

GAO Highlights

Highlights of [GAO-17-804T](#), a testimony before the Subcommittee on Disability Assistance and Memorial Affairs, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

The proposed Veterans Care Financial Protection Act of 2017 seeks to address the financial exploitation of aging and disabled veterans who are eligible for certain VA benefits. VA pension benefits are available to certain wartime veterans and their surviving spouses with limited means. Those who need additional assistance with everyday living activities may also be eligible to receive VA Aid and Attendance benefits, which increase the amount of the monthly pension they receive from VA.

GAO was asked to provide input on the proposed Veterans Care Financial Protection Act of 2017, which is being considered by the House and Senate. This legislation, as proposed, would require the development of federal and state standards for protecting individuals eligible for pension and Aid and Attendance benefits from dishonest, predatory, or unlawful practices.

In this statement, GAO discusses (1) its prior work related to VA pension benefits, and (2) its observations on certain provisions within the proposed legislation as currently drafted. This statement is based on prior GAO work on veterans' benefits and GAO's review of the proposed legislation.

View [GAO-17-804T](#). For more information, contact Elizabeth Curda at (202) 512-7215 or curdae@gao.gov.

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VETERANS BENEFITS

GAO's Proposed Role in Reviewing Efforts to Protect Veterans from Financial Exploitation

What GAO Found

In prior work, GAO has found that veterans who applied for Department of Veterans Affairs (VA) pension benefits could be targeted for financial exploitation. For example, in 2012, GAO identified over 200 organizations, such as financial planners, that marketed their services to help veterans qualify for needs-based VA pensions. GAO found that some organizations offered veterans products and services that could adversely affect them by transferring their assets to lower their net worth. For example, some organizations sold veterans deferred annuities that might limit access to funds during their expected lifetimes. Additionally, in 2013, GAO reported shortcomings in VA's process for ensuring that representatives approved to assist veterans with the VA claims process were adequately knowledgeable about the process and were of good moral character, as required by law. GAO made 8 recommendations to VA to address these and other shortcomings and a matter for congressional consideration to establish a look-back and penalty period for veterans who transfer assets before applying for pension benefits. VA has implemented all 8 of these recommendations and is taking actions to establish a look-back and penalty period.

As currently drafted, the proposed Veterans Care Financial Protection Act of 2017 contains three provisions that GAO will comment on today: (1) VA would be required to develop and submit standards that protect veterans from dishonest and predatory practices to the Senate and House Committees on Veterans' Affairs within 180 days of enactment. (2) GAO would be required to submit a report to those committees containing standards that GAO determines would be effective in protecting individuals should VA not meet this deadline. (3) GAO would be required to complete a study on the standards implemented under the proposed act. GAO's observations on each of these three proposed requirements follow.

- The proposed legislation does not clearly specify whether the standards are intended to be legally binding. Clarifying whether the standards are intended to be legally binding is important for determining what steps VA would need to take and whether completing these steps within 180 days is feasible.
- If VA does not meet the 180 day deadline, the proposed legislation requiring GAO to report on standards is problematic because it could hamper GAO's ability to meet the audit standards by which GAO conducts its audits. These audit standards require GAO to maintain independence and identify and mitigate threats to its independence. For example, threats include GAO reviewing a service or work that it has previously performed for an agency; in this case, recommending standards. If GAO develops standards that VA then implements, this could hamper GAO's ability to audit in an independent manner subsequent VA efforts in this area. In addition, it would be inappropriate for GAO to set these types of standards for VA, an executive agency. Thus, GAO recommends removing this proposed provision.
- The proposed legislation would also require GAO to conduct a study on the standards VA implemented to protect these veterans. By itself, this requirement is an appropriate role for GAO.