

**House Veterans Affairs Committee**  
**Legislative Meeting**  
**12:00 PM, Wednesday, November 8, 2023**  
**360 Cannon House Office Building**  
**Gerald E. Connolly (D-VA)**

I would like to thank Ranking Member Pappas, Chairman Luttrell, Chairman Bost and Ranking Member Takano for bringing up the Veteran Fraud Reimbursement Act (H.R. 4016) in this legislative hearing of the Disability Assistance and Memorial Affairs Subcommittee of the House Veterans' Affairs Committee. This legislation will make it easier for veterans to be made financially whole in the event they are defrauded of their benefits and allow the Veterans Benefits Administration (VBA) to reimburse victims of fraud without first meeting unnecessary bureaucratic requirements. I would like to thank my friend Representative Ciscomani for championing this important effort with me to remove bureaucratic and unintended obstacles that have hampered veterans who have been defrauded by a fiduciary.

In January 2021, Congress enacted the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020. The bill included a provision meant to improve the VBA fiduciary program, which helps deliver benefits to veterans who cannot otherwise manage their finances. Unfortunately, one unintended consequence of the provision is that all cases of benefits misuse now require what is known as an internal negligence determination by VBA before a veteran who is a victim of fraud can be made financially whole. This determination, which is made for the purposes of improving VBA oversight, is immaterial to whether a veteran will be reimbursed. Furthermore, this extra, unnecessary step effectively extends the timeline for veterans to be reimbursed and creates a backlog of investigations. In some cases, a negligence determination can take well over a year, potentially causing late or deferred bill payments.

In fact, in a July 21, 2021 report entitled, "VBA's Fiduciary Program Needs to Improve the Timeliness of Determinations and Reimbursement of Misused Funds," the VA Office of the Inspector General (OIG) highlighted the significant wait times defrauded veterans in the VA fiduciary program face due to the universal negligence determination requirement. The report notes that some veterans even died before seeing their reimbursements.

Veterans under the VA fiduciary program are a financially vulnerable population, with approximately 50% being pensioners. Delaying reimbursement of misused benefits to this underserved population through unnecessary negligence determinations is unacceptable. My bill removes the negligence determination requirement while allowing the VBA to instead conduct a statistically valid analysis of the misuse cases to determine the rate and nature of negligence on the part of the VBA. The negligence determination would ultimately become a part of a quality assurance measure conducted after the affected veteran had been reimbursed. We must ensure that oversight of VA processes does not result in a financial burden on those who sacrificed so much for our country.

This legislation is of high importance to some of our most vulnerable veterans, and was drafted in close coordination with VBA, who supports making this change. I once again thank my friend, Rep. Ciscomani,

Chairman Luttrell, Ranking Member Pappas, Chairman Bost, and Ranking Member Takano for considering this legislation during this legislative hearing and look forward to seeing this bill receive a vote in the House of Representatives.