation, education benefits, and home loan guaranty. Joining me today are Ms. Heather Ford, Acting Chief Financial Officer, Veterans Health Administration; Mr. Kevin Johnson, Director, Revenue Operations, Office of Finance, Veterans Health Administration; and Ms. Stephanie Li, Assistant Director, Regulations, Legislation, Engagement, and Training, Veterans Benefits Administration.

H.R. XXXX – “Sharri Briley and Eric Edmundson Veterans Benefits Expansion Act of 2025”

The Sharri Briley and Eric Edmundson Veterans Benefits Expansion Act of 2025 provides targeted increases in compensation for the most severely disabled veterans and for surviving spouses receiving Dependency and Indemnity Compensation (DIC), while modifying VA home-loan funding fee waivers.

Section 2(a) of the bill would impact service-connected disability compensation benefits. VA disability compensation is typically paid based on the assignment of a percentage of disability rating ranging from 0 to 100%. In the early 1960s Congress acknowledged that certain injuries require additional compensation beyond the monetary values that the 1945 rating schedule percentages did not adequately address by creating special monthly compensation (SMC). SMC provides additional benefit payments to compensate severely disabled veterans for the permanent loss of independence, mobility, bodily function, and daily living capability resulting from additional functional and independence-loss caused by catastrophic disability. The tiered SMC system addresses injuries considered catastrophic by nature (i.e., loss of limbs, blindness, paralysis, loss of sphincter controls, or combinations thereof). The hierarchical design formalized those certain injuries that permanently eliminate autonomy and require a different category of compensation not just a higher percentage.

Section 2(a) increases the statutory aid-and-attendance amounts payable to veterans already entitled under 38 U.S.C. § 1114(r) or § 1114(t) by creating a new subsection (u). Effective December 1, 2026, this subsection adds a flat supplemental

payment of \$833.33 per month to both the standard aid-and-attendance rate and the higher-level care rate—raising those amounts to \$3,702.74 and \$5,108.18, respectively, based on the December 1, 2024 COLA-adjusted levels.

VA supports the intent of section 2(a) and looks forward to working with Congress to provide additional detail and adjustments to the proposed language.

VA recommends that the amounts be rounded down to the nearest whole dollar. This change would maintain consistency with the other rates codified in 38 U.S.C. § 1114 and simplify claims processing.

Additionally, VA recommends amending 38 U.S.C. § 5312 to align with other federal entitlement programs that have built-in automatic annual cost-of-living adjustments to improve administrative efficiencies and ensure more timely adjustments.

Section 2(b) increases the basic DIC payment for surviving spouses under 38 U.S.C. § 1311(a)(1) and (a)(3) by providing an enhanced COLA equal to the Social Security cost-of-living adjustment plus one percentage point, for five COLA cycles beginning December 1, 2026. After the fifth adjustment, legislation would be needed for future COLAs.

The bill would also require VA to publish the increased rates in the Federal Register.

VA supports the intent of section 2(b) and looks forward to further engagement with Congress to refine the language.

Section 2(b) would amend 38 U.S.C. § 5312 to only authorize an enhanced cost-of-living adjustment solely for the basic rate of DIC payable to a surviving spouse under 38 U.S.C. § 1311(a)(1) and (a)(3). Under this provision, for five COLA cycles beginning December 1, 2026, those rates would increase by the Social Security COLA plus an additional one percentage point. The DIC rates for surviving spouses with dependent children under 38 U.S.C. § 1311(f) and for parents under § 1315 would continue to receive an annual COLA equal to the COLA under title II of the Social Security Act. The additional amounts for surviving spouses who are housebound or in need of aid and attendance would not receive a COLA. As drafted, this exacerbates different COLA treatment across DIC categories.

Section 3 of the bill would amend 38 U.S.C. § 3729(c) to temporarily narrow current VA home-loan funding fee waivers, for certain disabled veterans through September 30, 2035.

The Department is reviewing section 3 of this bill and looks forward to working with Congress on further refinement.

