



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

April 22, 2002

**H.R. 3735**  
**Department of Veterans Affairs Overpayment Administration**  
**Improvement Act of 2002**

*As introduced on February 13, 2002*

H.R. 3735 would extend the time for application for a waiver of recovery of claims of overpayment of veterans' benefits. The bill also would authorize the Secretary of Veterans Affairs to waive recovery of overpaid veterans' benefits if recovery would impede the efficient and effective administration of veterans' benefits due to the small amount involved and the costs of collection. CBO estimates that enacting H.R. 3735 would reduce the collection of overpayments of veterans' benefits and increase direct spending by about \$1 million each year. Because the bill would affect direct spending, pay-as-you-go procedures would apply. CBO also estimates that implementing H.R. 3735 would have no significant impact on discretionary spending.

H.R. 3735 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

Under current law, to be considered for a waiver of overpaid veterans' benefits, a payee must apply within 180 days from the date that the Secretary of Veterans Affairs notified the individual of his or her indebtedness. In contrast, H.R. 3735 would allow a payee to apply for a waiver up to 180 days from the date of final determination of the overpayment amount in a case in which a timely appeal of the overpayment decision is filed. Therefore, H.R. 3735 would in some cases extend the deadline by which individuals can apply for a waiver of recovery of overpaid benefits. Based on information from the Department of Veterans Affairs (VA), CBO estimates that this legislation could extend the deadline for waiver application by as little as a few days to six months or longer.

Enacting the deadline extension would likely increase the number of overpayment waiver applications made to the VA. Based on information from VA, CBO estimates that an increase of the number of waiver applications would likely increase the number of waivers granted by VA, thereby reducing benefit repayments to VA by about \$1 million each year. That estimate assumes that about 150 additional waivers (either full or partial) are granted

each year under H.R. 3735 and that the average waiver is about \$4,450. By reducing benefit repayments, the bill would increase direct spending.

H.R. 3735 also would authorize the Secretary to waive recovery of overpaid benefits if recovery would impede the efficient and effective administration of benefits due to the small amount involved and the costs of collecting such amount. Based on information from VA, CBO estimates that implementing this provision would not significantly increase the number of overpayment waivers that VA would grant under current law.

The CBO staff contact for this estimate is Michelle S. Patterson. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.