H.R. 4077 “Guarantee Utilization of All Reimbursements for Delivery of Veterans’ Health Care Act,” or the “GUARD Veterans’ Health Care Act”

Section 2(a) would add a new 38 U.S.C. § 1729C(a) to require, notwithstanding sections 1814(c), 1835(d), and 1862(a)(3) of the Social Security Act (42 U.S.C. §§ 1395f(c), 1395n(d), and 1395y(a)(3)), that if VA furnishes any health care item or service that is covered under the Medicare program under title XVIII of the Social Security Act (42 U.S.C. § 1395 et seq.) to any individual who is enrolled in Medicare Advantage (MA) plans or Medicare Part D prescription drug plans, the MA organization or Part D sponsor of such plan would be required to reimburse VA for such item or service for both service connected and non-service connected care regardless of any additional documentation, utilization management, or other administrative requirement the plan may impose on the item or service. Proposed section 1729C(b) would provide that VA would have to recover amounts required to be reimbursed through the procedures under 38 U.S.C. § 1729 to the same extent as those procedures are used to recover amounts authorized to be recovered under that section. Recovery of amounts reimbursed would have to be in such an amount, and occur in accordance with such procedures, as VA would prescribe. Proposed section 1729C(c) would state that subsection (a) would apply to MA and prescription drug plan years beginning on or after January 1, 2026. Proposed section 1729C(d) would state that amounts reimbursed to VA under subsection (a) would be deposited in the VA Medical Care Collections Fund (MCCF) under 38 U.S.C. § 1729A.

Section 2(b) would amend sections 1814(c), 1835(d), and 1862(a)(3) of the Social Security Act (42 U.S.C. § 1395 et seq.) to conform these laws with the proposed section 1729C.

VA supports the goal of enhancing cost recovery efforts and improving fiscal responsibility across the Federal Government.

Under current law, VA is prohibited from billing MA plans. This can result in duplicative costs to taxpayers when MA plans are paid for Veteran-enrollees who receive taxpayer-funded care from VA at no expense to the MA plans. Current law also prevents VA from recovering costs, from any payer, for service-connected care. Section 2 would seek to end this practice when billing MA and Medicare Part D plans by requiring MA organizations and Part D sponsors to reimburse VA for cost of both service connected and non-service connected items or services provided to veterans. This reimbursement obligation would apply regardless of any plan documentation or utilization management rules that the MA or Part D plan might otherwise impose.

We would welcome the opportunity for additional dialogue with the Committee and the Department of Health and Human Services to understand Federal budget impacts as well as any potential benefits or costs to Veterans currently utilizing both VA

furnished care and Medicare programs. We look forward to engaging the Committee for further discussions.

VA does not have a cost estimate for this section at this time.

Section 3 of the bill would amend 38 U.S.C. § 1729 to enhance and clarify VA's authority to recover reasonable charges for care or services furnished to Veterans for non-service-connected disabilities from third parties, including private health insurers, employer-sponsored plans, automobile insurers, and parties subject to tort liability. The statutory revisions would broaden VA's recovery rights to encompass tort, contract, and other coverage circumstances in which a third party is financially responsible for the care necessitated by the non-service-connected disability.

This section would require third-party payers to timely respond to VA reimbursement claims. Specifically, a third party receiving a claim for the cost of care would be required, within 45 days, to either: (A) pay the claim; (B) pay an alternative amount that VA has agreed in writing to accept; or (C) if the claim is disputed, provide written notice of the claim's receipt, stating with specificity either the reason for refusal to pay or the additional information required to substantiate the claim. If additional information were requested, VA would be required to respond within 45 days, and upon receipt of VA's response, third parties would have 15 days to pay the claim or provide a written denial with a clearly articulated reason for the denial.

Interest would accrue at the rate set by the Department of the Treasury for any portion of the claim that remained unpaid after the applicable deadline. These requirements would impose statutory timeframes and documentation requirements for claim resolution, minimize the potential for delayed or disputed payments, and compensate VA for payment delays.

VA supports section 3 of the bill, subject to amendments.

VA supports the enhancement of its recovery authorities proposed in section 3 but has technical edits it recommends be included to ensure these provisions have maximum effect. These provisions would improve cost recoupment from third parties, assign payment responsibility more fairly, and provide additional resources for Veteran care.

VA does not have a cost estimate for this section at this time.

Conclusion

Mr. Chairman, this concludes my testimony. We would be happy to answer any questions you or other Members of the Committee may have.